Registered number: 00643320

WEST QUAY SHOPPING CENTRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

WEST QUAY SHOPPING CENTRE LIMITED

DIRECTORS' REPORT
Year ended 31 December 2019

The Directors submit their report and the audited financial statements for West Quay Shopping Centre Limited (the "Company") for the year ended 31 December 2019.

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

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as General Partner to The West Quay Limited Partnership (the "Partnership") which owns and operates the West Quay and West Quay South Shopping Centres in Southampton. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Performance during the year
The activities of the Company are intrinsically linked to those of the Partnership given the Company's only income source is distributions received from the Partnership. During the year the Company received investment income of £5,249,000 (2018: £nil).

Future prospects
The Partnership has been effected by the recent Covid-19 pandemic, as a result of which on 23 March 2020, the Partnership's investment properties were closed and reopened on 15 June 2020, having complied with Government safeguarding restrictions. A further national lockdown period was 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.

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

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 33% below 2019 levels, with cumulative footfall from 15 June to 31 October 2020 approximately 42% below 2019 levels. However it is difficult to predict how customer behaviour will evolve with regards to spending.

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

Further details of the impact of Covid-19 on the current and future operating activities of the business are set out in the post balance sheet events note 14 to the financial statements and in the financial statements for the Partnership for the year ended 31 December 2019.

3. RESULTS AND DIVIDENDS

The profit for the year after tax was £9,627,000 (2018: £3,793,000). 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 £238,323,000 (2018: £228,696,000).

4. DIRECTORS

(a) Mr. W.S. Austin, Mr. M.R. Bourgeois and Mr. R.G. Shaw were Directors of the Company throughout the year and were in office at the date of approval of this report.

(b) Mr. P.F. Cooper resigned as a Director of the Company on 30 April 2019.

(c) Mr. A. J. Berger-North was appointed as a Director of the Company on 30 April 2019 and resigned as a Director of the Company on 5 May 2020.

(d) Mr. S.C. Travis was appointed as a Director of the Company on 5 May 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.

5. SECRETARY

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

6. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2019 and, having taken into account the existing and anticipated effects of Covid-19, concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

7. INDEMNITY

The Company's ultimate parent company, Hammerson plc, has made 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.

8. INDEPENDENT AUDITORS

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

BDO LLP have indicated their willingness to continue in office.

WEST QUAY SHOPPING CENTRE LIMITED

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2019

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

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

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

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

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

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

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: 18 December 2020

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

WEST QUAY SHOPPING CENTRE LIMITED

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF WEST QUAY SHOPPING CENTRE LIMITED

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

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

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

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

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

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

BDO LLP

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

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

WEST QUAY SHOPPING CENTRE LIMITED

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF WEST QUAY SHOPPING CENTRE LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, United Kingdom
Date: 15 December 2020

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

WEST QUAY SHOPPING CENTRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Investment income	3	**5,249**	-
Profit on ordinary activities before other gains		**5,249**	-
Other gains	4	**138**	-
Operating profit		**5,387**	-
Net finance income	5	**4,240**	3,793
Profit on ordinary activities before and after taxation and total comprehensive income for the financial year		**9,627**	3,793

All amounts relate to continuing activities.

WEST QUAY SHOPPING CENTRE LIMITED

BALANCE SHEET
As at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Non-current assets					
Investments	7		-		-
Current assets					
Receivables	8	**238,323**		228,922	
Current liabilities					
Payables	9	-		(226)	
Net current assets			**238,323**		228,696
Net assets			**238,323**		228,696
Capital and reserves					
Called up share capital	10		**23,000**		23,000
Retained earnings	11		**215,323**		205,696
Total equity			**238,323**		228,696

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

WSAustin

W.S. Austin
Director

Registered number: 00643320

WEST QUAY SHOPPING CENTRE LIMITED

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	23,000	201,903	224,903
Profit and total comprehensive income for the year	-	3,793	3,793
At 31 December 2018	23,000	205,696	228,696
Profit and total comprehensive income for the year	-	9,627	9,627
At 31 December 2019	**23,000**	**215,323**	**238,323**

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

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

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

Impact of new and revised Standards

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

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

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council.

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

The preparation of financial 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(i).

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

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

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
    - 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';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. In addition, the Company is a wholly owned subsidiary of its ultimate parent, Hammerson plc, and is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These are separate financial statements. The financial statements of Hammerson plc are publicly available and can be obtained as described in note 13.

(b) Going concern

The Directors have reviewed the current and projected financial position of the Company, and have assessed the existing and expected future effects of the Covid-19 pandemic on the Company's activities, making reasonable assumptions about the future trading performance. After making enquiries, and assessing the recoverability of the Company's receivable balance from its ultimate parent company, as referred to below, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1. ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

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

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.
- Paragraph 38 of IAS1 'Presentation of financial statements' – comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - 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'.
- 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 that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. In addition, the Company is a wholly owned subsidiary of its ultimate parent, Hammerson plc, and is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These are separate financial statements. The financial statements of Hammerson plc are publicly available and can be obtained as described in note 13.

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The Directors have reviewed the current and projected financial position of the Company, and have assessed the existing and expected future effects of the Covid-19 pandemic on the Company's activities, making reasonable assumptions about the future trading performance. After making enquiries, and assessing the recoverability of the Company's receivable balance from its ultimate parent company, as referred to below, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

In forming an assessment as to whether the ultimate parent company has the ability to settle its intercompany debt, the Directors have reviewed the interim financial statements of Hammerson plc to 30 June 2020, which were published on 6 August 2020, and taken into account the successful equity raise and shareholder approval for the disposal of substantially all of its investment in VIA Outlets. The equity raise closed on 25 September 2020 and raised gross proceeds of approximately £552 million, and the VIA Outlets disposal, completed on 31 October 2020 and raised further gross proceeds of approximately £277 million. Accordingly, both drivers of the material uncertainty over going concern referred to within the Hammerson plc interim financial statements have now been resolved.

Consequently, the Directors are satisfied Hammerson plc can settle its intercompany debt if called upon.

(c) Net finance income

Net finance income comprises interest receivable from group undertakings and is included in the statement of comprehensive income.

(d) Investment income

Investment income represents the Company's share of the profit distributions receivable from The West Quay Limited Partnership and is included within the statement of comprehensive income.

(e) Investments

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

(f) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

(g) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

In forming an assessment as to whether the ultimate parent company has the ability to settle its intercompany debt, the Directors have reviewed the interim financial statements of Hammerson plc to 30 June 2020, which were published on 6 August 2020, and taken into account the successful equity raise and shareholder approval for the disposal of substantially all of its investment in VIA Outlets. The equity raise closed on 25 September 2020 and raised gross proceeds of approximately £552 million, and the VIA Outlets disposal completed on 31 October 2020 and raised further gross proceeds of approximately £277 million. Accordingly, both drivers of the material uncertainty over going concern referred to within the Hammerson plc interim financial statements have now been resolved.

Consequently, the Directors are satisfied Hammerson plc can settle its intercompany debt if called upon.

(c) Net finance income

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(d) Investment income

Investment income represents the Company's share of the profit distributions receivable from The West Quay Limited Partnership and is included within the statement of comprehensive income.

(e) Investments

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

(f) Loans receivable

Loans receivable are financial assets which are initially measured at fair value plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

(g) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

1. ACCOUNTING POLICIES (continued)

(h) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets, 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.

(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. At 31 December 2019 the Directors do not believe there are any critical accounting policies or areas of estimation uncertainty.

2. ADMINISTRATIVE EXPENSES

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

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

Another group company has paid the auditors' fees for the audit of the Company's annual financial statement in both the current and preceding financial year. Fees for the audit of the Company were £875 (2018: £1,530).

3. INVESTMENT INCOME

	2019	2018
	£'000	£'000
Distributions receivable from The West Quay Limited Partnership	**5,249**	-

1. ACCOUNTING POLICIES (continued)

(h) Financial instruments

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

(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. At 31 December 2019 the Directors do not believe there are any critical accounting policies or areas of estimation uncertainty.

2. ADMINISTRATIVE EXPENSES

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

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

Another group company has paid the auditors' fees for the audit of the Company's annual financial statement in both the current and preceding financial year. Fees for the audit of the Company were £575 (2018: £1,550).

3. INVESTMENT INCOME

	2019 £000	2018 £000
Distributions receivable from The West Quay Limited Partnership	5,249	-

4. OTHER NET GAINS

	2019 £'000	2018 £'000
Release of historical accrual	**138**	-

5. NET FINANCE INCOME

	2019 £'000	2018 £'000
Interest received from ultimate parent company	**4,240**	3,793

6. TAXATION

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

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

The Company therefore had no tax charge for the current or preceding year (2018: nil), and this is expected to continue for the foreseeable future. Profits covered by group relief for the year ended 31 December 2019 are £4,260,000 (2018: £3,811,000).

7. INVESTMENTS

	2019 £	2018 £
Cost and net book value		
At 1 January and 31 December	**102**	102

Investments include an investment of £100, which represents a 49.995% interest in The West Quay Limited Partnership (the "Partnership") which is registered in England and Wales and holds for investment the West Quay and West Quay South Shopping Centre. The registered office of the Partnership is Kings Place, 90 York Way, London N1 9GE.

Investments also include the Company's direct shareholding of £2 that represents a 100% interest in its subsidiary Governeffect Limited, incorporated in the United Kingdom and registered in England and Wales. Governeffect Limited holds an investment comprising a 0.01% beneficial interest in a protective lease on the site of West Quay, Southampton. The registered office of Governeffect Limited is Kings Place, 90 York Way, London N1 9GE.

8. RECEIVABLES: CURRENT ASSETS

	2019 £'000	2018 £'000
Amounts owed by ultimate parent company	**235,355**	224,954
Amounts owed by immediate parent company	**1,250**	-
Amounts owed by Limited Partnership	**1,718**	3,968
	238,323	228,922

All amounts shown under receivables fall due for payment within one year and are repayable on demand. All amounts owed are unsecured. Amounts owed by the ultimate parent company bear interest at variable rates based on LIBOR. Amounts owed by the immediate parent company and the Limited Partnership are non-interest bearing.

9. PAYABLES: CURRENT LIABILITIES

	2019 £'000	2018 £'000
Amounts owed to The West Quay Limited Partnership	-	88
Other creditors and accruals	-	138
	-	226

All amounts owed to The West Quay Limited Partnership are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

10. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised		
115,000,001 Class A ordinary shares of £0.10 each	**11,500**	11,500
115,000,001 Class B ordinary shares of £0.10 each	**11,500**	11,500
	23,000	23,000

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
115,000,001 Class A ordinary shares of £0.10 each	**11,500**	11,500
115,000,001 Class B ordinary shares of £0.10 each	**11,500**	11,500
	23,000	23,000

The A and B ordinary shares are owned by Hammerson UK Properties plc. All classes of share rank pari passu in all respects.

WEST QUAY SHOPPING CENTRE LIMITED

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

8. RECEIVABLES: CURRENT ASSETS

	2019 £'000	2018 £'000
Amounts owed by ultimate parent company	235,355	224,954
Amounts owed by immediate parent company	1,250	-
Amounts owed by Limited Partnership	1,718	3,968
	238,323	228,922

All amounts shown under receivables fall due for payment within one year and are repayable on demand. All amounts owed are unsecured. Amounts owed by the ultimate parent company bear interest at variable rates based on LIBOR. Amounts owed by the immediate parent company and the Limited Partnership are non-interest bearing.

9. PAYABLES: CURRENT LIABILITIES

	2019 £'000	2018 £'000
Amounts owed to The West Quay Limited Partnership	-	88
Other creditors and accruals	-	138
	-	226

All amounts owed to The West Quay Limited Partnership are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

10. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised		
115,000,001 Class A ordinary shares of £0.10 each	11,500	11,500
115,000,001 Class B ordinary shares of £0.10 each	11,500	11,500
	23,000	23,000

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
115,000,001 Class A ordinary shares of £0.10 each	11,500	11,500
115,000,001 Class B ordinary shares of £0.10 each	11,500	11,500
	23,000	23,000

The A and B ordinary shares are owned by Hammerson UK Properties plc. All classes of share rank pari passu in all respects.

11. RESERVES

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

Reserve	Description and purpose
Retained earnings	Cumulative profits and losses less any dividends paid

12. ADVANCES, CREDIT AND GUARANTEES

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

13. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

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

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

14. 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 either the Company or the Partnership. The going concern implications for the business are discussed in note 1(b) to the financial statements.

Given that the activities of the Company are intrinsically linked to those of the Partnership, as the Company's only income source is distributions received from the Partnership, further details on the potential impact of Covid-19 on the Partnership's business in the year ending 31 December 2020 are set out below.

As a result of the Covid-19 pandemic, on 23 March 2020, the Partnership's investment properties, West Quay and West Quay South Shopping Centres, were closed and were subsequently reopened on 15 June 2020. A further national lockdown period was introduced from 3 November to 2 December 2020. Only retailers providing essential services and supplies continued to trade during the lockdown periods.

This unprecedented situation has had a significant impact on the Partnership's business. During the lockdown period it was essential to ensure the properties were operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores.

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

14. POST BALANCE SHEET EVENTS (continued)

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 33% below 2019 levels, with cumulative footfall from 15 June to 31 October 2020 approximately 42% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

Partnership registration: LP012185

THE WEST QUAY LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

THE WEST QUAY LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER
Year ended 31 December 2019

West Quay Shopping Centre Limited (the "General Partner") submits its report and the audited financial statements for The West Quay Limited Partnership (the "Partnership") for the year ended 31 December 2019.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

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

Further information relating to the business and its key risks is provided in the Strategic Report on page 5 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 21 to the financial statements.

2. RESULTS AND DISTRIBUTIONS

The loss for the financial year before partners' interests was £113,723,000 (2018: £37,470,000). Distributions of £10,500,000 were made during the year (2018: £nil).

As at 31 December 2019, the Partnership had net current liabilities of £8,755,000 (2018: £8,255,000) and net liabilities of £173,383,000 (2018: £49,160,000).

3. DIRECTORS OF THE GENERAL PARTNER

(a) Mr. W.S. Austin, Mr. M.R. Bourgeois and Mr. R.G. Shaw were Directors of the General Partner throughout the year and were in office at the date of approval of this report.

(b) Mr. P.F. Cooper resigned as a Director of the General Partner on 30 April 2019.

(c) Mr. A.J. Berger-North was appointed as a Director of the General Partner on 30 April 2019 and resigned as a Director of the General Partner on 5 May 2020.

(d) Mr. S.C. Travis was appointed as a Director of the General Partner on 5 May 2020 and was in office at the date of approval of this report.

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

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

4. INDEMNITY

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

5. GOING CONCERN

The Directors of the General Partner have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2019 and having taken into account the existing and anticipated effects of Covid-19, and the letters of no call received from Hammerson plc, Euro Dinero II Private Limited and Euro Hampton Private Limited Private Limited, concluded that it was appropriate.

More information about the current and projected financial position of the Partnership together with details of the letters of no call is provided in note 1(b) to the financial statements.

6. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

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

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to qualifying partnerships, the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing the financial statements, the General Partner is required to:

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

The General Partner is 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.

8. STATEMENT IN RESPECT OF STAKEHOLDER ENGAGEMENT

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

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

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

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

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

THE WEST QUAY LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)
Year ended 31 December 2019

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 Directors 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 West Quay Shopping Centre Limited, General Partner, and signed on its behalf

W.S. Austin
Director
Date: 30 November 2020

Review of business
The Partnership's principal business is to hold for investment the West Quay and West Quay South Shopping Centres in Southampton.

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

This unprecedented situation has had a significant impact on the Partnership's business, with reduced cash collections of rent and service charges. As at the date of signing these financial statements, approximately 94% of the Q1 rent and service charges had been collected, together with approximately 55% of both the Q2 and Q3 demands.

During the lockdown periods it was essential to ensure the properties were operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Partnership to reduce its service charge demands to tenants for the 24 June quarter day by approximately 55% and 45% respectively for the West Quay and West Quay South Shopping Centres 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 33% below 2019 levels, with cumulative footfall from 15 June to 31 October 2020 approximately 42% 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 of the General Partner 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 21 to the financial statements.

Key Performance Indicators
The Directors of the General Partner consider the following measures to be key performance indicators for the Partnership: net rental income, property valuation and total return.

The Partnership's properties produced net rental income of £26,883,000 in 2019 compared with £28,831,000 in 2018. As shown in note 6(a) to the financial statements, the total of capital expenditure incurred and amortisation of lease incentives was a net cost of £1,036,000 (2018: £2,435,000), and there was a revaluation loss of £124,886,000 during the year (2018: £50,485,000), and the total property valuation was £530,600,000 (2018: 654,450,000). The IPD total return for the properties was -15.2% in 2019 (2018: -3.3%).

Principal risks

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

Longer-term
The key ongoing and longer-term risks facing the Partnership relate to tenant exposure and the strength of the UK property market, the latter being impacted by increased online penetration and tenant failures. Tenants' covenants are monitored at the start of leasing agreements and on an on-going basis to minimise the risk of default. The Directors of the General Partner monitor the UK property market through the analysis of market forecasts and the performance of the property assets are compared against target returns. The Partnership has a risk forum for managing the key development risks. The current challenges on the business presented by the Covid-19 pandemic have accentuated the significance of monitoring changes in tenants' covenants and the UK property market.

Reporting on section 172 of the Companies Act 2006
The Directors of the General Partner continue to have regard to the interests of key stakeholders of the Partnership and those of its related undertakings, including the impact of its activities on the community, environment and the Partnership's reputation, when making decisions. The Directors of the General Partner, acting fairly between partners, and acting in good faith, consider what is most likely to promote the success of the Partnership for its partners in the long term. The General Partner receives a detailed quarterly update from the asset manager on matters affecting the Partnership's stakeholders which assists the Directors of the General Partner in their decision making process.

Approved by West Quay Shopping Centre Limited, General Partner, and signed on its behalf

W.S. Austin
Director
Date: 30 November 2020

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE WEST QUAY LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

In our opinion, The West Quay 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 and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to Qualifying Partnerships by the Partnerships (Accounts) Regulations 2008.

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

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.

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE WEST QUAY LIMITED PARTNERSHIP (CONTINUED)

With respect to the Strategic Report and Report of the General Partner, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to Qualifying Partnerships have been included.

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

Strategic Report and Report of the General Partner

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the General Partner for the financial statements

As explained more fully in the Statement of General Partner's Responsibilities in respect of the Financial Statements, the General Partner 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

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 Directors of the General Partner's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

THE WEST QUAY LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	3	41,989	43,699
Rents payable and other property outgoings	3	(15,106)	(14,868)
Net rental income	3	26,883	28,831
Administrative expenses	4	(1,653)	(1,744)
Operating profit before property revaluation losses		25,230	27,087
Revaluation losses on properties	6(a)	(124,886)	(50,485)
Operating loss		(99,656)	(23,398)
Net finance costs	5	(14,067)	(14,072)
Loss and total comprehensive expense for the financial year before partners' interests		(113,723)	(37,470)

All amounts relate to continuing activities.

THE WEST QUAY LIMITED PARTNERSHIP

BALANCE SHEET
As at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Non-current assets					
Investment properties	6(a)		530,600		654,450
Interest in leasehold properties	7		4,220		4,225
Total non-current assets			534,820		658,675
Current assets					
Receivables	8	3,210		5,055	
Restricted monetary assets	9	3,835		4,129	
Cash and deposits	10	4,774		8,888	
		11,819		18,072	
Current liabilities					
Payables	11	(20,574)		(26,327)	
Net current liabilities			(8,755)		(8,255)
Total assets less current liabilities			526,065		650,420
Non-current liabilities					
Payables	12		(695,206)		(695,338)
Obligations under head leases	13		(4,242)		(4,242)
Net liabilities			(173,383)		(49,160)
Represented by:					
Partners' equity					
Partners' capital accounts	14		-		-
Partners' current accounts	14		(173,383)		(49,160)
Total Partner' deficit			(173,383)		(49,160)

The financial statements were authorised for issue by the Directors of the General Partner on 30 November 2020 and were signed on its behalf.

WSAustin

W.S. Austin
Director

Partnership registration: LP012185

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

	Partners' capital accounts £'000	Partners' current accounts £'000	Total Partners' deficit £'000
At 1 January 2018	-	(11,690)	(11,690)
Loss and total comprehensive expense for the year	-	(37,470)	(37,470)
At 31 December 2018	-	(49,160)	(49,160)
Loss and total comprehensive expense for the year	-	(113,723)	(113,723)
Distributions to partners	-	(10,500)	(10,500)
At 31 December 2019	**-**	**(173,383)**	**(173,383)**

THE WEST QUAY LIMITED PARTNERSHIP

CASH FLOW STATEMENT

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Operating activities		
Operating profit before property revaluation losses	**25,230**	27,087
Decrease/(Increase) in receivables	**1,845**	(1,487)
Decrease in restricted monetary assets	**294**	1,521
Decrease in payables	**(1,431)**	(1,494)
Non-cash items	**151**	(242)
Cash generated from operations	**26,089**	25,385
Interest received	**40**	35
Interest paid	**(13,757)**	(23,789)
Cash flows from operating activities	**12,372**	1,631
Investing activities		
Capital expenditure	**(1,486)**	(2,596)
Cash flows from financing activities	**(1,486)**	(2,596)
Financing activities		
Distributions to partners	**(15,000)**	-
Cash flows from financing activities	**(15,000)**	-
Decrease in cash and deposits in the year	**(4,114)**	(965)
Opening cash and deposits	**8,888**	9,853
Closing cash and deposits	**4,774**	8,888

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

Basis of preparation
The West Quay 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 5. The address of the registered office of the General Partner is the same as that of Hammerson plc, one of the ultimate controlling parties, which is Kings Place, 90 York Way, London N1 9GE.

These financial statements were prepared in compliance with Financial Reporting Standard 102 ("FRS 102") as issued by the Financial Reporting Council and the Companies Act 2006.

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

The Partnership is a joint venture between Hammerson plc and Euro Hampton Private Limited and is equity accounted into the group financial statements of Hammerson plc, which are publicly available (see note 20).

(b) Going concern

In considering going concern the Directors of the General Partner (the "Directors") 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 Strategic Report on page 5 and in the post balance sheets event note 21 to the financial statements.

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

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

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

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

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

The Directors have taken into account the prudent May 2020 financial forecast i.e. the base case scenario, together with the sensitivities referred to above, and concluded that the Partnership has sufficient liquidity on a stand-alone basis for a period of at least twelve months from the date of signing these financial statements. The Partnership has no external borrowings or debt covenants and has resilient operational activities. It also has discretionary capital expenditure and distributions. In addition, interest payments relating to the interest-bearing loan balances from related parties, which are ordinarily payable on a quarterly basis within each calendar year, can be paid on such other date as agreed by the parties, and can therefore be deferred if agreed.

In addition, the Directors note that as at 31 December 2019, the Partnership had net current liabilities of £8,755,000 (2018: £8,255,000) which includes the following "specific liabilities" which amount to £9,325,000 (2018: £13,824,000): distributions payable to the Partners of £3,436,000 (2018: £7,936,000); interest payable on loan balances due to related parties of £3,468,000 (2018: £3,468,000); and amounts payable to related parties of £2,421,000 (2018: £2,420,000). The net current liabilities position has been taken into consideration as part of the financial forecasts referred to above.

The Directors also note that as at 31 December 2019, the Partnership had net liabilities of £173,383,000 (2018: £49,160,000), which includes loan balances due to related parties of £694,064,000 (2018: 694,064,000). Further details of these loan balances, including the repayments terms, are set out in note 12 to the financial statements.

The Directors have received letters of no call from Hammerson plc, one of the ultimate controlling parties, Euro Hampton Private Limited ("EHPL"), one of the Limited Partners, which has a 49.995% interest in the Partnership, and Euro Dinero II Private Limited ("EDPL"), both of which are wholly owned by GIC Private Limited, the other ultimate controlling party. These letters state that for a period of at least twelve months from the date of signing of these financial statements, Hammerson plc, EHPL and EDPL have no intention to demand repayment, or request their respective related parties to demand repayment, of either the specific liabilities or the loan balances referred to above, if this would result in the Partnership being unable to meet its external liabilities as they fall due.

Consequently, the Directors have a reasonable expectation that the Partnership 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.

1. ACCOUNTING POLICIES (continued)

(c) Net rental income

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

Lease incentives and costs associated with entering into tenant leases are added to the costs of property and are amortised over the lease term or, if the probability that the break option will be exercised is considered high, over the period to the first break option.

Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the statement of comprehensive income as incurred.

Included in net rental income is £511,000 (2018: £739,000) of contingent rents calculated by reference to tenants' turnover.

(d) Net finance costs

Net finance costs include interest payable on borrowings, interest payable to related party undertakings, interest on obligation under head leases, net of interest receivable on funds invested and is included in the statement of comprehensive income.

(e) Distributions

Distributions are paid to the Partners out of realised profits which are available for distribution. For the purposes of calculating the Partnership's realised profits, revaluation gains and losses on properties are excluded. Distributions are recognised on a cash basis upon payment and shown in the statement of changes in equity.

(f) Investment properties

The Partnership applies the fair value accounting model to investment properties, being market value determined by professionally qualified external valuers. Changes in fair value are recognised in profit or loss. All costs directly associated with the purchase and construction of a property are capitalised.

(g) Leasehold properties

Leasehold properties that are leased out to tenants under operating leases are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value. The obligation to the freeholder or superior leaseholder for the land element of the leasehold is included in the balance sheet as a head lease at the present value of the minimum lease payments at inception. Payments to the freeholder or superior leaseholder are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred. An asset equivalent to the leasehold obligation is recorded in the balance sheet within 'interests in leasehold properties', and is amortised over the lease term.

1. ACCOUNTING POLICIES (continued)

(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.

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) 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) Cash and deposits and restricted monetary assets

Cash and deposits comprise cash and short-term bank deposits with an original maturity of three months or less which are readily accessible. Restricted monetary assets relate to cash balances which legally belong to the Partnership but which the Partnership cannot readily access. These do not meet the definition of cash and cash equivalents and consequently are presented separately from cash and deposits in the Partnership's balance sheet.

1. ACCOUNTING POLICIES (continued)

(l) Critical accounting policies and estimation uncertainties

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

The Partnership's critical judgement and area of estimation uncertainty is in respect of property valuations. The Partnership's investment property, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers and the Directors of the General Partner must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the financial statements. Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

2 LIMITED PARTNERSHIP AGREEMENT ("The Agreement")

(a) The Agreement as updated on 29 December 2016 states that the purpose of the Partnership is to carry out property investment and development.

(b) At 31 December 2019 and at 31 December 2018, West Quay Shopping Centre Limited, East India Trust and Euro Hampton Private Limited, acting as the Limited Partners, had interests of 49.995%, 0.01% and 49.995% respectively in the assets and liabilities of the Partnership. West Quay Shopping Centre Limited also acts as the General Partner to the Partnership.

3. NET RENTAL INCOME

	2019 £'000	2018 £'000
Base rent	26,387	27,090
Turnover rent	511	739
Car park income	6,467	6,469
Lease incentive recognition	(394)	(41)
Other rental income	1,605	2,069
Gross rental income	34,576	36,326
Service charge income	7,413	7,373
Revenue	41,989	43,699
Ground and equity rents payable	(927)	(823)
Service charge expenses	(8,386)	(7,859)
Inclusive lease costs recovered	(827)	(1,033)
Other property outgoings	(4,966)	(5,153)
Rents payable and other property outgoings	(15,106)	(14,868)
Net rental income	26,883	28,831

4. ADMINISTRATIVE EXPENSES

	2019 £'000	2018 £'000
Management fees payable to Hammerson UK Properties plc	1,636	1,756
Fees payable to the Partnership's auditors for the audit of the Partnership's annual financial statements	15	5
Valuation fees	54	52
Other expenses	15	21
Insurance administration credit	(67)	(90)
	1,653	1,744

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

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

5. NET FINANCE COSTS

	2019 £'000	2018 £'000
Interest on other borrowings	**13,757**	13,757
Interest on obligations under head leases	**350**	350
Total interest payable	**14,107**	14,107
Bank and other interest receivable	**(40)**	(35)
	14,067	14,072

6. INVESTMENT PROPERTIES

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

Long leasehold	2019 £'000	2018 £'000
At 1 January	**654,450**	702,500
Additions at cost	**1,533**	2,539
Amortisation of lease incentives	**(497)**	(104)
Revaluation loss	**(124,886)**	(50,485)
At 31 December	**530,600**	654,450

(b) The properties are stated at fair value at 31 December 2019, valued by professionally qualified external independent valuers, Cushman & Wakefield Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2017 based on certain assumptions as set out in note 1(l).

(c) The historical cost of investment properties at 31 December 2019 was £728,232,000 (2018: £727,196,000).

(d) At 31 December 2019 the Partnership had capital commitments of £715,000 (2018: £119,000).

7. INTEREST IN LEASEHOLD PROPERTIES

	2019 £'000	2018 £'000
At 1 January	**4,225**	4,229
Amortisation	**(5)**	(4)
At 31 December	**4,220**	4,225

8. RECEIVABLES: CURRENT ASSETS

	2019 £'000	2018 £'000
Trade receivables	1,636	2,579
Amounts owed by Hammerson (Leeds Investments) Limited	-	1
Amounts owed by Hammerson Operations Limited	296	348
Amounts owed by West Quay Shopping Centre Limited	-	88
Amounts owed by Hammerson (Watermark) Limited	119	-
Other receivables	928	1,841
Prepayments	231	198
	3,210	5,055

All amounts shown fall due for payment within one year and are repayable on demand. Amounts owed by Hammerson (Leeds Investments) Limited, Hammerson Operations Limited, West Quay Shopping Centre Limited and Hammerson (Watermark) Limited are non-interest bearing. The amounts owed are unsecured.

Trade receivables are shown after deducting a loss allowance provision of £134,000 (2018: £80,000).

9. RESTRICTED MONETARY ASSETS

	2019 £'000	2018 £'000
Cash held on behalf of third parties	3,835	4,129

The Partnership's managing agent holds cash on behalf of its tenants to meet future service charge costs and related expenditure. The cash has restricted use and as such, does not meet the definition of cash and cash equivalents.

10. CASH AND DEPOSITS

	2019 £'000	2018 £'000
Cash at bank	4,774	8,888

At 31 December 2019 the Partnership's managing agent held cash of £1,058,000 (2018: £628,000) on behalf of the Partnership, which is not restricted and is available to the Partnership and as such has been included in cash and deposits.

11. PAYABLES: CURRENT LIABILITIES

	2019 £'000	2018 £'000
Trade payables	4,036	4,381
Amounts owed to Hammerson Group Management Limited	27	18
Amounts owed to Hammerson (Watermark) Limited	-	16
Amounts owed to Hammerson Project Management Limited	-	86
Amounts owed to Hammerson (Cramlington 1) Limited	-	17
Amounts owed to Hammerson UK Properties plc	3	-
Amounts owed to Hammerson plc	1,209	1,211
Amounts owed to Eurolieum SARL	1,209	1,209
Other payables and accruals	9,176	14,177
Deferred income	4,914	5,212
	20,574	26,327

Included in other payables and accruals are distributions of £3,436,000 (2018: £7,936,000) payable to the Limited Partners and £3,468,000 (2018: £3,468,000) of interest payable on the loan balances shown in note 12. The amounts owed to the entities listed above, are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

As set out in note 1(b) on page 15, letters of no call have been obtained from Hammerson plc and Euro Hampton Private Limited, one of the Limited Partners, stating they do not intend to demand repayment of the amounts repayable by the Partnership within a period of twelve months from the date of signing the Partnership's financial statements, if this would result in the Partnership being unable to meet its external liabilities as they fall due. However, on the basis the amount remains legally repayable on demand, the balance continues to be classified as current liabilities.

12. PAYABLES: NON–CURRENT LIABILITIES

	2019 £'000	2018 £'000
Amounts due to Hammerson plc	191,077	191,077
Amounts due to Euro Dinero II Private Limited	191,077	191,077
Loan balances: interest bearing	382,154	382,154
Amounts due to Hammerson plc	155,955	155,955
Amounts due to Euro Hampton Private Limited	155,955	155,955
Loan balances: non-interest bearing	311,910	311,910
Total loan balances	694,064	694,064
Deposits and other payables		
From two to five years	442	533
Over five years	700	741
	1,142	1,274
	695,206	695,338

12. PAYABLES: NON–CURRENT LIABILITIES (continued)

Interest-bearing loans are repayable on the earlier of (a) the date of dissolution of the Partnership or (b) the date of the retirement of the associate of each lender in connection with the retirement of the associate from the Partnership. Interest is charge at a fixed rate of 3.6%.

The timing of the repayment of the non-interest bearing loans is at the discretion of the General Partner. The General Partner has received confirmation from the lenders that the loans will not be recalled within twelve months of the date of signing of these financial statements.

13. OBLIGATIONS UNDER HEAD LEASES

Head lease obligations in respect of rents payable on the leasehold properties are payable as follows:

	2019			2018		
	Minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000	Minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000
After 25 years	333,462	(329,220)	4,242	333,462	(329,220)	4,242
5-25 years	7,000	(7,000)	-	7,000	(7,000)	-
2-5 years	1,050	(1,050)	-	1,050	(1,050)	-
1-2 years	350	(350)	-	350	(350)	-
Within 1 year	350	(350)	-	350	(350)	-
	342,212	(337,970)	4,242	342,212	(337,970)	4,242

14. PARTNERS' EQUITY

	2019 £'000	2018 £'000
Partners' capital accounts	-	-
Partners' current accounts	(173,383)	(49,160)
	(173,383)	(49,160)

The Partners' capital accounts of £200 (2018: £200) are in proportion to each Partner's interest. Under the Limited Partnership Agreement no further capital is required to be injected and no interest is payable on the capital.

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

15. THE PARTNERSHIP AS LESSOR – OPERATING LEASE RECEIPTS

At the balance sheet date, the Partnership had contracted with tenants for the future minimum lease receipts as shown in the table below. The data is for the period to the first tenant break option.

	2019 £'000	2018 £'000
Within one year	24,630	25,413
From one to two years	22,568	24,218
From two to five years	45,410	55,472
Over five years	60,608	82,449
	153,216	187,552

16. FINANCIAL INSTRUMENTS

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

	2019 £'000	2018 £'000
Financial assets		
Measured at amortised cost:		
Trade receivables	1,636	2,579
Amounts owed by Hammerson (Leeds Investments) Limited	-	1
Amounts owed by Hammerson Operations Limited	296	348
Amounts owed by West Quay Shopping Centre Limited	-	88
Amounts owed by Hammerson (Watermark) Limited	119	-
Other receivables	928	1,841
Restricted monetary assets	3,835	4,129
Cash at bank	4,774	8,888
	11,588	17,874
Financial liabilities		
Measured at amortised cost:		
Trade payables	4,036	4,381
Amounts owed to Hammerson Group Management Limited	27	18
Amounts owed to Hammerson (Watermark) Limited	-	16
Amounts owed to Hammerson Project Management Limited	-	86
Amounts owed to Hammerson (Cramlington 1) Limited	-	17
Amounts owed to Hammerson UK Properties plc	3	-
Amounts owed to Hammerson plc	1,209	1,211
Amounts owed to Eurolieum SARL	1,209	1,209
Other payables and accruals	9,176	14,177
Payables: Non-current liabilities	695,206	695,338
	710,866	716,453

16. FINANCIAL INSTRUMENTS (continued)

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

	2019 £'000	2018 £'000
Net finance costs	14,067	14,072
Movement on trade receivable provisions	(73)	(220)

17. CONTINGENT LIABILITIES

At 31 December 2019 there are contingent liabilities of £2,500,000 (2018: £2,500,000) relating to claims against the Partnership arising in the normal course of business, which are considered unlikely to crystallise.

18. ADVANCES, CREDIT AND GUARANTEES

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

19. RELATED PARTIES

Other than disclosed in the statement of changes in equity and in notes 4, 5, 8, 11, 12 and 14 there were no material related party transactions during the year.

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

Related party	Relationship
Hammerson plc	Ultimate controlling party and Lender
Hammerson Operations Limited	Subsidiary of Hammerson plc
Hammerson Group Management Limited	Subsidiary of Hammerson plc
Hammerson (Leeds Investments) Limited	Subsidiary of Hammerson plc
Hammerson (Cramlington 1) Limited	Subsidiary of Hammerson plc
Hammerson (Watermark) Limited	Subsidiary of Hammerson plc
Hammerson Project Management Limited	Subsidiary of Hammerson plc
Hammerson UK Properties plc	Subsidiary of Hammerson plc
Eurolieum SARL	Lender
Euro Dinero II Private Limited	Lender
Euro Hampton Private Limited	Limited Partner and Lender
West Quay Shopping Centre Limited	General Partner and Limited Partner

20. ULTIMATE CONTROLLING PARTIES

The Partners listed in note 2 are the immediate controlling parties of the Partnership. The ultimate controlling parties are Hammerson plc and GIC Private Limited, which are registered in England and Wales and Singapore respectively.

The consolidated financial statements of Hammerson plc are available from its registered office: The Company Secretarial Department, Kings Place, 90 York Way, London N1 9GE.

21. POST BALANCE SHEET EVENT

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

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

This unprecedented situation has had a significant impact on the Partnership's business, with reduced cash collections of rent and service charges. As at the date of signing these financial statements, approximately 94% of the Q1 rent and service charges had been collected, together with approximately 55% of both the Q2 and Q3 demands

During the lockdown periods it was essential to ensure the properties were operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Partnership to reduce its service charge demands to tenants for the 24 June quarter day by approximately 55% and 45% respectively for the West Quay and West Quay South Shopping Centres compared with the prior quarter.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall has steadily increased and in October 2020 was averaging 33% below 2019 levels, with cumulative footfall from 15 June to 31 October 2020 approximately 42% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

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

Investment Properties valuation	Impact on valuation of 100bp change in nominal equivalent yield		Impact on valuation of 10% change in estimated rental value (ERV)	
2019	Decrease	Increase	Increase	Decrease
£'000	£'000	£'000	£'000	£'000
530,600	118,491	(81,871)	53,060	(53,060)