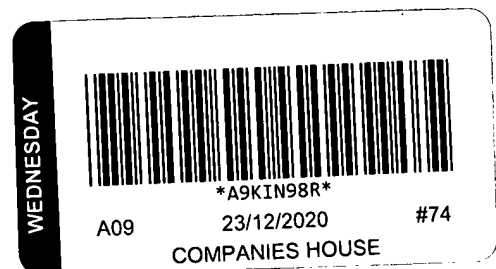


Registered number: 04125216

HAMMERSON OPERATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019



HAMMERSON OPERATIONS LIMITED

DIRECTORS' REPORT

Year ended 31 December 2019

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

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENT

The principal activity of the Company is property management in the United Kingdom. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

Further information relating to the business, its key risks and future prospects is provided in the Strategic Report on page 4, together with an assessment of the impact the Covid-19 pandemic has had on the business and how this may affect its activities in the future. Further details are also provided in the post balance sheet events note 13 to the financial statements.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £3,849,000 (2018: £1,536,000). Dividends of £13,000,000 (2018: £nil) were paid during the year.

Net assets for the Company as at 31 December 2019 were £5,564,000 (2018: £14,715,000).

3. DIRECTORS

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

4. SECRETARY

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

HAMMERSON OPERATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

5. GOING CONCERN

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

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

6. INDEMNITY

The Company's ultimate parent company, Hammerson plc, has 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 approval of this report.

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2019 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

7. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

8. STATEMENT OF 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

HAMMERSON OPERATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

9. STATEMENT IN RESPECT OF STAKEHOLDER ENGAGEMENT

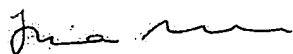
For more information on how the Company and the Hammerson Group engages with stakeholders, including suppliers, customers and others in a business relationship, please refer to the Annual Report and financial statements for the year ended 31 December 2019 of Hammerson plc, the ultimate parent company.

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: 10 December 2020

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

HAMMERSON OPERATIONS LIMITED

STRATEGIC REPORT

Year ended 31 December 2019

Review of the business

Performance during the year

During the year, the Company was engaged to manage and administer property activities on behalf of Hammerson UK Properties plc and its subsidiaries in the United Kingdom. The Company made an operating profit of £3,458,000 (2018: £1,166,000).

Future prospects

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

This unprecedented situation has had a significant impact on these entities and the Directors are uncertain what changes this may have on the HUK'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 13 to the financial statements.

Key Performance Indicators

The Directors consider the following measures to be the key performance indicators for the Company: Property fee income and profit on ordinary activities before taxation.

The Company generated profit on ordinary activities of £3,849,000 (2018: £1,536,000) and generated property fee income of £6,862,000 (2018: 5,098,000) from service charges and by providing services to properties owned by HUK subsidiaries and certain joint ventures.

Principal risks

The key short-term risk facing HUK relates to the Covid-19 pandemic and its impact on the operations of the entities in which it invests. As the Company incurs costs on behalf of fellow group companies and recharges these companies at cost, it is not anticipated that the Covid-19 pandemic or external and economic conditions will have a significant impact on the Company.

A more comprehensive discussion of risks, risk management and key performance indicators is included in both the Annual Report of the ultimate parent company, Hammerson plc, and in the financial statements of HUK, neither of which form part of this report.

Reporting on section 172 of the Companies Act 2006

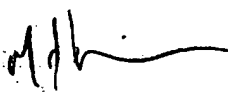
The Directors continue to have regard to the interests of key stakeholders of the Company and those of its related undertakings, including the impact of its activities on the community, environment and the Company's reputation, when making decisions. The Directors, acting fairly between members, and acting in good faith, consider what is most likely to promote the success of the Company for its members in the long term. For more information on the Hammerson Group's engagement with stakeholders, please see the Hammerson plc annual report and financial statements for the year ended 31 December 2019.

Signed on behalf of the Board of Directors

M.R. Bourgeois

Director

Date: 10 December 2020



HAMMERSON OPERATIONS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON OPERATIONS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Hammerson Operations Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

HAMMERSON OPERATIONS LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2019

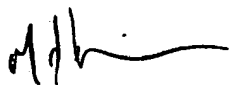
	Note	2019 £'000	2018 £'000
Revenue	2	14,791	12,678
Administrative expenses	3(a)	<u>(11,333)</u>	<u>(11,512)</u>
Operating profit		3,458	1,166
Net finance income	4	<u>391</u>	<u>370</u>
Profit on ordinary activities before and after taxation and total comprehensive income for the financial year		<u>3,849</u>	<u>1,536</u>

All amounts relate to continuing activities

HAMMERSON OPERATIONS LIMITED**BALANCE SHEET****As at 31 December 2019**

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Non-current assets					
Plant and equipment	6		34		79
Current assets					
Receivables	7	16,972		27,722	
Current liabilities					
Payables	8	(11,442)		(13,086)	
Net current assets			<u>5,530</u>		<u>14,636</u>
Total asset less current liabilities			<u>5,564</u>		<u>14,715</u>
Net assets			<u>5,564</u>		<u>14,715</u>
Capital and reserves					
Called up share capital	9		-		-
Retained earnings	10		<u>5,564</u>		<u>14,715</u>
Total equity			<u>5,564</u>		<u>14,715</u>

These financial statements were approved by the Board of Directors on 10 December 2020 and were signed on its behalf.

**M.R. Bourgeois**

Director

Registered number 04125216

HAMMERSON OPERATIONS 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	-	13,179	13,179
Profit and total comprehensive income for the financial year	-	1,536	1,536
At 31 December 2018	-	14,715	14,715
Profit and total comprehensive income for the financial year	-	3,849	3,849
Dividends	-	(13,000)	(13,000)
At 31 December 2019	-	5,564	5,564

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

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

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

Impact of new and revised Standards

IFRS 16 Leases

The standard requires lessees to recognise, for each lease, a right-of-use asset and related lease liability representing the obligation to make lease payments. Interest expense on the lease liability and depreciation on the right-of-use asset is recognised in the Company's statement of comprehensive income. There has been no impact on the Company on the adoption of IFRS16.

Basis of preparation

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

These financial statements were prepared in accordance with Financial Reporting Standard 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(k).

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES

(a) Basis of accounting (continued)

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

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of 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. The financial statements of Hammerson plc are publicly available and can be obtained as described in note 12.

(b) Going concern

The Directors have assessed the existing and expected future effects of the Covid-19 pandemic on the Company's activities and the appropriateness of the use of the going concern basis. An outline of the current effects of the pandemic on the business is included in the post balance sheets event note 13 to the financial statements.

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

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

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

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

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

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

(c) Revenue

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

(d) Net finance income

Net finance income includes interest received on funds invested, interest receivable from group undertakings net of interest payable on borrowings.

(e) 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.

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(f) 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.

(g) 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.

(h) Employee benefits - defined contribution pension plans

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

(i) Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable at the balance sheet date, together with any adjustment in respect of previous years.

(j) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life, which is generally between three and five years.

(k) 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.

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

2. REVENUE

The Company receives fees for providing management services to properties owned by Hammerson UK Properties plc and its subsidiaries and certain joint ventures. All fees are derived in the United Kingdom and can be analysed as follows:

	2019 £'000	2018 £'000
Property management fees	6,862	5,098
Management fee receivable from fellow group company	7,929	7,580
	14,791	12,678

3. ADMINISTRATIVE EXPENSES

	2019 £'000	2018 £'000
(a) Analysis:		
Staff costs (note 3(b))	7,459	7,176
Management fee payable to fellow group company	2,165	2,212
Total staff costs	9,624	9,388
Other costs	1,709	2,124
	11,333	11,512

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.

Of the total staff costs £7,929,000 (2018: £7,580,000) was recharged to the tenants and has been treated as management fee income.

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £3,690 (2018: £2,244).

	2019 £'000	2018 £'000
(b) Staff costs:		
Wages and salaries	5,670	5,617
Performance-related bonuses payable in cash	619	472
	6,289	6,089
Social security costs	708	700
Other pension costs	462	387
	7,459	7,176

- (c) The average number of persons employed by the Company during the year was 142 (2018: 146)

HAMMERSON OPERATIONS LIMITED

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

4. NET FINANCE INCOME

	2019 £'000	2018 £'000
Interest receivable from ultimate parent company	395	372
Other interest payable	(4)	(2)
	391	370

5. TAXATION

(a) Tax charge

	2019 £'000	2018 £'000
Tax charge on profit on ordinary activities	-	-

(b) Factors affecting total tax charge

The tax assessed on the profit for the year is different from the standard rate of corporation tax of 19% (2018: 19%). The differences are reconciled below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	3,849	1,536
Profit at UK corporation tax rate of 19% (2018: 19%)	731	292
Effect of:		
Timing differences	5	4
Permanent differences	2	2
Group relief	(738)	(298)
Total tax charge	-	-

6. PLANT AND EQUIPMENT

The movements in the year were:

	Cost £'000	Depreciation £'000	Net book value £'000
At 1 January 2018	227	(102)	125
Depreciation for the year	-	(46)	(46)
At 1 January 2019	227	(148)	79
Depreciation for the year	-	(45)	(45)
At 31 December 2019	227	(193)	34

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

7. RECEIVABLES: CURRENT ASSETS

	2019 £'000	2018 £'000
Trade receivables	4,616	5,989
Amounts owed by ultimate parent company	12,258	21,648
Amounts owed by Croydon Limited Partnership	64	64
Amounts owed by The Bull Ring Limited Partnership	1	-
Other receivables	33	21
	<u>16,972</u>	<u>27,722</u>

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

Trade receivables are shown after deducting a loss allowance provision of £76,000 (2018: £55,000).

8. PAYABLES: CURRENT LIABILITIES

	2019 £'000	2018 £'000
Trade payables	838	579
Amounts owed to fellow subsidiary undertakings	7,804	8,105
Deferred income	1,954	3,620
Other payables and accruals	846	782
	<u>11,442</u>	<u>13,086</u>

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

9. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

10. RESERVES

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

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

11. ADVANCES, CREDIT AND GUARANTEES

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

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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

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

13. POST BALANCE SHEET EVENTS

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

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

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