

**ASHFORD INVESTOR (GENERAL
PARTNER) LIMITED**

**Annual Report and Financial Statements
Year ended 31 December 2019**



ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

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ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Calabrese
T G Kidd
R A Jones
G Bond
N Parsons
M Lawrence
C Deshayes (resigned 25 November 2020)
K B Miller (resigned 27 March 2019)

SECRETARY

L Meister

REGISTERED OFFICE

Nations House, 3rd Floor
103 Wigmore Street
London, England
W1U 1QS

BANKERS

Barclays Bank PLC
London Corporate Banking Group
54 Lombard Street
P O Box 544
London EC3V 9EX

SOLICITORS

Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

This report has been prepared in accordance with the provisions applicable to companies subject to FRS 102 Section 1A - Small Entities.

PRINCIPAL ACTIVITIES

The principal activity of the Ashford Investor (General Partner) Limited ("the Company") is to act as the General Partner for The Ashford Investor Limited Partnership ("the Limited Partnership").

REVIEW OF BUSINESS

The directors consider that the results of the Company are satisfactory. The Company will continue to act as the General Partner for The Ashford Investor Limited Partnership for the foreseeable future.

POST BALANCE SHEET EVENTS

On 11 March 2020, the World Health Organization declared the outbreak of the new coronavirus (COVID-19) a pandemic. There are no comparable recent events that could be a point of reference for the spread of COVID-19 and its consequences. These consequences, including a global and local economic downturn as the pandemic unfolds, are extremely uncertain and difficult to assess, and could have an adverse impact on the Company.

The Company does not own any assets which may have been significantly adversely affected by the pandemic. Therefore, the Board of Directors considers that there is limited impact to the Company and does not expect the consequences of COVID-19 to negatively affect the Company's ability to operate as a going-concern.

The Board of Directors considers the emergence of the COVID-19 coronavirus pandemic to be a non-adjusting post balance sheet event.

There have been no other material events arising from the activities of the Company from 31 December 2019 to the date of approval of the annual accounts.

GOING CONCERN

Management have reviewed the forecast cashflows, which have been prepared based on the Company's current business activities; and have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts. The going concern review period evaluated by management for the Company runs from the signing date of these financial statements through to 31 December 2021.

RESULTS AND DIVIDENDS

The Company made a profit of £31,385 (2018: £43,133) before taxation for the period.

The directors have paid a dividend of £nil during the year (2018: £250,000).

FUTURE DEVELOPMENTS

The Directors' consider that the Company will continue to perform its principal activity for the foreseeable future. The Directors' will monitor the impacts of the macroeconomic risks currently facing the Company due to the UK's exit from the EU as well as COVID-19, and will take appropriate action as necessary to ensure the Company continues to operate as a going concern.

BOARD OF DIRECTORS

The directors who served throughout the period and since the period end are as follows:

J Calabrese
T G Kidd
R A Jones
G Bond
N Parsons
M Lawrence
C Deshayes (resigned 25 November 2020)
K B Miller (resigned 27 March 2019)

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

DIRECTORS' REPORT (CONTINUED)

STRATEGIC REPORT

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime. The Company has taken the exemption under section 414B of the Companies Act 2006 for the requirements to prepare a Strategic Report for the financial period.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of the report confirms 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 steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Board Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

The financial statements have been prepared in accordance with the special provisions relating to the small companies regime.

Approved by the Board of Directors
and signed on behalf of the Board



R A Jones
Director
29 December 2020

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounts Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.' The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

Opinion

We have audited the financial statements of Ashford Investor (General Partner) Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 12, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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; 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 below. 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 the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFORD INVESTOR (GENERAL PARTNER) LIMITED (CONTINUED)

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 year 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 prepare the financial statements in accordance with the small companies regime and 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 Directors' responsibilities statement set out on page 4, 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

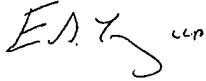
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHFORD INVESTOR
(GENERAL PARTNER) LIMITED (CONTINUED)**

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.

A handwritten signature in dark ink, appearing to read 'D. Wilson', with a stylized flourish at the end.

David Wilson (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 29 December 2020

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		(12,225)	(12,440)
OPERATING LOSS		(12,225)	(12,440)
Income from investments	3	42,000	55,000
Interest receivable		1,703	605
Interest payable		(93)	(32)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	31,385	43,133
Tax charge on profit on ordinary activities	4	(2,710)	(8,561)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR		28,675	34,572
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		28,675	34,572

All results are derived from continuing operations in the United Kingdom.

The notes on pages 11 to 15 form an integral part of the financial statements

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

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

	Called up share capital £	Profit and loss account £	Total £
Balance as at 31 December 2017	1,000	239,602	240,602
Total comprehensive income for the year	-	34,572	34,572
Dividends paid	-	(250,000)	(250,000)
Balance as at 31 December 2018	1,000	24,174	25,174
Total comprehensive income for the year	-	28,675	28,675
Balance as at 31 December 2019	1,000	52,849	53,849

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

BALANCE SHEET 31 December 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Investments	5	1,000	1,000
CURRENT ASSETS			
Debtors: amounts due within one year	6	175	175
Cash at bank and in hand		982,438	110,067
		982,613	110,242
CREDITORS: amounts falling due within one year	7	(929,764)	(86,068)
NET CURRENT ASSETS		52,849	24,174
TOTAL ASSETS LESS CURRENT LIABILITIES		53,849	25,174
CAPITAL AND RESERVES			
Called up share capital	8	1,000	1,000
Profit and loss account		52,849	24,174
SHAREHOLDERS' FUNDS		53,849	25,174

These financial statements have been prepared in accordance with the special provisions relating to the small companies regime.

These financial statements were approved by the Board of Directors and authorised for issue on 29 December 2020 and are signed on behalf of the Board of Directors



R A Jones
Director

Company Registration No. 4139737

The notes on pages 11 to 15 form an integral part of the financial statement

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES

Basis of accounts preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the period and the preceding year. The financial statements are prepared in sterling which is the functional and presentation currency of the Company and rounded to the nearest £.

Statement of compliance

Ashford Investor (General Partner) Limited ("the Company") is a private company limited by shares registered in the United Kingdom. Its registered office is 103 Wigmore Street, Nations House, 3rd Floor, London, England, W1U 1QS.

The financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A for small entities. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current period.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Cash flow

The Company has taken advantage of the exemption available to small companies under FRS 102 Section 1A and has not prepared a cash flow statement.

Going concern

Management have reviewed the forecast cashflows, which have been prepared based on the Company's current business activities; and have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts. The going concern review period evaluated by management for the Company runs from the signing date of these financial statements through to 31 December 2021.

Significant accounting policies

Investments and investment income

Fixed asset investments, both listed and unlisted, are stated at cost less provisions for any impairment. Investment income consists of distributions made by The Ashford Investor Limited Partnership and is recognised when the Company obtains the right to the distribution.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. All taxable income is derived from the fixed asset investment in the limited partnership.

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

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

1 ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no judgements or estimates used which have a significant effect on amounts recognised in the financial statements.

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authority of the country in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2019 £	2018 £
Auditor's remuneration		
Fees payable to auditors for audit of Company's annual accounts	8,500	8,100
Taxation fees	3,440	3,340

No staff were employed by the Company during the period (2018: none).

Directors are remunerated through other undertakings.

The level of qualifying services of the directors of the Company is considered to be incidental and negligible compared to the services provided to the other undertakings. There are no management charges to Ashford Investor (General Partner) Limited from the other undertakings for these services. Consequently, it is determined that the remuneration for such qualifying services is £nil (2018: £nil).

3. INVESTMENT INCOME

	2019 £	2018 £
Investment Income		
Investment income allocation from The Ashford Investor Limited Partnership	42,000	55,000

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

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

4. TAXATION

a) Tax on profit on ordinary activities

	2019 £	2018 £
Current corporation tax charge	3,928	8,307
Adjustments relating to prior years	(1,218)	254
Total tax charge	2,710	8,561

b) Factors affecting the current tax charge/ (credit) for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are:

	2019 £	2018 £
Profit on ordinary activities before tax	31,385	43,133
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	5,963	8,195
Effect of:		
Non-taxable distribution received	(7,980)	(10,450)
Share of Limited Partnership profits	10,590	14,035
Utilisation of tax losses	-	(3,473)
Underprovided in prior years	(1,218)	254
Relief claimed on taxable income	(4,645)	-
Total tax charge for the year	2,710	8,561

c) Unrecognised deferred tax asset

Deferred tax assets have not been recognised totalling £nil (2018: £nil) in relation to losses carried forward, as the Directors believe it more likely than not that it will not be recovered through attributable profits in the near future. These may have an effect on future tax charges should future taxable profits arise.

d) Factors affecting future tax charge

The Finance (No.2) Act 2015 was enacted on 18 November 2015, which introduced a reduction in the headline rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 was enacted on 15 September 2016, and introduced a further reduction of the headline rate of corporation tax to 17% from 1 April 2020.

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

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

5. INVESTMENTS

	2019 £	2018 £
Cost		
Capital invested, at cost, in The Ashford Investor Limited Partnership	1,000	1,000
Net book value	1,000	1,000

The investment in The Ashford Investor Limited Partnership represents a 1% holding in the Limited Partnership, which was established under a Limited Partnership Deed dated 28 March 2001 as amended and restated on 26 September 2011 and 22 February 2017. The Limited Partnership is registered in England and Wales and its principal place of business is the United Kingdom. The principal activity of The Ashford Investor Limited Partnership is to hold and manage the Ashford Designer Outlet Centre.

6. DEBTORS

	2019 £	2018 £
Amounts due within one year:		
VAT recoverable	175	175
	175	175

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts owed to Ashford Investor Limited Partnership	906,802	54,694
Accruals	11,945	11,440
Corporation tax	11,017	19,934
	929,764	86,068

Amounts owed to The Ashford Investor Limited Partnership are interest-free and repayable on demand.

8. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	1,000	1,000
Called up, allotted and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000
	1,000	1,000

All shares were issued at par, and cash consideration was received.

ASHFORD INVESTOR (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

9. COMMITMENTS

The Company has provided a guarantee in respect of the £100,000,000 bank loan facility with Bayerische Landesbank held by The Ashford Investor Limited Partnership via a fixed and floating charge on its assets.

10. RELATED PARTY TRANSACTIONS

The Company is the General Partner of The Ashford Investor Limited Partnership, in which it has a 1% interest. The share of the Partnership profit attributable to the General Partner was £81,193 (2018: £127,516). The share of the Partnership current account attributable to the General Partner was £812,518 (2018: £773,325). Distributions of £42,000 (2018: £55,000) were paid to the General Partner. The Limited Partnership paid costs of £11,345 (2018: £9,100) on behalf of the Company. During the year, Ashford General Partner Limited received VAT refunds totalling £906,802 (2018: £nil) on behalf of the Limited Partnership. At the year end, Ashford General Partner Limited owed £906,802 (2018: £54,694) to the Limited Partnership.

11. CONTROLLING PARTY

Ownership of the Company is shared between the respective shareholders in their capital ratios and no party has overall control. The respective shareholders equity ownership percentages in the Company were as follows during the current and prior financial years-ended:

	2019 %	2018 %
Outlet Site Holdings Sarl	50	50
Royal London Mutual Insurance Society Limited	25	25
Staffordshire County Council Pension Fund	25	25

12. POST BALANCE SHEET EVENTS

On 11 March 2020, the World Health Organization declared the outbreak of the new coronavirus (COVID-19) a pandemic. There are no comparable recent events that could be a point of reference for the spread of COVID-19 and its consequences. These consequences, including a global and local economic downturn as the pandemic unfolds, are extremely uncertain and difficult to assess, and could have an adverse impact on the Company.

The Company does not own any assets which may have been significantly adversely affected by the pandemic. Therefore, the Board of Directors considers that there is limited impact to the Company and does not expect the consequences of COVID-19 to negatively affect the Company's ability to operate as a going-concern.

The Board of Directors considers the emergence of the COVID-19 coronavirus pandemic to be a non-adjusting post balance sheet event.

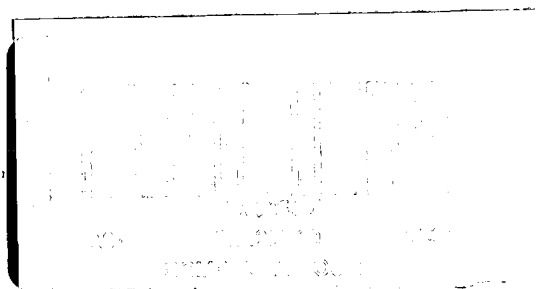
There have been no other material events arising from the activities of the Company from 31 December 2019 to the date of approval of the annual accounts.

Registration No. LP007517

**THE ASHFORD INVESTOR LIMITED
PARTNERSHIP**

Annual Report and Financial Statements

For the year ended 31 December 2019



THE ASHFORD INVESTOR LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

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THE ASHFORD INVESTOR LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

PARTNERS AND PROFESSIONAL ADVISERS

LIMITED PARTNERS

Outlet Ashford Holdings Sarl
Royal London Mutual Insurance Society Limited (The)
Staffordshire County Council Pension Fund

GENERAL PARTNER

Ashford Investor (General Partner) Limited

BANKERS

Barclays Bank PLC
Pall Mall Corporate Banking Group
50 Pall Mall
PO Box 15161
London SW1A 1QA

SOLICITORS

Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED PLACE OF BUSINESS

Nations House, 3rd Floor
103 Wigmore Street
London, England
W1U 1QS

Registration Number: LP007517

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors of the General Partner ("directors") present their strategic report of The Ashford Investor Limited Partnership ("the Partnership" or "the LP") for the year from 1 January to 31 December 2019.

PRINCIPAL ACTIVITY OF THE PARTNERSHIP

The principal activity of the retail outlet property centre has remained unchanged from previous years.

The Partnership's principal activity is the business of acquiring, developing, managing and holding the Ashford Designer Outlet Centre for investment purposes.

REVIEW OF THE PARTNERSHIP'S BUSINESS

The key performance indicators monitored by the General Partner include net rental income, void unit levels and property value. Turnover increased by 11.7% to £16,531,824 (2018: £14,799,712), and rental income has increased by 10.3% to £11,487,487 (2018: £10,419,223). The property's appraised value at 31 December 2019 was £237,700,000 (2018: £196,630,000). The centre vacancy at 31 December 2019 was 17.3% (31 December 2018: 0.2%). The increase in rental income was driven by strong retail performance from the Centre's key brands, which increased rental income for the centre, and the opening of phase 2 on 7 November 2019 which was a significant contributor towards the successful year. The increase in valuation has partly arisen from this improvement in results. The General Partner intends to continue to improve performance by the tenants so as to increase profits and further raise the valuation of the property.

GOING CONCERN

The General Partner considers that the Partnership will continue as a going concern over the going concern review period that runs until 31 December 2021. This assumes that the Partnership will be able to meet its liabilities as and when they fall due for the foreseeable future. As at 31 December 2019, there is a net current liability position of £56,982,419 (2018: £39,672,026) in the Partnership, primarily arising from the Partners' loan accounts of £71,558,046 (2018: £53,558,046). These loans have no fixed repayment dates and are interest free. The General Partner has received a letter of support from each of the limited partners confirming that they do not intend to request repayment of amounts due if it would result in the Partnership being unable to meet its financial liabilities as they fall due. This support has been given for a period of at least 12 months from the date of approval of the Partnership's financial statements. Furthermore, the Partnership has a positive net asset position of £81,351,960 (2018: £77,432,616) as at 31 December 2019.

In preparing the cash flow forecast to support the going concern assessment, the General Partner has assessed whether the Partnership will be able to comply with all bank covenants during the going concern review period. In light of potential further trading interruptions and the ongoing impact of COVID-19, the General Partner acknowledges that the Partnership's future trading performance and therefore its ability to comply with the financial covenants is uncertain.

In order to proactively address this uncertainty, the Partnership has reached an agreement with the lending bank for the waiver of the Historical Interest Cover Ratio ("ICR") covenant for a period up until 30 April 2021, with the next quarter-ended period to be tested being quarter-ended 30 June 2021. The Partnership has made revised forecasts as a result of the above developments and developed scenarios to assess the effects of COVID-19 on its business as well as its financial covenants.

Moreover, the Partnership has also received a draft external valuation for the McArthurGlen Ashford Designer Outlet Centre that notes the fair value of the outlet centre to be £219,600,000 as at 30 September 2020, an 8% reduction in the valuation from 31 December 2019. Based on the same, management are confident that no Loan-to-Value ("LTV") covenant breach has occurred or is expected during the going concern review period, with this valuation being management's best estimate of the fair value of the McArthurGlen Ashford Designer Outlet Centre as at the date of signing of these financial statements incorporating the impact of COVID-19.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

GOING CONCERN (CONTINUED)

Given the above, the General Partner has identified the following material uncertainty with respect to the Partnership's going concern:

1. The Historical Interest Cover Ratio covenant has been waived for a period up until 30 April 2021, with the next quarter-ended period to be tested being quarter-ended 30 June 2021. There remains uncertainty about the trading performance of the Partnership during the going concern review period, and therefore compliance with this financial covenant in the second half of 2021, should the Partnership be affected by the prolonged effect of COVID-19. The General Partner notes that while there is current headroom on this covenant per the cash flow forecasts prepared, applying downward pressure on the Net Passing Rent for the preceding 12 months may lead to a breach in the covenant during the going concern review period.

This condition represents a material uncertainty that may cast significant doubt on the Partnership's ability to continue as a going concern in the future. However, the General Partner notes that the Partnership has the right to cure potential future breaches of the Historical Interest Cover Ratio covenant under the terms of their bank loan agreement. Furthermore, in the event that actual results are worse than forecasted, the Partnership has the opportunity to take additional measures to reduce costs and maintain its liquidity. Management, therefore, estimates that the Partnership is able to produce enough liquidity to continue to operate as a going concern.

On this basis, the General Partner believes the financial statements should be prepared on a going concern basis. The financial statements do not include adjustments that would result if the Partnership was unable to continue as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks faced by the Partnership are retail market risks, including fluctuations in consumer spending patterns, and property investment market risks, whereby small changes in property market yields can have a significant effect on the value of the property assets. The Partnership manages this risk through an active programme of asset management.

The General Partner has considered the risks attached to the Partnership's financial instruments which principally comprise cash, external bank debt and short term debtors and creditors. The General Partner has taken a prudent approach in its consideration of the various risks attached to the financial instruments of the Limited Partnership. The Partnership's exposure to price risk is not considered material for the assessment of assets, liabilities and the financial statements.

On 23 June 2016 the UK voted to exit from the EU in the EU referendum vote. The UK's exit process formally commenced on 31 January 2020 and, under the terms of the Withdrawal Agreement, will remain a member of the EU until 31 December 2020, the end of the transition period. A no deal scenario currently appears unlikely however the implications of any deal reached between the UK and the EU is currently uncertain. The General Partner will continue to monitor the impacts of this decision as negotiations progress and determine the impact these are likely to have, if any, on the Partnership.

POST BALANCE SHEET EVENTS

On 11 March 2020, the World Health Organization declared the outbreak of the new coronavirus (COVID-19) a pandemic. There are no comparable recent events that could be a point of reference for the spread of COVID-19 and its consequences. These consequences, including a global and local economic downturn as the pandemic unfolds, are extremely uncertain and difficult to assess, and could have an adverse impact on the Partnership and its operations, including the fair value of its assets at future valuation dates.

The Partners consider the emergence of the COVID-19 coronavirus pandemic to be a non-adjusting post balance sheet event.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

POST BALANCE SHEET EVENTS (CONTINUED)

As a result of government measures to address the spread of the virus, the McArthurGlen Ashford Designer Outlet Centre was closed on 13 March 2020 and reopened to the public on 15 June 2020, and then subsequently closed again on 5 November 2020 and has reopened on 2 December 2020 in a limited capacity. Consequently, the Ashford Investor Limited Partnership was affected by the suspension of commercial activity during the months that the outlet centre remained closed, but also by the slowdown in commercial activity that followed the opening of the outlet centre, as a result of the above measures.

The Ashford Investor Limited Partnership has reached an agreement with the lending bank for the waiver of the Historical Interest Cover Ratio ("ICR") covenant for a period up until 30 April 2021, with the next quarter-ended period to be tested being quarter-ended 30 June 2021. The Partnership has made revised forecasts as a result of the above developments and developed scenarios to assess the effects of COVID-19 on its business as well as its financial covenants. According to these, management do not expect that the consequences of COVID-19 will lead the Partnership to default on the Historical ICR covenants in the going concern review period. Furthermore, in the event that actual results are worse than these forecasts, the Partnership has the opportunity to take additional measures to reduce costs and maintain its liquidity or apply cure rights to remedy any covenant breaches. Management, therefore, estimates that the Partnership is able to produce enough liquidity to continue to operate as a going concern.

The Partnership has also received a draft external valuation for the McArthurGlen Ashford Designer Outlet Centre that notes the fair value of the outlet centre to be £219,600,000 as at 30 September 2020, an 8% reduction in the valuation from 31 December 2019. Based on the same, management are confident that no Loan-to-Value ("LTV") covenant breach has occurred or is expected during the going concern review period, with this valuation being management's best estimate of the fair value of the McArthurGlen Ashford Designer Outlet Centre as at the date of signing of these financial statements incorporating the impact of COVID-19.

There were no other significant post balance sheet events to report.

PAYMENT POLICY

It is the Partnership's policy that payments to suppliers for goods and services to the Partnership are made in accordance with the policies of the management company, McArthurGlen UK Limited, a related party.

Approved by the General Partner and signed on its behalf



Richard Jones

Director

Ashford Investor (General Partner) Limited

29 December 2020

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

GENERAL PARTNERS' REPORT TO THE PARTNERSHIP

Ashford Investor (General Partner) Limited (the "General Partner") has pleasure in presenting its report on the operations of The Ashford Investor Limited Partnership (the "Partnership") for the year ended 31 December 2019 together with the audited financial statements.

RESULTS AND DISTRIBUTIONS

The profit for the year amounted to £8,119,344 (2018: £12,751,610) for the Partnership. The Partnership made distributions of £4,200,000 (2018: £5,500,000) for the year ended 31 December 2019.

INFORMATION TO AUDITORS

The General Partner at the date of approval of this report confirms that:

- 1) so far as it is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- 2) each of the Directors of the General Partner have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

FUTURE DEVELOPMENTS

The General Partner considers that the Partnership will continue to perform its principal activity for the foreseeable future. The General Partner will monitor the impacts of the macroeconomic risks currently facing the Partnership due to the UK's exit from the EU and COVID-19 as well as the principal risks and uncertainties noted above, and will take appropriate action as necessary to ensure the Partnership continues to operate as a going concern.

PARTNERS AND PARTNERS' INTERESTS

The Limited Partners at 31 December 2019 and their interests in the equity and loan accounts were as follows:

	Capital	Current accounts	Loan accounts
	£	£	£
Outlet Ashford Holdings Sarl	49,500	40,219,722	35,779,022
Royal London Mutual Insurance Society Limited (The)	24,750	20,109,860	17,889,512
Staffordshire County Council Pension Fund	24,750	20,109,860	17,889,512
Ashford Investor (General Partner) Limited	1,000	812,518	-
Total	100,000	81,251,960	71,558,046

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

GENERAL PARTNERS' REPORT TO THE PARTNERSHIP (CONTINUED)

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the General Partner and signed on its behalf



Richard Jones

Director

Ashford Investor (General Partner) Limited

29 December 2020

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

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

The General Partner is responsible for preparing the Strategic Report, the General Partner's Report and the financial statements in accordance with applicable law and regulations.

Ashford Investor (General Partner) Limited, acting as the General Partner, is responsible under the Deed of Partnership and the Partnership (Accounts) Regulations 2008 (Application of Companies Act 2006) for preparing financial statements for each financial year. Under the Regulations the General Partner has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounts Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.' The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

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

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE ASHFORD INVESTOR LIMITED PARTNERSHIP

Opinion

We have audited the financial statements of The Ashford Investor Limited Partnership (the "qualifying partnership") for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Net Assets Attributable to Partners, Cash Flow Statement and the related notes 1 to 14, 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 FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the 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 profit for the year 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 as applied to qualifying partnerships.

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 below. We are independent of the qualifying partnership 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.

Material uncertainty relating to going concern

We draw attention to Note 1.3 in the financial statements that discloses a material uncertainty about the qualifying partnership's ability to continue as a going concern. The material uncertainty relates to:

- the qualifying partnership's forecast compliance with the Historical Interest Cover Ratio covenant related to its bank debt due to the effects of COVID-19, governmental restrictions in place and the impact on its trading performance.

As stated in Note 1.3, this event or condition, indicates that a material uncertainty exists that may cast significant doubt on the qualifying partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included within the Strategic Report and the General Partner's Report of the annual report as set out on pages 2 to 6, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, accordingly, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE ASHFORD INVESTOR LIMITED PARTNERSHIP (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

- the information given in the Strategic report and the General Partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the General Partner's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or the General Partner's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 the General Partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of members

As explained more fully in the General Partner's Responsibilities Statement as set out on page 7, the General Partner is 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 General Partner determines 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

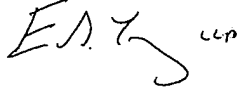
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE ASHFORD INVESTOR LIMITED PARTNERSHIP (CONTINUED)

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'D. Wilson', with a stylized flourish at the end.

David Wilson (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 29 December 2020

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2019

	Notes	2019 £	2018 £
Revenue	2	16,531,824	14,799,712
Property expenditure		(7,220,523)	(5,749,010)
Gross profit		9,311,301	9,050,702
Administrative expenses		(3,210,348)	(1,521,525)
Change in fair value of investment property	5	4,463,128	7,233,102
OPERATING PROFIT	3	10,564,081	14,762,279
Interest payable	4	(2,444,737)	(2,010,669)
PROFIT FOR THE YEAR		8,119,344	12,751,610
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,119,344	12,751,610

All results are derived from continuing operations in the United Kingdom.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

BALANCE SHEET 31 December 2019

		2019	2018
	Note	£	£
FIXED ASSETS			
Tangible fixed assets	5	2,059,740	873,881
Investment property	5	236,412,936	194,591,403
		<u>238,472,676</u>	<u>195,465,284</u>
CURRENT ASSETS			
Debtors: amounts due within one year	6	6,764,762	5,142,916
Debtors: amounts due after one year	6	1,986,740	2,663,921
Cash at bank and in hand	11	9,747,586	7,981,745
Restricted cash	7	486,806	451,476
		<u>18,985,894</u>	<u>16,240,058</u>
CREDITORS: amounts falling due within one year	7	<u>(75,968,313)</u>	<u>(55,912,084)</u>
NET CURRENT LIABILITIES		<u>(56,982,419)</u>	<u>(39,672,026)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		181,490,257	155,793,258
CREDITORS: amounts falling due after one year	8	<u>(100,138,297)</u>	<u>(78,360,642)</u>
NET ASSETS		<u><u>81,351,960</u></u>	<u><u>77,432,616</u></u>
REPRESENTED BY:			
PARTNERS' CAPITAL AND RESERVES			
Partners' capital accounts	9	100,000	100,000
Partners' current accounts	10	81,251,960	77,332,616
		<u><u>81,351,960</u></u>	<u><u>77,432,616</u></u>

These financial statements of Ashford Investor Limited Partnership, Registration No LP007517 were approved by Ashford Investor (General Partner) Limited on 29 December 2020 and were signed on its behalf by



Richard Jones

Director

For and on behalf of Ashford Investor (General Partner) Limited

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS 31 December 2019

	Partners' capital accounts	Partners' current account	Total
	£	£	£
Balance at 31 December 2017	100,000	70,081,006	70,181,006
Total comprehensive income for the year	-	12,751,610	12,751,610
Distributions	-	(5,500,000)	(5,500,000)
Balance at 31 December 2018	<u>100,000</u>	<u>77,332,616</u>	<u>77,432,616</u>
Total comprehensive income for the year	-	8,119,344	8,119,344
Distributions	-	(4,200,000)	(4,200,000)
Balance at 31 December 2019	<u>100,000</u>	<u>81,251,960</u>	<u>81,351,960</u>

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

CASH FLOW STATEMENT Year ended 31 December 2019

		2019	2018
	Notes	£	£
Net cash inflow from operating activities	11(a)	7,836,291	9,422,703
Investing activities			
Payments to acquire fixed assets	(1,520,860)	(42,815)	
Additions to investment property	(37,358,405)	(30,001,136)	
Net cash outflow from investing activities		(38,879,265)	(30,043,951)
Financing activities			
Proceeds from new loan	20,753,655	37,355,764	
Bond deposit paid	-	(1,920,000)	
Bond deposit repaid	1,920,000	-	
Interest paid	(2,164,840)	(1,812,940)	
Amortisation of loan issue costs	-	(197,729)	
Distribution to partners	(4,200,000)	(6,510,000)	
Additional capital contributed by partners	16,500,000	-	
Net cash inflow from financing activities		32,808,815	26,915,095
Increase in cash and cash equivalents		1,765,841	6,293,847
Cash and cash equivalents at 1 January 2019	11(b)	7,981,745	1,687,898
Cash and cash equivalents at 31 December 2019	11(b)	9,747,586	7,981,745

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

1.1 GENERAL INFORMATION

The Ashford Investor Limited Partnership ("the Partnership") is a partnership registered in the United Kingdom and prepares accounts under The Partnership (Accounts) Regulations 2008. The nature of the Partnership's operations and its principal activities are set out on page 2.

The Partnership is regulated by a Deed of Partnership dated 28 March 2001 as amended and restated on 26 September 2011 and 22 February 2017.

1.2 STRUCTURE OF THE PARTNERSHIP

The capital of the Partnership has been provided by the Partners in the following proportions:

	31 December 2019	31 December 2018
Limited partners		
MGE Ashford Sarl	-	6.1875%
MGE Ashford Acquisition Sarl	-	43.3125%
Outlet Ashford Holdings Sarl	49.5%	-
Royal London Mutual Insurance Society Limited (The)	24.7500%	24.7500%
Staffordshire County Council Pension Fund	24.7500%	24.7500%
General Partner		
Ashford Investor (General Partner) Limited	1.0000%	1.0000%

Net profit or loss for each financial year is allocated between the Partners in these proportions.

During the year, MGE Ashford Sarl and MGE Ashford Acquisition Sarl transferred their interest in the Partnership to Outlet Ashford Holdings Sarl.

1.3 ACCOUNTING POLICIES

Statement of compliance

The Ashford Investor Limited Partnership ("the Partnership") is a partnership registered in the United Kingdom. Its registered office is 103 Wigmore Street, 3rd Floor, Nations House, London, England W1U 1QS.

The financial statements have been prepared in compliance with applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below. They have all been applied consistently throughout the current year.

Basis of presentation

These financial statements have been prepared under Regulation 4 of the Partnerships (Accounts) Regulations 2008.

The financial statements are prepared in sterling which is the functional and presentation currency of the Partnership and rounded to the nearest £.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.3 ACCOUNTING POLICIES (CONTINUED)

Going concern

The General Partner considers that the Partnership will continue as a going concern over the going concern review period that runs until 31 December 2021. This assumes that the Partnership will be able to meet its liabilities as and when they fall due for the foreseeable future. As at 31 December 2019, there is a net current liability position of £56,982,419 (2018: £39,672,026) in the Partnership, primarily arising from the Partners' loan accounts of £71,558,046 (2018: £53,558,046). These loans have no fixed repayment dates and are interest free. The General Partner has received a letter of support from each of the limited partners confirming that they do not intend to request repayment of amounts due if it would result in the Partnership being unable to meet its financial liabilities as they fall due. This support has been given for a period of at least 12 months from the date of approval of the Partnership's financial statements. Furthermore, the Partnership has a positive net asset position of £81,351,960 (2018: £77,432,616) as at 31 December 2019.

In preparing the cash flow forecast to support the going concern assessment, the General Partner has assessed whether the Partnership will be able to comply with all bank covenants during the going concern review period. In light of potential further trading interruptions and the ongoing impact of COVID-19, the General Partner acknowledges that the Partnership's future trading performance and therefore its ability to comply with the financial covenants is uncertain.

In order to proactively address this uncertainty, the Partnership has reached an agreement with the lending bank for the waiver of the Historical Interest Cover Ratio ("ICR") covenant for a period up until 30 April 2021, with the next quarter-ended period to be tested being quarter-ended 30 June 2021. The Partnership has made revised forecasts as a result of the above developments and developed scenarios to assess the effects of COVID-19 on its business as well as its financial covenants.

Moreover, the Partnership has also received a draft external valuation for the McArthurGlen Ashford Designer Outlet Centre that notes the fair value of the outlet centre to be £219,600,000 as at 30 September 2020, an 8% reduction in the valuation from 31 December 2019. Based on the same, management are confident that no Loan-to-Value ("LTV") covenant breach has occurred or is expected during the going concern review period, with this valuation being management's best estimate of the fair value of the McArthurGlen Ashford Designer Outlet Centre as at the date of signing of these financial statements incorporating the impact of COVID-19.

Given the above, the General Partner has identified the following material uncertainty with respect to the Partnership's going concern:

1. The Historical Interest Cover Ratio covenant has been waived for a period up until 30 April 2021, with the next quarter-ended period to be tested being quarter-ended 30 June 2021. There remains uncertainty about the trading performance of the Partnership during the going concern review period, and therefore compliance with this financial covenant in the second half of 2021, should the Partnership be affected by the prolonged effect of COVID-19. The General Partner notes that while there is current headroom on this covenant per the cash flow forecasts prepared, applying downward pressure on the Net Passing Rent for the preceding 12 months may lead to a breach in the covenant during the going concern review period.

This condition represents a material uncertainty that may cast significant doubt on the Partnership's ability to continue as a going concern in the future. However, the General Partner notes that the Partnership has the right to cure potential future breaches of the Historical Interest Cover Ratio covenant under the terms of their bank loan agreement. Furthermore, in the event that actual results are worse than forecasted, the Partnership has the opportunity to take additional measures to reduce costs and maintain its liquidity. Management, therefore, estimates that the Partnership is able to produce enough liquidity to continue to operate as a going concern.

On this basis, the General Partner believes the financial statements should be prepared on a going concern basis. The financial statements do not include adjustments that would result if the Partnership was unable to continue as a going concern.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.3 ACCOUNTING POLICIES (CONTINUED)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following is the Partnership's key sources of estimation uncertainty:

Revaluation of investment properties

The Partnership carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Partnership engaged independent valuation specialists to determine fair value at 31 December 2019. Fair value is based on active market prices, adjusted if necessary for differences in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The key assumptions used to determine the fair value of investment property are further explained in note 5.

Significant accounting policies

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Bank borrowings and finance costs classified as basic financial instruments

Interest-bearing bank loans and overdrafts are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition at fair value they are measured at amortised cost using the effective interest rate method, less impairment.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other finance charges are expensed in the period in which they occur. Finance charges consist of interest costs and other costs that an entity incurs in connection with the borrowing of funds.

Finance costs are capitalised from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. Cash held in trust for tenants comprises tenant deposits and is treated as restricted cash in the balance sheet.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.3 ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Basic financial instruments (continued)

Letting inducements

Letting inducements are classified as other debtors and amortised against rental income over the period of the lease.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Classification of financial instruments issued by the LP

Financial instruments issued by the LP are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the LP to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the LP; and
- where the instrument will or may be settled in the LP's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the LP's own equity instruments or is a derivative that will be settled by the LP exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Tangible assets

Items classed as fixtures and fittings within the balance sheet are carried at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write down the cost of assets to their residual values over their estimated useful lives as follows:

Fixtures, fittings and equipment	1 to 15 years
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THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.3 ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Tangible assets (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The General Partner assesses if there are any impairment indicators at each reporting date. If there is an indicator, an impairment test is required. Gains and losses on disposal of fixtures and fittings are determined by reference to their carrying amount and are included in the profit and loss account.

Investment property

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.

Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Investment properties are revalued annually by professionally qualified external valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Professional Standards (2014) and as required by FRS 102.

Leases

Leases where the Partnership does not transfer substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases. There are no material finance leases affecting the Partnership as either lessor or lessee.

Distribution

The General Partner is advised on a quarterly basis by the asset managers of the recommended distributions, based on current and future expected cashflows. Based on the information supplied, the General Partner decides on the final distribution, which is recognised once the distribution is legally required to be paid.

Partners' Capital

Partners' capital accounts represent the amounts contributed to the Partnership by way of Partnership capital. The aggregate balance consists of 100,000 units with a value of £1 each. No partner is entitled to interest on its share of the capital of the Partnership.

Partners' Participating Interest

Partners' participation rights are the rights of a partner against the LP that arise under the Deed of Partnership (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Partners' participation rights in the earnings or assets of the LP are analysed between those that are, from the LP's perspective, either a financial liability or equity in accordance with FRS 102. A partners' participation right results in a liability unless the right to any payment is discretionary on the part of the LP. Amounts subscribed or otherwise contributed by partners, for example Partners' capital, are classed as equity if the LP has an unconditional right to refuse payment to partners. If the LP does not have such an unconditional right, such amounts are classified as liabilities.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.3 ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Partners' Participating Interest (continued)

Where profits are automatically divided as they arise, so the LP does not have an unconditional right to refuse payment, the amounts arising that are due to partners are in the nature of liabilities. They are therefore treated as an expense in the statement of comprehensive income in the relevant period. To the extent that they remain unpaid at the period end, they are shown as liabilities in the statement of financial position.

Conversely, where profits are divided only after a decision by the LP or its representative, so that the LP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among partners in the statement of comprehensive income and are equity appropriations in the statement of financial position.

Other amounts applied to partners, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LP has, in each case, an unconditional right to refuse payment.

Revenue

Rent receivable, including service charges and related income, is accounted for on an accrual basis, and billed monthly either in arrears or in advance, depending on the lease for the individual tenant. Any rents that are not billed in the month, due to tenants not supplying the necessary turnover figures, are accrued for on an estimated basis. Rental income excludes value added tax and represents rental income earned from third parties. This is attributable to one continuing activity in the UK, the letting and management of property.

Lease incentives given to tenants, such as rent-free periods are amortised over the lease term.

Tenant incentives given to tenants are shown as a debtor and amortised over the period to the end of the lease. This amortisation is included as a reduction in rental income. The valuation of the properties is reduced by the unamortised capital contributions.

Service charges represent reimbursements of costs incurred on behalf of the tenants. This is calculated based on the occupied area of each tenant as determined in the tenancy agreement.

Storage income is charged to tenants that require additional space for storage and is based on a pre-agreed rate as determined in the storage agreement for each tenant.

Parking income is charged at the time the service is provided to the visitors of the Centre who use the on-site parking facilities.

Capital expenditure recoverable from tenants

Capital expenditure recoverable from tenants is held at amortised cost. A discount rate of 8.25% is used. The discount rate is calculated based on economic assumptions reflecting the inherent risk of the business.

Taxation

Each Partner is exclusively liable for any tax liabilities arising out of its interest in the Partnership hence no provision for taxation has been made in the Partnership's financial statements.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. REVENUE

Revenue consists of:	2019	2018
	£	£
Rental income	11,487,487	10,419,223
Service charges	4,252,307	3,686,767
Storage and parking	792,030	693,722
	<u>16,531,824</u>	<u>14,799,712</u>

3. OPERATING PROFIT

Operating profit is stated after charging:	2019	2018
	£	£
Auditor's remuneration:		
Audit fee for the audit of the Partnership	23,000	21,600
Non-audit fees provided for tax compliance services provided to the Partnership	9,291	9,020
Depreciation	335,001	226,771
Loss/ (Gain) on derivative financial instruments	<u>869,662</u>	<u>(125,560)</u>

No staff were employed by the Partnership during the year (2018: none).

4. INTEREST PAYABLE

	2019	2018
	£	£
Interest payable on bank loans and overdrafts	2,164,840	1,812,940
Amortisation of loan issue costs	279,897	197,729
	<u>2,444,737</u>	<u>2,010,669</u>

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TANGIBLE ASSETS AND INVESTMENT PROPERTY

	Fixtures, fittings and equipment	Freehold investment property
	£	£
Cost and valuation		
At 31 December 2018	2,334,587	194,591,403
Additions	1,520,860	37,358,405
Disposals	(33,387)	-
Surplus arising on revaluation	-	4,463,128
	<hr/>	<hr/>
At 31 December 2019	3,822,060	236,412,936
	<hr/>	<hr/>
Accumulated depreciation		
At 31 December 2018	(1,460,706)	-
Charge in the year	(335,001)	-
Disposals	33,387	-
	<hr/>	<hr/>
At 31 December 2019	(1,762,320)	-
	<hr/>	<hr/>
Net book value		
	2,059,740	236,412,936
	<hr/>	<hr/>
At 31 December 2019		
	<hr/>	<hr/>
At 31 December 2018	873,881	194,591,403
	<hr/>	<hr/>

The freehold investment property was valued in line with the RICS UK Valuation Standards, Appendices and Guidance Notes December 2014 ("the Red Book") on 31 December 2019 at fair value by CB Richard Ellis Limited, professionally qualified external valuers. The historical cost of the investment property at 31 December 2019 was £159,392,568 (2018: £122,034,163).

Under FRS 102, the Partnership can elect to capitalise finance costs that are directly attributable to the development of the qualifying asset, the freehold investment property. During the year-ended 31 December 2019, £1,401,390 of finance costs (2018: £490,327) have been capitalised into the freehold investment property at a rate of LIBOR + 2.4% margin per annum, consistent with the prior year-ended.

The valuation has been primarily derived using comparable recent market transactions on arm's length terms. The critical assumptions made relating to the valuations are set out below:

	December 2019	December 2018
Equivalent Yield (blended)	5.6%	5.56%
Vacancy rate (blended)	17.3%	0.2%
Total current rent	£15,098,389	£11,961,067

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TANGIBLE ASSETS AND INVESTMENT PROPERTY (CONTINUED)

	2019 £	2018 £
Appraised value		
Valuation of assets held under freehold property (note 5)	236,412,936	194,591,403
Tenant inducements held as short term debtors (note 6)	596,801	765,342
Tenant inducements held as long term debtors (note 6)	690,263	1,273,255
	<u>237,700,000</u>	<u>196,630,000</u>

BMG (Ashford) Limited holds the bare legal title to the property on trust for the Partnership. The Partnership is the beneficial owner of the property.

6. DEBTORS

	2019 £	2018 £
Amounts falling due within one year		
Trade debtors	1,668,472	825,804
Other debtors (tenant incentive)	596,801	765,342
Other debtors	-	5,318
Bond deposit paid	-	1,920,000
Amounts owed from the Ashford Investor (General Partner) Limited	906,802	-
Amounts owed from Partners	1,500,000	-
VAT receivable	409,926	343,318
Prepayments and accrued income	1,682,761	1,283,134
	<u>6,764,762</u>	<u>5,142,916</u>
Amounts falling due after one year		
Other debtors (tenant incentive)	690,263	1,273,255
Capital expenditure recoverable from tenants	1,296,477	1,265,106
Derivatives	-	125,560
	<u>1,986,740</u>	<u>2,663,921</u>

Amounts owed from Partners comprise capital calls made that are yet to be received at the year-end. These amounts are interest-free and repayable on demand.

The bond deposit paid of £1,920,000 relate to a bond that the Partnership entered into on 11 April 2018. The bond has a coupon rate at 1.15% and the expiry date is based on meeting performance requirements. The bond was repaid on 13 March 2019.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	1,950,173	365,341
Accruals and deferred income	1,973,288	1,537,221
Cash held in trust	486,806	451,476
Partners' loan accounts	71,558,046	53,558,046
	<u>75,968,313</u>	<u>55,912,084</u>

Cash held in trust for tenants comprises tenant deposits and is treated as restricted cash in the balance sheet.

Partners' loan accounts comprise of loans given by the Partners in accordance with the terms set out in the Deed of Partnership. These loans have no fixed repayment dates and are interest free.

The movement in the Partners' loan accounts is as follows:

	2019 £	2018 £
Partners' loan accounts		
At 1 January	53,558,046	53,558,046
Loans contributed	18,000,000	-
	<u>71,558,046</u>	<u>53,558,046</u>
At 31 December		

Each partner has confirmed by way of a letter of support that, for a period of at least 12 months from the date of approval of the signed financial statements, they do not intend to request repayment of amounts due if it would result in the Partnership being unable to meet its financial liabilities as they fall due.

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019 £	2018 £
Bank loan	100,000,000	79,246,345
Bank loan issue costs unamortised	(605,805)	(885,703)
Derivatives	744,102	-
	<u>100,138,297</u>	<u>78,360,642</u>

The bank loan consists of a loan from Bayerische Landesbank totalling £100,000,000 (2018: 79,246,345) at an interest rate of LIBOR + 1.95% margin per annum on Tranche A of the loan and LIBOR + 2.4% margin per annum on Tranche B of the loan. The loan is secured by fixed and floating charges on the assets of the Partnership. The loan is due to expire on 22nd February 2022.

The loan existing at 31 December 2019 was bound by the following covenants:

- Ratio of rental income to debt service: Annual rental must be equal to or greater than 175% until one year after Practical Completion of Phase 2, and 250% thereafter of finance cost (2018: the same).
- Loan to asset value: Must at no time exceed 60% (2018: 60%)

There was no breach of the loan covenants during the financial year. However, please refer to Note 1.3 for an analysis of compliance on the loan covenants during the going concern review period.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (CONTINUED)

Derivatives due within one year of £744,102 (liability) (2018: £125,560 asset) represent the fair value of 3 month GBP-LIBOR interest rate swaps the Partnership entered into to reduce exposure to interest rate fluctuations. The fair value of the interest rate swaps is determined using quoted prices, calculated at the mid-point of the relevant yield curves. The interest rate swaps mature on 22 February 2022.

9. PARTNERS' CAPITAL

	2019 £	2018 £
Partners' capital accounts		
At 1 January and 31 December	100,000	100,000

10. PARTNERS' OTHER INTERESTS

	2019 £	2018 £
Partners' current accounts		
At 1 January	77,332,616	70,081,006
Profit for financial year	8,119,344	12,751,610
Distributions	(4,200,000)	(5,500,000)
At 31 December	81,251,960	77,332,616

Partners' current accounts comprise solely the profit or loss of the Partnership allocated to the Partners and distribution of profit made to the Partners, in accordance with the terms of the Deed of Partnership. These are therefore considered to be in the nature of a profit and loss reserve.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. NOTES TO THE STATEMENT OF CASHFLOWS

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2019 £	2018 £
Operating profit	10,564,081	14,762,279
Depreciation	335,001	226,771
Amortisation of tenant incentives	769,559	817,593
Amortisation of debtors due after more than one year	88,621	111,891
Change in fair value of investment property	(4,463,128)	(7,233,102)
Gain on financial assets	869,662	(125,560)
Increase in debtors	(2,348,405)	(319,867)
Increase in creditors	2,300,797	1,346,054
Payments to tenants for lease incentive	-	(163,356)
Amortisation of loan issue costs	(279,897)	-
Net cash inflow from operating activities	<u>7,836,291</u>	<u>9,422,703</u>

(b) Analysis of net debt

Restricted cash balances have not been included in the below table given they are not available for use.

	At 1 January 2019 £	Cash movement £	Non – cash movements Change in market value £	Interest and finance charges £	Unpaid partners' loans called up £	Partners' profit share £	At 31 December 2019 £
Cash and cash equivalents							
Cash at bank and in hand	7,981,745	1,765,841	-	-	-	-	9,747,586
Derivatives	125,560	-	(869,662)	-	-	-	(744,102)
Borrowings							
Bank loans	(78,360,642)	(20,753,655)	-	(279,897)	-	-	(99,394,194)
Net debt before partners' loans	(70,253,337)	(18,987,814)	(869,662)	(279,897)	-	-	(90,390,710)
Loans and other debts due to partners							
Partners' loans	(53,558,046)	(16,500,000)	-	-	(1,500,000)	-	(71,558,046)
Partner's capital	(100,000)	-	-	-	-	-	(100,000)
Partners' current accounts	(77,332,616)	4,200,000	-	-	-	(8,119,344)	(81,251,960)
Net debt	<u>(201,243,999)</u>	<u>(31,287,814)</u>	<u>(869,662)</u>	<u>(279,897)</u>	<u>(1,500,000)</u>	<u>(8,119,344)</u>	<u>(243,300,716)</u>

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. RELATED PARTY TRANSACTIONS

Transactions with investors with significant influence over the operations of the Limited Partnership have been disclosed in the table below.

	The Royal London Mutual Insurance Society Limited £	MGE Ashford Acquisition Sarl £	Outlet Ashford Holdings Sarl £	Staffordshire County Council Pension Fund £
Partners' capital				
At 31 December 2018	24,750	43,313	-	24,750
Transfer of interest	-	(43,313)	49,500	-
At 31 December 2019	24,750	-	49,500	24,750
Partners' loans				
At 31 December 2018	13,389,512	23,431,645	-	13,389,512
Advances of investor loans	4,500,000	7,875,000	-	4,500,000
Transfer of interest	-	(31,306,645)	35,779,022	-
At 31 December 2019	17,889,512	-	35,779,022	17,889,512
Partners' Current Accounts				
At 31 December 2018	19,139,822	33,494,689	-	19,139,822
Profit share	2,009,538	3,516,691	-	2,009,538
Distributions to partners	(1,039,500)	(1,819,125)	-	(1,039,500)
Transfer of interest	-	(35,192,255)	40,219,722	-
At 31 December 2019	20,109,860	-	40,219,722	20,109,860
Totals				
At 31 December 2019	38,024,122	-	76,048,244	38,024,122
At 31 December 2018	32,554,084	56,969,647	-	32,554,084

At the year end, Staffordshire County Council Pension Fund owed the Partnership £1,500,000 in relation to advances of investor loans which have not yet been paid.

The Partnership is administered by Ashford Investor (General Partner) Limited (the "General Partner"). The partners consider that the General Partner is a related party. Ashford Investor (General Partner) Limited has capital of £1,000 (2018: £1,000). The share of the Partnership profit attributable to the General Partner was £81,193 (2018: £127,516). The share of the Partnership current account attributable to the General Partner was £812,518 (2018: £773,325). Distributions of £42,000 (2018: £55,000) were paid to the General Partner. The Limited Partnership paid costs of £11,345 (2018: £9,100) on behalf of the General Partner. During the year, Ashford Investor (General Partner) Limited received VAT refunds totalling £906,802 (2018: £nil) on behalf of the Limited Partnership. At the year end, Ashford General Partner Limited owed £906,802 (2018: £54,694) to the Limited Partnership.

Services provided by property manager and development manager

The Partnership is managed by the Property Manager, McArthurGlen UK Limited, which is a related party. The Partnership has paid fees to McArthurGlen UK Limited as set out below:

	2019 £	2018 £
Annual management fee	543,321	577,453
Letting fees	554,047	176,232
Service charge and marketing fees	371,667	361,533
Other recharges	681,289	527,528

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

Services provided by property manager and development manager (continued)

At 31 December 2019 the outstanding balance owed to McArthurGlen UK Limited was £618,956 (2018: £404,560).

McArthurGlen European Development Limited, a related party involved in the development of Phase 2 of the Ashford Designer Outlet Centre, charged the Partnership development and financing fees amounting to £1,440,138 (2018: £828,008). At the year end, the Partnership owed £nil (2018: £488,210) to McArthurGlen European Development Limited.

Ultimate Controlling Party

The partners and their interests in the partnership are disclosed within Note 1.2 of the Notes to the Accounts. No partner individually has control of the Partnership. The Partnership is related to the Property and Development Managers by virtue of the fact that the latter are joint ventures of Simon Mac LLC, an entity of which the Partnership is also an associate.

13. OPERATING LEASE AGREEMENT WHERE THE PARTNERSHIP IS LESSOR

The Partnership's investment property is let to a number of third parties. These non-cancellable leases have remaining terms of between 0 and 16 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2019 £	2018 £
In one year or less	9,872,930	10,419,890
Between one and five years	19,354,270	22,041,683
More than five years	6,638,451	6,785,443
	<u>35,865,651</u>	<u>39,247,016</u>

14. POST BALANCE SHEET EVENTS

On 11 March 2020, the World Health Organization declared the outbreak of the new coronavirus (COVID-19) a pandemic. There are no comparable recent events that could be a point of reference for the spread of COVID-19 and its consequences. These consequences, including a global and local economic downturn as the pandemic unfolds, are extremely uncertain and difficult to assess, and could have an adverse impact on the Partnership and its operations, including the fair value of its assets at future valuation dates.

The Partners consider the emergence of the COVID-19 coronavirus pandemic to be a non-adjusting post balance sheet event.

As a result of government measures to address the spread of the virus, the McArthurGlen Ashford Designer Outlet Centre was closed on 13 March 2020 and reopened to the public on 15 June 2020, and then subsequently closed again on 5 November 2020 and has reopened on 2 December 2020 in a limited capacity. Consequently, the Ashford Investor Limited Partnership was affected by the suspension of commercial activity during the months that the outlet centre remained closed, but also by the slowdown in commercial activity that followed the opening of the outlet centre, as a result of the above measures.

The Ashford Investor Limited Partnership has reached an agreement with the lending bank for the waiver of the Historical Interest Cover Ratio ("ICR") covenant for a period up until 30 April 2021, with the next quarter-ended period to be tested being quarter-ended 30 June 2021. The Partnership has made revised forecasts as a result of the above developments and developed scenarios to assess the effects of COVID-19 on its business as well as its financial covenants. According to these, management do not expect that the consequences of COVID-19 will lead the Partnership to default on the Historical ICR covenants in the going concern review period. Furthermore, in the event that actual results are worse than these forecasts, the Partnership has the opportunity to take additional measures to reduce costs and maintain its liquidity or apply cure rights to remedy any covenant breaches. Management, therefore, estimates that the Partnership is able to produce enough liquidity to continue to operate as a going concern.

THE ASHFORD INVESTOR LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. POST BALANCE SHEET EVENTS (CONTINUED)

The Partnership has also received a draft external valuation for the McArthurGlen Ashford Designer Outlet Centre that notes the fair value of the outlet centre to be £219,600,000 as at 30 September 2020, an 8% reduction in the valuation from 31 December 2019. Based on the same, management are confident that no Loan-to-Value ("LTV") covenant breach has occurred or is expected during the going concern review period, with this valuation being management's best estimate of the fair value of the McArthurGlen Ashford Designer Outlet Centre as at the date of signing of these financial statements incorporating the impact of COVID-19.

There were no other significant post balance sheet events to report.