

Registered Number: 04278233

THE JUNCTION (GENERAL PARTNER) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2020



THE JUNCTION (GENERAL PARTNER) LIMITED

DIRECTORS' REPORT

Year ended 31 December 2020

The Directors present their report and the audited financial statements for The Junction (General Partner) Limited (the "Company") for the year ended 31 December 2020.

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

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company is to act as the General Partner to The Junction Limited Partnership. The Junction Unit Trust is the Limited Partner, owning 99.95% of The Junction Limited Partnership, with the Company owning the remaining 0.05%. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The Company made a loss after tax for the year of £14,000 (2019: £nil). The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Net assets for the Company as at 31 December 2020 were £29,000 (2019: £43,000).

3. DIRECTORS

- (a) Mr. W.S. Austin and Mr. R.G. Shaw were Directors of the Company throughout the year and were in office at the date of approval of this report.
- (b) Mr. M. Ashton was appointed an Alternate Director of the Company on 3 February 2020 and resigned as an Alternate Director of the Company on 27 March 2020.
- (c) Mr. T. Beaney and Mr. S.C. Travis were appointed as Alternate Directors of the Company on 3 February 2020 and were in office at the date of approval of this report.
- (d) Mr. A.J. Berger-North resigned as a Director of the Company on 7 August 2020.
- (e) Mr. T. Cochrane was appointed as a Director of the Company on 7 August 2020 and resigned as a Director of the Company on 19 May 2021.
- (f) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (g) No Director has any interests in contracts entered into by the Company.

4. SECRETARY

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

5. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 31 December 2020 and the current unprecedented levels of uncertainty on the Company's activities, principally caused by the Covid-19 pandemic.

THE JUNCTION (GENERAL PARTNER) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2020

5. GOING CONCERN (CONTINUED)

Having received a letter of support from Hammerson plc, its ultimate parent company, which states the intent to provide the necessary financial support to the Company for at least twelve months from the date of signing of these financial statements, they concluded that the going concern basis of preparation was appropriate.

However, whilst Hammerson plc's condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 was prepared on a going concern basis, the Directors note that it referred to a material uncertainty regarding the ability of Hammerson plc to continue as a going concern. Therefore, by extension, the Company's reliance on the letter of support from Hammerson plc has led the Directors to conclude that there is a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. More information is provided in note 1(b) to the financial statements.

6. INDEMNITY

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

7. INDEPENDENT AUDITORS

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

BDO LLP have indicated their willingness to continue in office.

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

THE JUNCTION (GENERAL PARTNER) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2020

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

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

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

9. DISCLOSURE OF INFORMATION TO AUDITORS

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

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

On behalf of the Board



W.S. Austin

Director

Registered Number: 04278233

Date: 10 November 2021

**THE JUNCTION (GENERAL PARTNER) LIMITED
INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE JUNCTION (GENERAL PARTNER)
LIMITED**

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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.

We have audited the financial statements of The Junction (General Partner) Limited (the "Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

We draw attention to note 1(b) which indicates that the Company is reliant upon the financial support of its ultimate parent company and that the directors of the ultimate parent company have identified a material uncertainty over that entity's ability to continue as a going concern. This could impact on the ultimate parent company's ability to provide the necessary level of support to the Company. As stated in note 1(b), these events or conditions, along with other matters as set out in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Other Companies Act 2006 reporting

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.

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Auditor's responsibilities for the audit of the financial statements (continued)

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the Company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK accounting standards, company law and tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and the Directors as to the risks of non-compliance and any instances thereof.
- We addressed the risks of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during the year and evaluating whether there was evidence of bias by management in accounting estimates or judgements that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Christopher Wingrave

D298E1758BDE42B...

Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom
Date: 11 November 2021

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

THE JUNCTION (GENERAL PARTNER) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Increase in impairment provision on investments	4	<u>(14)</u>	<u>-</u>
Loss after taxation and total comprehensive expense for the financial year		<u>(14)</u>	<u>-</u>

All amounts relate to continuing activities.

THE JUNCTION (GENERAL PARTNER) LIMITED

BALANCE SHEET

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Investments	5	68	82
Current liabilities			
Payables	6	(39)	(39)
Net current liabilities		(39)	(39)
Net assets		29	43
Capital and reserves			
Called up share capital	7	2	2
Share premium	8	169	169
Accumulated losses	8	(142)	(128)
Total equity		29	43

These financial statements were authorised for issue by the Board of Directors on 10 November 2021 and signed on its behalf.



W.S. Austin

Director

Registered Number: 04278233

THE JUNCTION (GENERAL PARTNER) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called up share capital £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019	2	169	(128)	43
Loss and total comprehensive expense for the financial year	-	-	-	-
At 31 December 2019	2	169	(128)	43
Loss and total comprehensive expense for the financial year	-	-	(14)	(14)
At 31 December 2020	2	169	(142)	29

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

During 2020, the following relevant new and revised Standards and Interpretations have been adopted:

- Definition of Material – amendments to IAS 1 and IAS 8,
- Definition of a Business – amendments to IFRS 3,
- Revised Conceptual Framework for Financial Reporting.

None of the above standards have had a material impact on the Company's financial statements for the year ended 31 December 2020.

Basis of preparation

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

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101") as issued by the Financial Reporting Council.

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

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

Disclosure exemptions adopted

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

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(a) Basis of accounting (continued)

- 111 (cash flow statement information); and
 - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. In addition, the Company is a wholly owned subsidiary of its ultimate parent, Hammerson plc, and is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The financial statements of Hammerson plc are publicly available and can be obtained as described in note 10.

(b) Going concern

In considering going concern the Directors have initially assessed the current unprecedented levels of uncertainty, principally caused by the Covid-19 pandemic, on the Company's activities. In addition, the Directors note that the Company has no external borrowings or debt covenants, however as at 31 December 2020 it had net current liabilities and is reliant on the continued support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due.

The Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support received from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for the foreseeable future, being a period of at least twelve months from the date of signing of these financial statements.

In forming an assessment as to whether Hammerson plc has the ability to provide the necessary financial support to the Company, the Directors have had regard to the cash flow forecasts of the Hammerson plc Group which anticipate significant liquidity over the support period. Consequently, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for a period of at least twelve months from the date of signing of these financial statements and they continue to adopt the going concern basis in preparing the financial statements.

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (continued)

However, in making this assessment the Directors are mindful of the disclosures made by Hammerson plc in their own condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021. The Directors of Hammerson plc highlighted that whilst the Group has significant liquidity projected over the going concern period to 31 December 2022, its associate investment, Value Retail, has three secured debt facilities maturing over the going concern period totalling £1,098 million (Group's share £467 million). The Group has the ability to manage its liquidity and gearing levels to remain in compliance with its unsecured borrowing covenants by either funding Value Retail to fully repay the two loans maturing in December 2021 and June 2022 or allow the lenders to enforce their security over the properties. However, if the loan maturing in December 2022 totalling £750 million (Group's share £376 million) were not refinanced ahead of maturity, the lenders could enforce their security over the property and the Group may lose the value of its net investment in the property. In these circumstances, the Group would breach its unsecured borrowing gearing covenant in the Severe but plausible adverse scenario at 31 December 2022. Hence this refinancing risk represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

By extension, the material uncertainty identified in the Group's latest financial report, could impact on Hammerson plc's ability to provide the necessary level of support to the Company. Accordingly, the Directors of the Company have identified a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

(c) Fixed asset investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

(d) Loans receivable

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

(e) Trade and other receivables and payables

Trade and other receivables and payables are initially measured at fair value, subsequently measured at amortised cost and, where the effect is material, discounted to reflect the time value of money. Receivables are shown net of any expected credit loss provision.

(f) Borrowings

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

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

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

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

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

(h) Critical accounting policies and estimation uncertainties

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

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

A further significant judgement necessary in the preparation of these financial statements was the appropriateness of the going concern basis of preparation, further information on which is provided in note 1(b).

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

2. ADMINISTRATIVE EXPENSES

The average number of employees during the year was nil (2019: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2019: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. In addition there were no payments to key management personnel in either the current or preceding financial year.

Another group company has paid the auditor's fees for the audit of the Company's annual financial statements in both the current financial year. Fees for the audit of the Company were £1,700. The Company was dormant in 2019 therefore no audit fees were incurred.

3. TAXATION

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

In order to satisfy the REIT conditions, it is necessary for Hammerson plc, on an annual basis, to pass certain business tests. In respect of the year ended 31 December 2020, based on preliminary calculations, Hammerson plc has marginally breached the interest cover test and, in these circumstances, HMRC is able to impose a charge. In view of the significant and unexpected impact of Covid-19 during the year, HMRC has agreed that no charge will be assessed on the ultimate parent company.

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

Taxable profits covered by the group relief for the year ended 31 December 2020 (relating to the Company's share of interest income of The Junction Limited Partnership) are £nil (2019: £nil). The Company therefore had no tax charge for the year, and this is expected to continue for the foreseeable future.

4. INCREASE IN IMPAIRMENT PROVISION ON INVESTMENTS

	2020 £'000	2019 £'000
Increase in impairment provision on investments - note 5	(14)	-

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

5. INVESTMENTS

Investment in The Junction Limited Partnership

	Cost £'000	Impairment provision £'000	Carrying value £'000
At 1 January 2019	140	(58)	82
Increase in impairment provision – note 4	-	-	-
At 31 December 2019	140	(58)	82
Increase in impairment provision – note 4	-	(14)	(14)
At 31 December 2020	140	(72)	68

The Company has a 0.05% interest in The Junction Limited Partnership (the “Partnership”). The Partnership is registered in England and Wales and previously held for investment Imperial Retail Park which was sold on 4 October 2018, and Abbotsinch Retail Park which was sold on 8 October 2019.

The Company also has a 100% interest in the ordinary share capital of the following companies, which are all registered in England and Wales:

Junction Nominee 1 Limited
Junction Nominee 2 Limited
The Junction (Thurrock Shareholder GP) Limited

The registered office of the Partnership and the above entities is Kings Place, 90 York Way, London, N1 9GE.

6. PAYABLES: CURRENT LIABILITIES

	2020 £'000	2019 £'000
Amounts owed to ultimate parent company	39	39

All amounts owed to the ultimate parent company are repayable on demand and are unsecured. Interest is charged at variable rates based on LIBOR, subject to a de minimis level.

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

7. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Authorised:		
500 A ordinary shares of £1 each	500	500
500 B ordinary shares of £1 each	500	500
500 C ordinary shares of £1 each	500	500
500 D ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	2,000	2,000
	<hr/>	<hr/>
Allotted & called up:		
500 A ordinary shares of £1 each	500	500
500 B ordinary shares of £1 each	500	500
500 C ordinary shares of £1 each	500	500
500 D ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	2,000	2,000
	<hr/>	<hr/>

The A, B, C and D ordinary shares rank pari passu in all respects.

8. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Share premium	Amount subscribed for share capital in excess of nominal value.
Accumulated losses	Cumulative profits and losses less any dividends paid.

9. ADVANCES, CREDIT AND GUARANTEES

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

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2020, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements. At 31 December 2020, the Company's immediate parent company was Hammerson UK Properties plc, which is registered in England and Wales.

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

Partnership registration: LP007884

THE JUNCTION LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2020

THE JUNCTION LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER

Year ended 31 December 2020

The Junction (General Partner) Limited (the "General Partner") submits its report and the audited financial statements for The Junction Limited Partnership (the "Partnership") for the year ended 31 December 2020.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Partnership has historically been property investment in the United Kingdom, both directly and through its investment in property owning entities. In recent years, the Partnership has disposed of its direct property interests. In October 2018, Imperial Retail Park in Bristol was sold for £77,600,000, and in October 2019, Abbotsinch Retail Park in Paisley was sold for £66,968,000.

On 19 May 2021, the Partnership completed the disposal of its investment in The Telford Forge Retail Park Unit Trust. See note 19 for further details.

The General Partner anticipates there will be residual property-related activities in the short-term in respect of previously held investment properties.

Further information relating to the business, its key risks and future prospects is provided in the Strategic Report on pages 4 and 5, together with an assessment of the impact the Covid-19 pandemic has had on the business and how this may affect its activities in the future.

2. RESULTS AND DISTRIBUTIONS

The Partnership made a loss for the financial year of £9,807,000 before partners' interests (2019: £17,814,000). No distributions have been made during the year (2019: £nil).

Net assets of the Partnership as at 31 December 2020 were £136,852,000 (2019: £146,659,000).

3. DIRECTORS OF THE GENERAL PARTNER

- (a) Mr. W.S. Austin and Mr. R.G. Shaw were Directors of the General Partner throughout the year and were in office at the date of approval of this report.
- (b) Mr. T. Beaney and Mr. S.C. Travis were appointed as Alternate Directors of the General Partner on 3 February 2020.
- (c) Mr. A.J. Berger-North resigned as a Director of the General Partner on 7 August 2020.
- (d) Mr. T. Cochrane was appointed as a Director of the General Partner on 7 August 2020 and resigned as a Director of the General Partner on 19 May 2021.
- (e) In accordance with the Articles of Association of the General Partner, the Directors are not required to retire by rotation.
- (f) No Director has any interests in contracts entered into by the General Partner.

4. INDEMNITY

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

THE JUNCTION LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED) Year ended 31 December 2020

5. GOING CONCERN

The Directors of the General Partner (the Directors") have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2020 and the current unprecedented levels of uncertainty on the Partnership's activities, principally caused by the Covid-19 pandemic. Having received a letter of support from Hammerson plc, its ultimate parent company, which states the intent to provide the necessary financial support to the Partnership for at least twelve months from the date of signing of these financial statements, they concluded that the going concern basis of preparation was appropriate.

However, whilst the latest unaudited consolidated financial statements of Hammerson plc for the six months ended 30 June 2021 were prepared on a going concern basis, the Directors note that they referred to a material uncertainty regarding the ability of Hammerson plc to continue as a going concern. Therefore, by extension, the Partnership's reliance on the letter of support from Hammerson plc has led the Directors to conclude that there is a material uncertainty which may cast significant doubt over the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership were unable to continue as a going concern. More information is provided in note 1(b) to the financial statements.

6. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

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

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

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the 'Regulations'), requires the General Partner to prepare financial statements for each financial year. Under that law, as applied to qualifying partnerships, the General Partner has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the General Partner is required to:

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

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

The General Partner is also 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 it to ensure that the financial statements comply with the Companies Act 2006.

THE JUNCTION LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2020

8. DISCLOSURE OF INFORMATION TO AUDITORS

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

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

Approved by The Junction (General Partner) Limited, General Partner, and signed on its behalf



W.S. Austin
Director
21 September 2021

THE JUNCTION LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2020

Review of the business

Performance during the year

The Partnership's principal business has historically been property investment both directly and through its investment in property owning entities. In October 2019, the Partnership disposed of its remaining investment property, Abbotsinch Retail Park, Paisley, having disposed of its other investment property, Imperial Retail Park, in October 2018. The Directors of the General Partner (the "Directors") anticipate that in the short-term, there will be residual property-related activities in respect of these disposed properties.

The Partnership has a direct interest in The Telford Forge Retail Park Unit Trust (the "Trust") which owns the Telford Forge Retail Park (the "Retail Park") which was affected by the Covid-19 pandemic. This unprecedented situation has had a significant impact, with footfall levels significantly below 2019 levels due to the closure of all non-essential retail during continued periods of national and local lockdown.

The asset management team have worked hard to reach fair and reasonable agreements with tenants, offering flexible repayment terms or rent waivers where appropriate. In spite of the proactive measures taken, rent collection was significantly below historic levels.

Net rental income at the Retail Park reduced principally as a result of increased provisioning due to the higher level of arrears and increased uncertainty as a consequence of the pandemic.

The Partnership also has a direct interest in The Junction Thurrock Unit Trust, which has a significant interest in The Junction Thurrock Limited Partnership (the "Thurrock LP"). The principal activity of the Thurrock LP was property investment and development in the United Kingdom. However, as at 31 December 2020, the Thurrock LP had no property interests, consequently, Covid-19 did not have a significant impact on the Thurrock LP.

The Partnership made an operating loss before loss on sale of properties and other gains of £16,109,000 (2019: £7,287,000), which results primarily from an increase in the impairment provision against the Partnership's investments. The Partnership made a total loss for the financial year of £9,807,000 before partners' interests (2019: £17,814,000).

Future prospects

The impact of Covid-19 has extended into 2021. The roll-out of a vaccination programme together with the lifting of Covid-19 restrictions should lead to a recovery. However, any significant re-emergence of Covid-19 or new variants thereof could also result in the imposition of further restrictions. The Retail Park's net rental income levels and property valuations remain challenged in 2021.

Following the Partnership's disposal of its investment in The Telford Forge Retail Park Unit Trust on 19 May 2021, the Directors anticipate that the Partnership will have residual property-related activity in the foreseeable future. See note 19 for further details.

Key Performance Indicators

The Directors of the General Partner have previously considered the following measures to be key performance indicators ("KPIs") for the Partnership: net rental income, property valuation and total return. Following the disposal of its property interests, these KPIs are no longer considered relevant in monitoring the Partnership's performance.

THE JUNCTION LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

Year ended 31 December 2020

Principal risks

Overview

2020 has been a year of unprecedented uncertainty and disruption, principally due to the Covid-19 pandemic. The restrictions introduced to fight the pandemic have severely affected the macro economy and wider society. The Partnership sold its direct property interests in 2019. During 2020 the Partnership retained a direct interest in The Telford Forge Retail Park Unit Trust (the "Trust") which owns the Telford Forge Retail Park (the "Retail Park") which was affected by the Covid-19 pandemic. The closure of non-essential retail at the Retail Park meant footfall and sales were significantly lower than those in 2019. This led to a property valuation reduction, reduced rent collections and increased tenant failure at the Retail Park, impacting the value of the Partnership's investment.

Against this backdrop, effective risk management was critical to protect the underlying value of the Partnership's investments. The Directors of the General Partner (the "Directors") review and monitor financial, operational and reputational risks and consider these as part of the forecasting and business planning process.

Short term

The key short-term risk facing the Partnership related to the Covid-19 pandemic and the impact this had on its interest in the Trust. Covid-19 restrictions, including the closure of non-essential retail, caused severe financial stress for much of the retail market and caused record tenant failures in the UK. Rental concessions were agreed to support tenants at the Retail Park; however the moratorium on evictions meant a significant number of tenants withheld lease payments.

The positive impact on infection and transmission levels of the current lockdowns and vaccination programmes has allowed Covid-19 restrictions to be lifted from Spring. This will support the recovery of the retail market.

Longer-term

Following the Partnership's disposal of its investment in the Trust in May 2021, neither the Partnership or any of its remaining investment entities, hold any property interests, therefore it is not exposed to any longer-term risks relating to the Covid-19 pandemic or the strength of the UK property market.

Approved by The Junction (General Partner) Limited, General Partner, and signed on its behalf



W.S. Austin
Director
21 September 2021

Independent auditors' report to The General Partner of The Junction Limited Partnership

Report on the audit of the financial statements

Opinion

In our opinion, The Junction Limited Partnership's financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1(b) to the financial statements concerning the Partnership's ability to continue as a going concern. The Partnership is reliant on a letter of support received from its ultimate parent company, Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Partnership is a going concern for at least twelve months from the date of these financial statements. The Hammerson plc unaudited consolidated financial statements for the six months ended 30 June 2021 disclosed circumstances which may cast significant doubt about Hammerson plc's ability to continue as a going concern. Accordingly this could impact on Hammerson plc's ability to provide the necessary financial support to the Partnership for at least twelve months from the date of these financial statements. These conditions, along with the other matters explained in note 1(b) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the General Partner with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 as applied to qualifying partnerships requires us also to report certain opinions and matters as described below.

Strategic report and Report of the General Partner

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the General Partner for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the General Partner for the financial statements

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

In preparing the financial statements, the General Partner is responsible for assessing the 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 Partnership or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing minutes of meetings of those charged with governance.
- Performing procedures over any unusual journal entries.
- Designing audit procedures to incorporate unpredictability into our testing.
- Challenging assumptions made by management in determining their judgements and accounting estimates.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

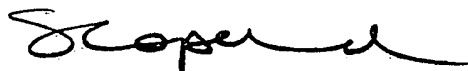
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

21 September 2021

THE JUNCTION LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	3	-	4,125
Rents payable and other property outgoings	3	<u>(119)</u>	<u>(549)</u>
Net rental (expense)/income	3	(119)	3,576
Administrative expenses	4	(6)	(776)
Increase in impairment provision on investments	5	<u>(15,984)</u>	<u>(10,087)</u>
Operating loss before loss on sale of properties and other gains		(16,109)	(7,287)
Loss on sale of properties	6	(378)	(12,758)
Other gains	8	<u>2,365</u>	<u>-</u>
Operating loss		(14,122)	(20,045)
Investment income	7	4,242	4,410
Net finance income/(costs)	9	<u>73</u>	<u>(2,179)</u>
Loss and total comprehensive expense for the financial year before partners' interests		<u>(9,807)</u>	<u>(17,814)</u>

All amounts relate to continuing activities.

THE JUNCTION LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	11		<u>127,916</u>		<u>143,900</u>
Total non-current assets			127,916		143,900
Current assets					
Receivables	12	9,416		70,606	
Restricted monetary assets	13	130		293	
Cash and deposits	14	16		16	
		9,562		70,915	
Current liabilities					
Payables	15	(626)		(68,156)	
Net current assets			8,936		2,759
Net assets			136,852		146,659
Represented by:					
Partners' equity					
Partners' capital accounts	16		242,294		242,294
Partners' current accounts	16		(105,442)		(95,635)
Total Partners' equity			136,852		146,659

The financial statements were authorised for issue by the Directors of the General Partner on 21 September 2021 and were signed on its behalf.



W.S. Austin
Director

Partnership Registration number: LP007884

THE JUNCTION LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Partners' capital accounts £'000	Partners' current accounts £'000	Total Partners' equity £'000
At 1 January 2019	242,294	(77,821)	164,473
Loss and total comprehensive expense for the financial year	-	(17,814)	(17,814)
At 31 December 2019	242,294	(95,635)	146,659
Loss and total comprehensive expense for the financial year	-	(9,807)	(9,807)
At 31 December 2020	242,294	(105,442)	136,852

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

During 2020, the following relevant new and revised Standards and Interpretations have been adopted:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting.

None of the above standards have had a material impact on the Partnership's financial statements for the year ended 31 December 2020.

The Partnership also elected to adopt the following amendments early, although there is no material impact as this only applies to lessees:

- Covid-19-Related Rent Concessions – amendments to IFRS 16.

Basis of preparation

The Junction Limited Partnership (the "Partnership") is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 2008 (SI 2008/569) require certain qualifying partnerships to prepare and have audited financial statements as required for a company by the Companies Act 2006. The nature of the Partnership's operations and its principal activities are set out on page 1. The address of the registered office of the General Partner is the same as that of Hammerson plc, the ultimate controlling party, which is Kings Place, 90 York Way, London, N1 9GE.

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

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

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

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

Disclosure exemptions adopted

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

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information); and
 - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Partnership is consolidated. In addition, the Partnership is a wholly owned subsidiary of its ultimate parent, Hammerson plc, and is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These are separate financial statements. The financial statements of Hammerson plc are publically available and can be obtained as described in note 18.

(b) Going concern

In considering going concern the Directors of the General Partner (the "Directors") have initially assessed the current unprecedented levels of uncertainty, principally caused by the Covid-19 pandemic, on the Partnership's activities. In addition, the Directors note that the Partnership has net current assets, which relate primarily to amounts due from fellow subsidiary undertakings of Hammerson plc, the Partnership's ultimate parent company. The Partnership also has no external borrowings or debt covenants.

The Directors consider that the Partnership is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support received from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Partnership is a going concern for the foreseeable future, being a period of at least twelve months from the date of signing of these financial statements.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(b) Going concern

In forming an assessment as to whether Hammerson plc has the ability to provide the necessary financial support to the Partnership, the Directors have had regard to the cash flow forecasts of the Hammerson plc Group which anticipate significant liquidity over the support period. Consequently, the Directors have a reasonable expectation that the Partnership will have access to adequate resources to continue in operational existence for a period of at least twelve months from the date of signing of these financial statements and they continue to adopt the going concern basis in preparing the financial statements.

However, in making this assessment the Directors are mindful of the disclosures made by Hammerson plc in their own latest unaudited consolidated financial statements for the six months ended 30 June 2021. The Directors of Hammerson plc highlighted that whilst the Group has significant liquidity projected over the going concern period to 31 December 2022, its associate investment, Value Retail, has three secured debt facilities maturing over the going concern period totalling £1,099 million (Group's share £452 million). The Group has the ability to manage its liquidity and gearing levels to remain in compliance with its unsecured borrowing covenants by either funding Value Retail to fully repay the two loans maturing in December 2021 and June 2022 or by allowing the lenders to enforce their security over the properties. However if the loan maturing in December 2022 totalling £750 million (Group's share £361 million) were not refinanced ahead of maturity, the lenders could enforce their security over the property and the Group may lose the value of its net investment in the property. In these circumstances, the Group would breach its unsecured borrowing gearing covenant in the Severe but plausible adverse scenario at 31 December 2022. Hence this refinancing risk represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

By extension, the material uncertainty identified in the Group's latest financial statements, could impact on Hammerson plc's ability to provide the necessary level of support to the Partnership. Accordingly the Directors of the General Partner have identified a material uncertainty which may cast significant doubt over the Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Partnership were unable to continue as a going concern.

(c) Net rental income

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

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

Property operating expenses, including any operating expenditure not recovered from tenants through service charges, are charged to the income statement as incurred.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(d) Investment income

Investment income represents the Partnership's share of the profit distributions receivable from its investments, as detailed in note 11, and is included within the statement of comprehensive income.

(e) Net finance income/(costs)

Net finance income/(costs) include interest payable to related party undertakings net of interest receivable on funds invested.

(f) Loss on sale of properties

Losses on sale of properties are taken into account on completion of contract, and are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure and lease amortisation.

(g) Distributions

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

(h) Investment properties

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

(i) Fixed asset investments

Fixed asset investments, including investments in subsidiaries and other related undertakings, are stated at cost less provision for impairment. Decreases or increases in the impairment provision primarily occur when the carrying value of the underlying asset increases or decreases respectively as a result of revaluation gains or losses.

(j) Loans receivable

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

(k) Borrowings

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

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(l) Financial instruments

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

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

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

(m) Cash and deposits and restricted monetary assets

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

(n) Critical accounting policies and estimation uncertainties

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

The Partnership's critical judgements and areas of estimation uncertainty are in respect of the valuation of investments and impairment provisions related to investments and trade receivables.

The Partnership's investments includes its investment in The Telford Forge Retail Park Unit Trust and The Junction Thurrock Unit Trust which are carried in the balance sheet at historical cost less provision for impairment, which is valued by the Directors based upon the net assets of the Unit Trusts in which the Partnership invests. The Directors must ensure they are satisfied that the Partnership's investment in the Unit Trust is appropriate for the financial statements.

At 31 December 2020, the Partnership had trade receivables of £115,000 relating to assets sold in previous years. The Directors have considered the likely recovery of these balances in light of the uncertain operating environment and concluded that a full loss allowance provision should be made at the balance sheet date.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

2. LIMITED PARTNERSHIP AGREEMENT ("The Agreement")

- (a) The Agreement dated 2 November 2001 states that the purpose of the Partnership is to carry out property investment and development.
- (b) During the year, The Junction (General Partner) Limited, acting as the General Partner, had an interest of 0.05% (2019: 0.05%) in the profits and assets of the Partnership.
- (c) At 31 December 2020, The Junction Unit Trust acting as the Limited Partner had an interest of 99.95% (2019: 99.95%) in the profits and assets of the Partnership.

3. NET RENTAL (EXPENSE)/INCOME

	2020 £'000	2019 £'000
Base rent	-	3,836
Lease incentive recognition	-	(132)
Other rental income	-	1
Gross rental income	-	3,705
Service charge income	-	420
Revenue	-	4,125
Service charge expenses	-	(463)
Inclusive lease costs recovered through rent	-	(20)
Other property outgoings*	(119)	(66)
Rents payable and other property outgoings	(119)	(549)
Net rental (expense)/income	(119)	3,576

* Includes change in provision against trade receivables of £115,000 (2019: £nil).

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

4. ADMINISTRATIVE EXPENSES

	2020 £'000	2019 £'000
Management fees payable to fellow group undertaking	-	775
Other expenses	6	1
	<u>6</u>	<u>776</u>

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

The Directors of the General Partner did not receive any remuneration for their services from the Partnership in the year (2019: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. The services of the Directors of the General Partner are of a non-executive nature.

Another group company has paid the auditors' fees for the audit of the Partnership's annual accounts in the current year. Fees for the audit of the Partnership were £10,490 (2019: £10,060).

5. INCREASE IN IMPAIRMENT PROVISION ON INVESTMENTS

	2020 £'000	2019 £'000
Increase in impairment provision on investments - <i>note 11</i>	<u>15,984</u>	<u>10,087</u>

6. LOSS ON SALE OF PROPERTIES

	2020 £'000	2019 £'000
Gross proceeds on sale	-	66,968
Carrying value of properties sold - <i>note 10(a)</i>	<u>-</u>	<u>(78,922)</u>
Loss over carrying value	-	(11,954)
Selling expenses	<u>(378)</u>	<u>(804)</u>
	<u>(378)</u>	<u>(12,758)</u>

The Partnership disposed of Imperial Retail Park, Bristol on 4 October 2018 and Abbotsinch Retail Park, Paisley on 8 October 2019. Additional costs were incurred in respect of these disposed properties in 2020.

7. INVESTMENT INCOME

	2020 £'000	2019 £'000
Distributions receivable from The Telford Forge Retail Park Unit Trust	<u>4,242</u>	<u>4,410</u>

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

8. OTHER GAINS

	2020 £'000	2019 £'000
Forfeited deposit on aborted sale	<u>2,365</u>	<u>-</u>

In February 2020, the Partnership exchanged contracts for the disposal of its investment in The Telford Forge Retail Park Unit Trust to Orion European Real Estate Fund V ("Orion"). In April 2020, Orion notified the Partnership that it no longer intended to complete the sale, despite unconditional contracts having been exchanged. In May 2020, the sale agreement was terminated and the Partnership retained the deposit.

9. NET FINANCE INCOME/(COSTS)

	2020 £'000	2019 £'000
Interest payable to ultimate parent company	-	(2,181)
Other interest receivable	<u>73</u>	<u>2</u>
	<u>73</u>	<u>(2,179)</u>

10. INVESTMENT PROPERTIES

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

	2020 £'000	2019 £'000
Long Leasehold		
At 1 January	-	78,730
Additions at cost	-	324
Amortisation of lease incentives	-	(132)
Disposals	<u>-</u>	<u>(78,922)</u>
At 31 December	<u>-</u>	<u>-</u>

(b) The Partnership sold its remaining property interests in 2019. They were previously stated at fair value, valued by professionally qualified external valuers, Cushman & Wakefield Debenham Tie Leung, Chartered Surveyors. The valuations were prepared in accordance with the RICS Valuation – Professional Standards 2017.

(c) In October 2019 the Partnership disposed of Abbotsinch Retail Park in Paisley for £66,968,000.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

11. INVESTMENTS

	Cost £'000	Impairment provision £'000	Carrying value £'000
At 1 January 2019	194,197	(40,210)	153,987
Increase in impairment provision - note 5	-	(10,087)	(10,087)
At 31 December 2019 and 1 January 2020	194,197	(50,297)	143,900
Increase in impairment provision - note 5	-	(15,984)	(15,984)
At 31 December 2020	194,197	(66,281)	127,916

The Partnership had direct investments of 99.99% (2019: 99.99%) in The Junction Thurrock Unit Trust and The Telford Forge Retail Park Unit Trust. Both of these unit trusts are registered in Jersey at 47 Esplanade, St Helier, Jersey, JE1 0BD.

The Partnership also has an indirect investment of 99.89% (2019: 99.89%) in The Junction Thurrock Limited Partnership, a partnership registered in England and Wales. The direct investment is held by The Junction Thurrock Unit Trust. The registered address for The Junction Thurrock Limited Partnership is Kings Place, 90 York Way, London, N1 9GE.

On 19 May 2021, the Partnership disposed of its investment in The Telford Forge Retail Park Unit Trust to Brookfield as disclosed in note 19.

12. RECEIVABLES: CURRENT ASSETS

	2020 £'000	2019 £'000
Trade receivables	-	115
Amounts owed by ultimate parent company	9,239	-
Amounts owed by fellow subsidiary undertakings	-	70,232
Other receivables	177	259
	<u>9,416</u>	<u>70,606</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. The amounts owed are unsecured. Amounts owed by the fellow subsidiary undertakings are non-interest bearing.

Trade receivables are shown after deducting a loss allowance provision of £115,000 (2019: £nil).

13. RESTRICTED MONETARY ASSETS

	2020 £'000	2019 £'000
Cash held on behalf of third parties	<u>130</u>	<u>293</u>

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

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

14. CASH AND DEPOSITS

	2020 £'000	2019 £'000
Cash at bank	<u>16</u>	<u>16</u>

At 31 December 2020, the Partnership's managing agent held cash of £16,000 (2019: £16,000) on behalf of the Partnership which is not restricted and is available to the Partnership and as such has been included in cash and deposits.

15. PAYABLES: CURRENT LIABILITIES

	2020 £'000	2019 £'000
Trade payables	265	262
Amounts due to ultimate parent company	-	67,290
Amounts due to fellow subsidiary undertakings	54	451
Other payables and accruals	<u>307</u>	<u>153</u>
	<u>626</u>	<u>68,156</u>

The amounts owed to the ultimate parent company, which were interest bearing at variable rates based on LIBOR and payable on demand, were settled through intercompany account with fellow subsidiary undertakings. Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing. All amounts are unsecured.

16. PARTNERS' EQUITY

	2020 £'000	2019 £'000
Partners' capital accounts		
- Partners' capital	126,372	126,372
- Partners' advances	<u>115,922</u>	<u>115,922</u>
	<u>242,294</u>	<u>242,294</u>
Partners' current accounts	<u>(105,442)</u>	<u>(95,635)</u>
	<u>136,852</u>	<u>146,659</u>

The Partners' capital contribution is in proportion to each partner's interest. Under the Limited Partnership Agreement no further capital is required to be injected and no interest is payable on the capital.

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

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

17. ADVANCES, CREDIT AND GUARANTEES

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

18. ULTIMATE CONTROLLING PARTIES

The General Partner listed in note 2 is the immediate controlling party of the Partnership. The ultimate controlling party is Hammerson plc, which are registered in England and Wales.

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

19. POST BALANCE SHEET EVENTS

On 23 April 2021, the Partnership received a distribution from The Telford Forge Retail Park Unit Trust (the "Trust") of £2.4 million.

As part of the Hammerson Group's strategic decision to dispose of its retail parks portfolio, on 19 May 2021, the Partnership disposed of its interest in the Trust to Brookfield for proceeds of £33.4 million, resulting in a loss on disposal of £9.7 million.