

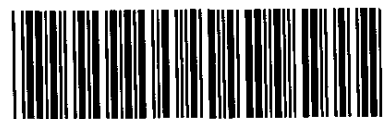
Registered Number: 03744396

BULL RING (GP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

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BULL RING (GP) LIMITED

DIRECTORS' REPORT

Year ended 31 December 2019

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

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

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as the General Partner to The Bull Ring Limited Partnership (the "Partnership") which owns and operates the Bullring Shopping Centre in Birmingham. Bull Ring Joint Venture Unit Trust, Hammerson Bull Ring Limited, HSCF BRLP1 Limited and HSCF BRLP2 Limited are the Limited Partners of the Partnership, and collectively have an interest of 99.54% (2018: 99.54%) in the Partnership, with the Company owning the remaining 0.46% (2018: 0.46%).

2. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Performance during the year

The activities of the Company are intrinsically linked to those of the Partnership given the Company's only income source is distributions received from the Partnership. During the year, the Company received investment income of £221,000 (2018: £251,000). The Company's 0.46% interest in the Partnership is carried at a cost of £686,000 (2018: £686,000) which is not considered impaired.

Future prospects

The Partnership has been effected by the recent Covid-19 pandemic, as a result of which, on 23 March 2020 the Partnership's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. Only retailers providing essential services and supplies continued to trade during the lockdown period. This unprecedented situation has had a significant impact on the business.

During the lockdown period it has been essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. In the months since reopening, footfall has been approximately 45% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

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

BULL RING (GP) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

3. RESULTS AND DIVIDENDS

The profit for the year after tax was £181,000 (2018: £207,000). The Directors do not recommend the payment of a dividend for the year (2018: £nil).

Net assets for the Company as at 31 December 2019 were £1,130,000 (2018: £949,000).

4. DIRECTORS

- (a) Mr. W.S. Austin, Mr. M.R. Bourgeois, Ms. K.E. Friend, Mr. T.O. Jackson, Mr. S.C. Travis, Mr. M.B. White and Mr. S. Wicks were Directors of the Company throughout the year and were in office at the date of approval of this report.
- (b) Ms. I.A. Panova was an Alternate Director of the Company throughout the year and was in office at the date of approval of this report.
- (c) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (d) No Director has any interests in contracts entered into by the Company.

5. SECRETARY

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

6. GOING CONCERN

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

7. INDEMNITY

The Company's ultimate parent companies are Hammerson plc, Canada Pension Plan Investment Board and the UK Shopping Centre Fund. Hammerson plc has put in place qualifying third party indemnity provisions for the benefit of its respective directors of the Company, which were in place throughout the year and remain in place at the date of approval of this report.

8. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP resigned as auditors 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.

BULL RING (GP) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2019

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

10. DISCLOSURE OF INFORMATION TO AUDITORS

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

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

By order of the Board



A. Darwall

For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 1 October 2020

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

BULL RING (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BULL RING (GP) LIMITED

Opinion

We have audited the financial statements of Bull Ring (GP) Limited (the "Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet and the statement of changes in equity, and the 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 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 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. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial 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.

BULL RING (GP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BULL RING (GP) LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

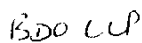
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Christopher Wingrave (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

Gatwick, United Kingdom

Date: 2 October 2020

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

BULL RING (GP) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|--|-------------|-----------------------|-----------------------|
| <i>Investment income</i> | 3 | <u>221</u> | <u>251</u> |
| Profit on ordinary activities before taxation | | 221 | 251 |
| Taxation | 4(a) | <u>(40)</u> | <u>(44)</u> |
| Profit on ordinary activities after taxation and total comprehensive income for the financial year | | <u>181</u> | <u>207</u> |

All amounts relate to continuing activities.

BULL RING (GP) LIMITED**BALANCE SHEET**As at 31 December 2019

| | Note | 2019 | | 2018 | |
|---|------|-------|--------------|-------|------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Non-current assets | | | | | |
| Investments | 5 | | 686 | | 686 |
| Current assets | | | | | |
| Receivables | 6 | 486 | | 313 | |
| Current liabilities | | | | | |
| Payables | 7 | (42) | | (50) | |
| Net current assets | | | <u>444</u> | | <u>263</u> |
| Total assets less current assets | | | <u>1,130</u> | | <u>949</u> |
| Net assets | | | <u>1,130</u> | | <u>949</u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 2 | | 2 |
| Retained earnings | 10 | | <u>1,128</u> | | <u>947</u> |
| Total equity | | | <u>1,130</u> | | <u>949</u> |

The financial statements were authorised for issue by the Board of Directors on 1 October 2020 and were signed on its behalf.

**W.S. Austin**

Director

Registered Number: 03744396

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

The activities of the Company are intrinsically linked to those of the Partnership, therefore in forming an opinion as to whether the Company was a going concern, the Directors needed to form an assessment as to whether the Partnership itself was able to adopt the going concern basis in preparing its financial statements.

The Directors note that the Partnership is an integral part of the structure and strategy of its ultimate controlling parties, and that the Partnership has a strong balance sheet, with net current assets and net assets, and no external borrowings or debt covenants. The Directors have also assessed the existing and expected future effects of the Covid-19 pandemic on the Partnership's activities and have reviewed the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance.

In May 2020, a revised base case forecast was produced covering a five-year period to 31 December 2024 with the following key assumptions:

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

Under the base case scenario, the Partnership has sufficient liquidity for at least twelve months from the date of signing its financial statements for the year ended 31 December 2019. However, in addition to the base case scenario, the Directors modelled a severe but plausible downside scenario to assess the impact on the Partnership's liquidity. The following changes to the base case assumptions were made for the period from 1 July 2020 to 31 December 2021:

- net rental income presented in the base case was reduced by a further 10%; and
- further property valuation declines by 31 December 2021 of 14%.

The Directors have taken into account the prudent May 2020 financial forecast i.e. the base case scenario, together with the sensitivities referred to above, and concluded that the Partnership has sufficient liquidity on a stand-alone basis for a period of at least twelve months from the date of signing of its financial statements for the year ended 31 December 2019. It has a strong balance sheet, no external borrowings or debt covenants, with discretionary capital expenditure and distributions and resilient operational activities. Accordingly the Directors are satisfied that they can continue to adopt the going concern basis in preparing the Annual Report and financial statements of the Partnership. Consequently they also consider it appropriate to continue to adopt the going concern basis in preparing the Company's financial statements.

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(c) Investment income

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

(d) Fixed asset investments

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

(e) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

(f) Borrowings

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

(g) Financial instruments

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

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the 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.

BULL RING (GP) LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2019

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---|--|--|-----------------------------------|
| At 1 January 2018 | 2 | 740 | 742 |
| Profit and total comprehensive income for the financial year | - | 207 | 207 |
| At 31 December 2018 | 2 | 947 | 949 |
| Profit and total comprehensive income for the financial year | - | 181 | 181 |
| At 31 December 2019 | 2 | 1,128 | 1,130 |

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

Basis of preparation

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 ("FRS 102") as issued by the Financial Reporting Council.

The Bull Ring Limited Partnership (the "Partnership") meets the definition of a subsidiary undertaking because the limited partnership is controlled by Bull Ring (GP) Limited, the General Partner, which forms part of the group. The Companies Act 2006 and FRS 102 Section 9 - "Consolidated and Separate Financial Statements" require the full consolidation of all subsidiary undertakings. However, the Directors consider that the consolidated financial statements would not present a true and fair view if the Partnership was to be consolidated in this way, with the interests of the other partners (representing 99.54%) accounted for as a minority interest. As such consolidated financial statements have not been prepared as a result of the Company's investment in The Bull Ring Limited Partnership. The Company has therefore prepared separate financial statements and accounts for investments in subsidiaries at cost less provision for impairment.

The Company is a joint venture between Hammerson plc, CPP Investment Board Real Estate Holdings Inc. and UK Shopping Centre Fund and is equity accounted into the group financial statements of these entities which are publicly available (see note 13).

As the Company is not wholly-owned, it is not entitled under FRS 102 from an exemption to prepare a cash flow statement. However, the Company does not have a bank account and has not been party to any cash transactions and consequently no cash flow statement has been presented.

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

(b) Going concern

In considering going concern the Directors initially note that the Company has net current assets and net assets, and no external borrowings or debt covenants. Its principal assets are its investment in, and receivable balance due from The Bull Ring Limited Partnership (the "Partnership"). The Directors have also assessed the existing and expected future effects of the Covid-19 pandemic on the Company's and the Partnership's activities and the appropriateness of the use of the going concern basis. An outline of the current effects of the pandemic on the business is included in the post balance sheet events note 14 to the financial statements.

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(h) 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.

(i) Critical accounting policies and estimation uncertainties

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. 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 Bull Ring Limited Partnership (the "Partnership"), which is carried in the balance sheet at historical cost less provision for impairment, which is assessed 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 professional qualified external valuers. The Directors must ensure they are satisfied that the Company's investment in the Partnership is appropriate for the financial statements. The basis of valuation of the Partnership's investment properties is set out in the notes to the financial statements of the Partnership for the year ended 31 December 2019.

2. ADMINISTRATIVE EXPENSES

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

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

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £1,260 (2018: £1,530).

3. INVESTMENT INCOME

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Distributions receivable from The Bull Ring Limited Partnership | <u>221</u> | <u>251</u> |

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

4. TAXATION

(a) Tax charge

| | 2019 £'000 | 2018 £'000 |
|--------------------|---------------|---------------|
| UK corporation tax | <u>40</u> | <u>44</u> |

(b) Factors affecting total tax charge

The corporation tax charge for the year differs from the standard rate of corporation tax of 19% (2018: 19%). The differences are reconciled below:

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | <u>221</u> | <u>251</u> |
| Profit at UK corporation tax rate of 19% (2018: 19%) | <u>42</u> | <u>48</u> |
| Effects of: | | |
| Distributions from fixed asset investments | <u>(42)</u> | <u>(48)</u> |
| Share of partnership taxable income | <u>40</u> | <u>44</u> |
| Total tax charge for the year | <u>40</u> | <u>44</u> |

5. INVESTMENTS

(a) Investment in The Bull Ring Limited Partnership

| | 2019 £'000 | 2018 £'000 |
|--------------------------------|---------------|---------------|
| Cost and net book value | | |
| At 1 January and 31 December | <u>686</u> | <u>686</u> |

The Company has a 0.46% interest in The Bull Ring Limited Partnership which is registered in England and Wales and holds for investment the Bullring Shopping Centre in Birmingham. The address of the registered office is Kings Place, 90 York Way, London N1 9GE.

(b) Other investments

| | Cost £ | Impairment provision £ | Carrying value £ |
|--|-----------|------------------------------|------------------------|
| At 1 January 2019 and 31 December 2019 | <u>3</u> | <u>-</u> | <u>3</u> |
| At 1 January 2018 and 31 December 2018 | <u>3</u> | <u>-</u> | <u>3</u> |

The Company has a 100% interest in the ordinary share capital of BRLP Rotunda Limited, Bull Ring No. 1 Limited and Bull Ring No. 2 Limited, which are registered in England and Wales. The address of their registered office is Kings Place, 90 York Way, London N1 9GE.

BULL RING (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Year ended 31 December 2019**6. RECEIVABLES: CURRENT ASSETS**

| | 2019 £'000 | 2018 £'000 |
|---|-----------------------------|-----------------------------|
| Amounts owed by The Bull Ring Limited Partnership | <u>486</u> | <u>313</u> |

Amounts owed by The Bull Ring Limited Partnership are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

7. PAYABLES: CURRENT LIABILITIES

| | 2019 £'000 | 2018 £'000 |
|-------------------------------|-----------------------------|-----------------------------|
| Amounts owed to Hammerson plc | <u>2</u> | <u>6</u> |
| Corporation tax | <u>40</u> | <u>44</u> |
| | <u>42</u> | <u>50</u> |

Amounts owed to Hammerson plc are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

8. CALLED-UP SHARE CAPITAL

| | 2019 £ | 2018 £ |
|--|-------------------------|-------------------------|
| Authorised: | | |
| 180,000 ordinary shares of £0.01 each | <u>1,800</u> | <u>1,800</u> |
| Allotted, called up and fully paid: | | |
| 180,000 ordinary shares of £0.01 each | <u>1,800</u> | <u>1,800</u> |

9. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets are summarised by category below:

| | 2019 £'000 | 2018 £'000 |
|---|-----------------------------|-----------------------------|
| Financial assets | | |
| <i>Measured at amortised cost:</i> | | |
| Amounts owed by The Bull Ring Limited Partnership | <u>486</u> | <u>313</u> |
| Financial liabilities | | |
| <i>Measured at amortised cost:</i> | | |
| Amounts owed to Hammerson plc | <u>2</u> | <u>6</u> |

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

10. RESERVES

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

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

11. ADVANCES, CREDIT AND GUARANTEES

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

12. RELATED PARTY DISCLOSURE

Other than disclosed in notes 3, 5, 6 and 7 there were no material related party transactions during the year. The Company entered into related party transactions or had balances outstanding with the following related parties:

| Related party | Relationship |
|-----------------------------------|--|
| The Bull Ring Limited Partnership | Investment – see note 5(a) |
| Hammerson plc | Ultimate controlling party – see note 13 |
| BRLP Rotunda Limited | Subsidiary – see note 5(b) |
| Bull Ring No. 1 Limited | Subsidiary – see note 5(b) |
| Bull Ring No. 2 Limited | Subsidiary – see note 5(b) |

13. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

At 31 December 2019, Bull Ring (GP2) Limited, HSCF (Bull Ring) Limited and Hammerson Birmingham Properties Limited each owned 60,000 ordinary £0.01 shares in the Company. These companies are registered in England and Wales.

The ultimate controlling parties are Hammerson plc, Canada Pension Plan Investment Board and the UK Shopping Centre Fund, which are registered in England and Wales and overseas.

The consolidated financial statements of the ultimate controlling parties are available from:

| | |
|-------------------------------------|--------------------------------------|
| Hammerson plc | Canada Pension Plan Investment Board |
| The Company Secretarial Department. | Company Secretary |
| Kings Place | Suite 2600 One |
| 90 York Way | Queen Street East, Toronto |
| London N1 9GE | M5C 2W5, Canada |

UK Shopping Centre Fund
BNP Paribas Jersey Trust Corporation and Anley Trustees Limited
BNP Paribas House
Anley Street, St Helier
Jersey, JE2 3QE

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

14. POST BALANCE SHEET EVENTS

The effects of the Covid-19 pandemic are the result of events that arose after the reporting date and therefore this is a non-adjusting post balance sheet event. No changes have been made, or are required, to the statements of comprehensive income or the balance sheets of either the Company or the Partnership. The going concern implications for the business are discussed in note 1(b) to the financial statements.

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

As a result of the Covid-19 pandemic, on 23 March 2020, the Partnership's investment property, Bullring Shopping Centre in Birmingham, was closed. Only retailers providing essential services and supplies have continued to trade.

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

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. In the months since reopening, footfall has been approximately 45% below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

During 2019 the Directors were particularly focused on the impact of the administrations and CVAs of certain retailers and brands. This focus will be heightened in the coming months as the full impact of the Covid-19 pandemic unfolds. It is anticipated that net rental income levels for 2020 will be materially lower than the prior year, and property valuations will reduce.

It is not currently possible to quantify the financial effects of these changes, however it is anticipated that the distribution received from the Partnership will be materially reduced in the coming year. However, the Directors do not anticipate a material impairment provision will be required either against the carrying value of the Company's investment in the Partnership or against the amount currently receivable from the Partnership.

Partnership registration: LP6353

THE BULL RING LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 03744396

THE BULL RING LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER

Year ended 31 December 2019

Bull Ring (GP) Limited (the "General Partner") submits its report and the audited financial statements for The Bull Ring Limited Partnership (the "Partnership") for the year ended 31 December 2019.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

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

Further information relating to the business, its key risks and future prospects is provided in the Strategic Report on page 4, together with an assessment of the impact the Covid-19 pandemic has had on the business and how this may affect its activities in the future. Further details are also provided in the post balance sheet events note 18 to the financial statements.

2. RESULTS AND DISTRIBUTIONS

The Partnership made a loss for the financial year before partners' interests of £143,675,000 (2018: £68,190,000). Distributions of £48,087,000 were made during the year (2018: £54,470,000).

Net assets of the Partnership as at 31 December 2019 were £961,354,000 (2018: £1,153,116,000).

3. DIRECTORS OF THE GENERAL PARTNER

- (a) Mr. W.S. Austin, Mr. M. R. Bourgeois, Ms. K.E. Friend, Mr. T.O. Jackson, Mr. S.C. Travis, Mr. M.B. White and Mr. S. Wicks were Directors of the General Partner throughout the year and were in office at the date of approval of this report.
- (b) Ms. I. A. Panova was an Alternate Director of the General Partner throughout the year and was in office at the date of approval of this report.
- (c) In accordance with the Articles of Association of the General Partner, the Directors are not required to retire by rotation.
- (d) No Director has any interests in contracts entered into by the General Partner.

4. INDEMNITY

The General Partner's ultimate parent companies are Hammerson plc, Canada Pension Plan Investment Board and the UK Shopping Centre Fund. Hammerson plc has put in place qualifying third party indemnity provisions for the benefit of its respective directors of the General Partner, which were in place throughout the year and remain in place at the date of approval of this report.

5. GOING CONCERN

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

THE BULL RING LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2019

6. INDEPENDENT AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

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

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

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

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

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.

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

8. STATEMENT IN RESPECT OF STAKEHOLDER ENGAGEMENT

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

Partners

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

THE BULL RING LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2019

8. STATEMENT IN RESPECT OF STAKEHOLDER ENGAGEMENT (CONTINUED)

Brands

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

Consumers

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

Communities

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

9. DISCLOSURE OF INFORMATION TO AUDITORS

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

- (a) so far as the 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 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 Bull Ring (GP) Limited, General Partner, and signed on its behalf



W. S. Austin

Director

Date: 1 October 2020

THE BULL RING LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2019

Review of the business

Performance during the year

The Partnership's principal business is to hold for investment the Bullring Shopping Centre in Birmingham City Centre. The Partnership made an operating profit before property revaluation losses of £45,348,000 (2018: £49,907,000) and a total loss for the financial year of £143,675,000 before partners' interests (2018: £68,190,000).

Future prospects

As a result of the Covid-19 pandemic, on 23 March 2020, the Partnership's investment property was closed and subsequently reopened on 15 June 2020, having complied with Government safeguarding restrictions. Only retailers providing essential services and supplies continued to trade during the lockdown period, which accounts for approximately 2% of gross rental income on an annual basis.

This unprecedented situation has had a significant impact on the business. In 2020, cash collections of rent and service charges due from tenants within seven days of the 25 March quarter day, were 44% compared with 99% for the same period in 2019 and for the 24 June quarter day, were 35% compared to 98% in 2019. As at the date of signing these financial statements, approximately half of the Q2 rent and service charges had been collected, and one-third of the Q3 demands.

During the lockdown period it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Partnership to reduce its service charge demands to tenants for the 24 June quarter day by approximately 56% compared with the prior quarter.

Since reopening, in line with Government guidance, health and safety measures have been implemented such as changes to the footfall system to monitor shopper numbers, perspex screens at the customer service desk, floor/escalator stickers to ensure social distancing, additional hand sanitiser and queue management systems outside stores. All retailers and restaurants reopening have arrangements in place for social distancing compliance, hygiene and cleaning, compliance in higher risk situations and varied opening hours to enable social distancing.

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall in July and August 2020 was averaging 49% and 41% respectively below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

As the impact of the pandemic on retailers, consumers and communities cannot easily be assessed at this stage, the Directors are uncertain what changes this may have on the Partnership's business activities in the short and longer-term. Further details of the impact of Covid-19 on the current and future operating activities of the business are set out in the post balance sheet events note 18 to the financial statements.

THE BULL RING LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2019

Key Performance Indicators

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

The Partnership's properties produced net rental income of £46,107,000 in 2019 compared with £50,561,000 in 2018. As shown in note 6(a) to the financial statements, the total capital expenditure incurred and amortisation of lease incentives was a net debit of £4,359,000 (2018 net credit: £3,816,000), and there was a revaluation loss of £189,059,000 during the year (2018: £118,134,000), and the total property valuation at 31 December 2019 was £961,150,000 (2018: £1,145,850,000). The IPD total return for the property was -12.7% in 2019 (2018: -5.5%).

Principal risks

Short term

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

Longer-term

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

Reporting on section 172 of the Companies Act 2006

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

Approved by Bull Ring (GP) Limited, General Partner, and signed on its behalf.



W. S. Austin

Director

Date: 1 October 2020

THE BULL RING LIMITED PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE BULL RING LIMITED PARTNERSHIP

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended; 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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The General Partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

THE BULL RING LIMITED PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE BULL RING LIMITED PARTNERSHIP (CONTINUED)

Strategic Report and Report of the General Partner

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the General Partner for the financial statements

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

In preparing the financial statements, the General Partner is responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the qualifying partnership or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the qualifying partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of 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
1 October 2020

THE BULL RING LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|---|------|-------------------------|------------------|
| Revenue | 3 | 65,635 | 69,104 |
| Rents payable and other property outgoings | 3 | <u>(19,528)</u> | <u>(18,543)</u> |
| Net rental income | 3 | 46,107 | 50,561 |
| Administrative expenses | 4 | <u>(759)</u> | <u>(654)</u> |
| Operating profit before property revaluation losses | | 45,348 | 49,907 |
| Revaluation losses on properties | 6(a) | <u>(189,059)</u> | <u>(118,134)</u> |
| Operating loss | | (143,711) | (68,227) |
| Net finance income | 5 | <u>36</u> | <u>37</u> |
| Loss and total comprehensive expense for the financial year before partners' interests | | <u>(143,675)</u> | <u>(68,190)</u> |

All amounts relate to continuing activities.

THE BULL RING LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|--|------|---------------|---------------|
| Non-current assets | | | |
| Investment properties | 6(a) | 961,150 | 1,145,850 |
| Current assets | | | |
| Receivables | 7 | 5,547 | 4,768 |
| Restricted monetary assets | 8 | 9,825 | 8,824 |
| Cash and deposits | 9 | 12,625 | 19,077 |
| | | 27,997 | 32,669 |
| Current liabilities | | | |
| Payables | 10 | (26,497) | (23,982) |
| Net current assets | | 1,500 | 8,687 |
| Total assets less current liabilities | | 962,650 | 1,154,537 |
| Non-current liabilities | | | |
| Payables | 11 | (1,296) | (1,421) |
| Net assets | | 961,354 | 1,153,116 |
| Represented by: | | | |
| Partners' equity | | | |
| Partners' capital accounts | 12 | 149,151 | 149,151 |
| Partners' current accounts | 12 | 812,203 | 1,003,965 |
| Total Partners' equity | | 961,354 | 1,153,116 |

The financial statements were authorised for issue by the Directors of the General Partner on 1 October 2020 and were signed on its behalf.



W. S. Austin
Director

Partnership registration: LP6353

THE BULL RING LIMITED PARTNERSHIP

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

| | Partners' capital accounts £'000 | Partners' current accounts £'000 | Total Partners' equity £'000 |
|---|---|---|---|
| At 1 January 2018 | 149,151 | 1,126,625 | 1,275,776 |
| Loss and total comprehensive expense for the financial year | - | (68,190) | (68,190) |
| Distributions to partners | - | (54,470) | (54,470) |
| At 31 December 2018 | 149,151 | 1,003,965 | 1,153,116 |
| Loss and total comprehensive expense for the financial year | - | (143,675) | (143,675) |
| Distributions to partners | - | (48,087) | (48,087) |
| At 31 December 2019 | 149,151 | 812,203 | 961,354 |

THE BULL RING LIMITED PARTNERSHIP

CASH FLOW STATEMENT

For the year ended 31 December 2019

| | 2019 £'000 | 2018 £'000 |
|---|-----------------|---------------|
| <i>Operating activities</i> | | |
| Operating profit before property revaluation losses | 45,348 | 49,907 |
| Increase in restricted monetary assets | (1,001) | (1,064) |
| Increase in receivables | (779) | (1,400) |
| Increase in payables | 2,390 | 1,873 |
| Non-cash items | 1,966 | 2,137 |
| Cash generated from operations | 47,924 | 51,453 |
| Interest received | 37 | 38 |
| Interest paid | (1) | (1) |
| Cash flows from operating activities | 47,960 | 51,490 |
| <i>Investing activities</i> | | |
| Capital expenditure | (6,325) | 1,679 |
| Cash flows from investing activities | (6,325) | 1,679 |
| <i>Financing activities</i> | | |
| Distributions to partners | (48,087) | (54,470) |
| Cash flows from financing activities | (48,087) | (54,470) |
| Decrease in cash and deposits in the year | (6,452) | (1,301) |
| Opening cash and deposits | 19,077 | 20,378 |
| Closing cash and deposits | 12,625 | 19,077 |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

Basis of preparation

The Bull Ring Limited 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 4. The address of the registered office of the General Partner is the same as that of Hammerson plc, one of the ultimate controlling parties, which is Kings Place, 90 York Way, London, N1 9GE.

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

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

The Partnership is a joint venture between Hammerson plc, Canada Pension Plan Investment Board and the UK Shopping Centre Fund and is equity accounted into the group financial statements of these entities of which are all publicly available (see note 17).

(b) Going concern

In considering going concern the Directors of the General Partner (the "Directors") initially note that the Partnership has a strong balance sheet, with net current assets and net assets, and no external borrowings or debt covenants. The Directors have also assessed the existing and expected future effects of the Covid-19 pandemic on the Partnership's activities and the appropriateness of the use of the going concern basis. An outline of the current effects of the pandemic on the business is included in the Strategic Report on page 4 and in the post balance sheets event note 18 to the financial statements.

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

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

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

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

- net rental income presented in the base case was reduced by a further 10%; and
- further property valuation declines by 31 December 2021 of 14%.

The Directors have taken into account the prudent May 2020 financial forecast i.e. the base case scenario, together with the sensitivities referred to above, and concluded that the Partnership has sufficient liquidity on a stand-alone basis for a period of at least twelve months from the date of signing these financial statements. It has a strong balance sheet, no external borrowings or debt covenants, with discretionary capital expenditure and distributions and resilient operational activities. Accordingly the Directors are satisfied that they can continue to adopt the going concern basis in preparing the Annual Report and financial statements.

(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 statement of comprehensive income as incurred.

Included in net rental income is £1,239,000 (2018: £2,443,000) of contingent rents calculated by reference to tenants' turnover.

(d) Net finance income

Net finance income includes interest payable on borrowings, net of interest receivable on funds invested and is included in the statement of comprehensive income.

(e) Distributions

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

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(f) Investment properties

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

(g) 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.

(h) 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.

(i) 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.

(j) Financial instruments

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

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

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

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

(k) Critical accounting policies and estimation uncertainties

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

The Partnership's critical judgement and area of estimation uncertainty is in respect of property valuations. The Partnership's investment property, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers and the Directors of the General Partner must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the financial statements.

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to future rental income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account include the tenure of the property, tenancy details and ground and structural conditions.

In the case of on-site developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for all costs necessary to complete the development, together with a further allowance for remaining risk, developers' profit and purchasers' costs. Properties held for future development are generally valued by adopting the higher of the residual method of valuation allowing for all associated risks, or the investment method of valuation for the existing assets.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

2. LIMITED PARTNERSHIP AGREEMENT ('The Agreement')

- (a) The Agreement dated 21 July 1999 states that the purpose of the Partnership is to carry out property investment and development.
- (b) During the year Bull Ring (GP) Limited acting as the General Partner had an interest of 0.46% (2018: 0.46%) in the profits and assets of the Partnership.
- (c) At 31 December 2019, Hammerson Bull Ring Limited and Bull Ring Joint Venture Unit Trust acting as Limited Partners had interests of 33.18% (2018: 33.18%) each in the profits and assets of the Partnership. HSCF BRLP1 Limited and HSCF BRLP2 Limited acting as Limited Partners had interests of 16.9218% (2018: 16.9218%) and 16.2582% (2018: 16.2582%) respectively in the profits and assets of the Partnership.

3. NET RENTAL INCOME

| | 2019 £'000 | 2018 £'000 |
|---|-----------------|---------------|
| Base rent | 42,534 | 44,384 |
| Turnover rent | 1,239 | 2,443 |
| Car park income | 8,592 | 8,161 |
| Lease incentive recognition | (1,387) | (1,080) |
| Other rental income | 3,606 | 4,351 |
| Gross rental income | 54,584 | 58,259 |
| Service charge income | 11,051 | 10,845 |
| Revenue | 65,635 | 69,104 |
| Service charge expenses | (11,869) | (11,343) |
| Inclusive lease costs recovered through rent | (429) | (237) |
| Other property outgoings | (7,230) | (6,963) |
| Rents payable and other property outgoings | (19,528) | (18,543) |
| Net rental income | 46,107 | 50,561 |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

4. ADMINISTRATIVE EXPENSES

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Management fees payable to Hammerson UK Properties plc | 759 | 750 |
| Valuation fees | 85 | 85 |
| Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements | 11 | 11 |
| Insurance administration credit | (124) | (192) |
| Other expenses | 28 | - |
| | 759 | 654 |

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

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

5. NET FINANCE INCOME

| | 2019 £'000 | 2018 £'000 |
|------------------------|---------------|---------------|
| Interest receivable | 37 | 38 |
| Other interest payable | (1) | (1) |
| | 36 | 37 |

6. INVESTMENT PROPERTIES

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

| | 2019 £'000 | 2018 £'000 |
|---------------------------|----------------|------------------|
| Long leasehold | | |
| At 1 January | 1,145,850 | 1,267,800 |
| Additions - see note 6(c) | 6,325 | (1,679) |
| Amortisation | (1,966) | (2,137) |
| Revaluation loss | (189,059) | (118,134) |
| At 31 December | 961,150 | 1,145,850 |

- (b) The properties are stated at fair value at 31 December 2019, valued by professionally qualified external valuers, Cushman & Wakefield Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2017 based on certain assumptions as set out in note 1(k).
- (c) Negative additions in 2018 include £4 million of contributions from contractors and tenants to remedy identified structural defects. This has been reflected within the valuation by Cushman & Wakefield Debenham Tie Leung. The historical cost of investment property at 31 December 2019 was £486,353,000 (2018: £481,994,000).

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

7. RECEIVABLES: CURRENT ASSETS

| | 2019 £'000 | 2018 £'000 |
|----------------------------------|---------------|---------------|
| Trade receivables | 1,850 | 2,103 |
| Amounts owed by Limited Partners | 1,024 | 808 |
| Other receivables | 1,937 | 1,557 |
| Prepayments | 736 | 300 |
| | 5,547 | 4,768 |

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

Trade receivables are shown after deducting a loss allowance provision of £323,000 (2018: £nil).

8. RESTRICTED MONETARY ASSETS

| | 2019 £'000 | 2018 £'000 |
|--------------------------------------|---------------|---------------|
| Cash held on behalf of third parties | 9,825 | 8,824 |

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.

9. CASH AND DEPOSITS

| | 2019 £'000 | 2018 £'000 |
|--------------|---------------|---------------|
| Cash at bank | 12,625 | 19,077 |

At 31 December 2019, the Partnership's managing agent held cash of £1,764,000 (2018: £1,052,000) 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.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

10. PAYABLES: CURRENT LIABILITIES

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Trade payables | 14,966 | 8,568 |
| Amounts due to Hammerson UK Properties plc | 41 | - |
| Amounts due to Hammerson Group Management Limited | 370 | 32 |
| Amounts due to Hammerson Operations Limited | 2 | - |
| Amounts due to Bull Ring (GP) Limited | 486 | 313 |
| Other payables and accruals | 2,699 | 5,980 |
| Deferred income | 7,933 | 9,089 |
| | 26,497 | 23,982 |

The amounts due to Hammerson UK Properties plc, Hammerson Group Management Limited, Hammerson Operations Limited and Bull Ring (GP) Limited are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

11. PAYABLES: NON-CURRENT LIABILITIES

| | 2019 £'000 | 2018 £'000 |
|---------------------------|---------------|---------------|
| Other payables | | |
| - Within one to two years | 402 | 405 |
| - Over five years | 894 | 1,016 |
| | 1,296 | 1,421 |

12. PARTNERS' EQUITY

| | 2019 £'000 | 2018 £'000 |
|----------------------------|----------------|------------------|
| Partners' capital accounts | | |
| - General Partner | 686 | 686 |
| - Limited Partners | 148,465 | 148,465 |
| | 149,151 | 149,151 |
| Partners' current accounts | 812,203 | 1,003,965 |
| | 961,354 | 1,153,116 |

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 BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

13. THE PARTNERSHIP AS LESSOR – OPERATING LEASE RECEIPTS

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

| | 2019 £'000 | 2018 £'000 |
|------------------------|----------------|----------------|
| Within one year | 33,039 | 31,998 |
| From one to two years | 30,141 | 28,106 |
| From two to five years | 67,670 | 67,612 |
| Over five years | 50,091 | 64,316 |
| | 180,941 | 192,032 |

14. FINANCIAL INSTRUMENTS

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

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Financial assets | | |
| <i>Measured at amortised cost:</i> | | |
| Trade receivables | 1,850 | 2,103 |
| Amounts owed by Limited Partners | 1,024 | 808 |
| Other receivables | 1,937 | 1,557 |
| Restricted monetary assets | 9,825 | 8,824 |
| Cash at bank | 12,625 | 19,077 |
| | 27,261 | 32,369 |
| Financial liabilities | | |
| <i>Measured at amortised cost:</i> | | |
| Trade payables | 14,966 | 8,568 |
| Amounts due to Hammerson UK Properties plc | 41 | - |
| Amounts due to Hammerson Group Management Limited | 370 | 32 |
| Amounts due to Hammerson Operations Limited | 2 | - |
| Amounts due to Bull Ring (GP) Limited | 486 | 313 |
| Other payables and accruals | 3,995 | 7,401 |
| | 19,860 | 16,314 |

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

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Net finance income (see note 5) | 36 | 37 |
| Movement on trade receivable provisions | 323 | (51) |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

15. ADVANCES, CREDIT AND GUARANTEES

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

16. RELATED PARTIES

Other than disclosed in the statement of changes in equity and in notes 4, 7, 10, 12 and 14 there were no material related party transactions during the year.

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

| Related party | Relationship |
|------------------------------------|--|
| Bull Ring (GP) Limited | General Partner |
| Bull Ring Joint Venture Unit Trust | Limited Partner |
| Hammerson Bull Ring Limited | Limited Partner |
| HSCF BRLP1 Limited | Limited Partner |
| HSCF BRLP2 Limited | Limited Partner |
| Hammerson Group Management Limited | Indirect subsidiary of ultimate parent company |
| Hammerson Operations Limited | Indirect subsidiary of ultimate parent company |
| Hammerson UK Properties plc | Indirect subsidiary of ultimate parent company |

17. ULTIMATE CONTROLLING PARTIES

The Partners listed in note 2 are the immediate controlling parties of the Partnership. The ultimate controlling parties are Hammerson plc, Canada Pension Plan Investment Board and the UK Shopping Centre Fund, which are registered in England and Wales and overseas.

The consolidated financial statements of the ultimate controlling parties are available from their registered offices:

| | |
|---|--|
| Hammerson plc The Company Secretarial Department Kings Place 90 York Way London N1 9GE | Canada Pension Plan Investment Board Company Secretary Suite 2600 One Queen Street East, Toronto M5C 2W5, Canada |
| UK Shopping Centre Fund BNP Paribas Jersey Trust Corporation and Anley Trustees Limited BNP Paribas House Anley Street, St Helier Jersey, JE2 3QE | |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2019

18. POST BALANCE SHEET EVENTS

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

As a result of the Covid-19 pandemic, on 23 March 2020, the Partnership's investment property, Bullring Shopping Centre in Birmingham, was closed. Only retailers providing essential services and supplies continued to trade, which accounts for approximately 2% of gross rental income on an annual basis.

This unprecedented situation has had a significant impact on the business. In 2020, cash collections of rent and service charges due from tenants within seven days of the 25 March quarter day, were 44% compared with 99% for the same period in 2019 and for the 24 June quarter day, were 35% compared to 98% in 2019. As at the date of signing these financial statements, approximately half of the Q2 rent and service charges had been collected, and one-third of the Q3 demands.

During the lockdown period it was essential to ensure the property was operating as efficiently as possible to minimise costs, whilst continuing to provide support to those essential stores. The cost reductions enabled the Partnership to reduce its service charge demands to tenants for the 24 June quarter day by approximately 56% compared with the prior quarter.

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

Footfall is currently lower than comparable periods pre-lockdown, due in part to: requirements to maintain social distancing; the mandatory wearing of face-coverings; additional sanitisation requirements; and a reduction in consumers' use of public transport. Footfall in July and August 2020 was averaging 49% and 41% respectively below 2019 levels, however it is difficult to predict how customer behaviour will evolve with regards to spending.

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

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

| Investment property valuation 2019 £'000 | Impact on valuation of 100bp change in nominal equivalent yield | | Impact on valuation of 10% change in estimated rental value (ERV) | |
|--|---|-------------------|---|-------------------|
| | Decrease £'000 | Increase £'000 | Increase £'000 | Decrease £'000 |
| 961,150 | 226,793 | (154,080) | 96,115 | (96,115) |