

Registered Number: 03744396

BULL RING (GP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2020



BULL RING (GP) LIMITED

DIRECTORS' REPORT **Year ended 31 December 2020**

The Directors submit their report and the audited financial statements for Bull Ring (GP) Limited (the "Company") for the year ended 31 December 2020.

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' 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% (2019: 99.54%) in the Partnership, with the Company owning the remaining 0.46% (2019: 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 £26,000 (2019: £221,000). The Company's 0.46% interest in the Partnership is carried at a cost of £686,000 (2019: £686,000) which is not considered impaired.

The Bullring Shopping Centre in Birmingham was affected by the Covid-19 pandemic. This unprecedented situation has had a significant impact, with footfall levels significantly below 2019 levels due to the closure of all non-essential retail during continued periods of national and local lockdown.

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

Net rental income for the Partnership reduced principally as a result of increased provisioning due to the higher level of arrears and increased uncertainty as a consequence of the pandemic. Car park income, commercialisation income and turnover rents all fell due to the closure of the majority of stores in periods of Covid-19 lockdown during the year.

Reduced income levels together with an outward yield movement have reduced the Partnership's property valuation. This reflects store closures during the lockdown periods and reduced leasing volumes, further exacerbated by increased levels of CVAs and administrations.

Future prospects

The impact of Covid-19 has extended into 2021. The roll-out of a vaccination programme together with the lifting of Covid-19 restrictions should lead to a recovery as workers and shoppers return to the city centre. However, any significant re-emergence of Covid-19 or new variants thereof could also result in the imposition of further restrictions.

It is anticipated the Partnership's net rental income levels and property valuations will remain challenged in 2021.

The Directors do not anticipate any significant change in either the Company's or the Partnership's principal activities in the foreseeable future.

BULL RING (GP) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2020

3. RESULTS AND DIVIDENDS

The profit for the year after tax was £3,000 (2019: £181,000). The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Net assets for the Company as at 31 December 2020 were £1,133,000 (2019: £1,130,000).

4. DIRECTORS

- (a) Mr. W.S. Austin, Mr. M.R. Bourgeois, 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 2020 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 all the 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

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 2020

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.

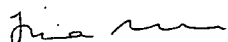
The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



J. Crane

For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 17 June 2021

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

BULL RING (GP) LIMITED

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

Opinion on the financial statements

In our opinion, the financial statements:

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

We have audited the financial statements of Bull Ring (GP) Limited (the "Company") for the year ended 31 December 2020 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).

Basis for opinion

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

Independence

We remain 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BULL RING (GP) LIMITED

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

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

BULL RING (GP) LIMITED

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

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

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

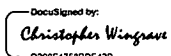
- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the Company's compliance with laws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

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

A further description of our responsibilities 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.

DocuSigned by:

020851758DE42B
Christopher Wingrave (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom
Date: 18 June 2021

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 2020

| | Note | 2020 £'000 | 2019 £'000 |
|--|-------------|-----------------------|-----------------------|
| Administrative expenses | 2 | (1) | - |
| Investment income | 3 | <u>26</u> | <u>221</u> |
| Profit on ordinary activities before taxation | | 25 | 221 |
| Taxation | 4(a) | <u>(22)</u> | <u>(40)</u> |
| Profit on ordinary activities after taxation and total comprehensive income for the financial year | | <u>3</u> | <u>181</u> |

All amounts relate to continuing activities.

BULL RING (GP) LIMITED**BALANCE SHEET****As at 31 December 2020**

| | Note | 2020 £'000 | 2019 £'000 |
|--|------|---------------|---------------|
| Non-current assets | | | |
| Investments | 5(a) | 686 | 686 |
| Current assets | | | |
| Receivables | 6 | 472 | 486 |
| Current liabilities | | | |
| Payables | 7 | (25) | (42) |
| Net current assets | | <u>447</u> | <u>444</u> |
| Total assets less current liabilities | | <u>1,133</u> | <u>1,130</u> |
| Net assets | | <u>1,133</u> | <u>1,130</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 2 | 2 |
| Retained earnings | 10 | <u>1,131</u> | <u>1,128</u> |
| Total equity | | <u>1,133</u> | <u>1,130</u> |

The financial statements were authorised for issue by the Board of Directors on 17 June 2021 and were signed on its behalf.

**W.S. Austin**

Director

Registered Number: 03744396

BULL RING (GP) LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2020

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---|--|--|-----------------------------------|
| At 1 January 2019 | 2 | 947 | 949 |
| Profit and total comprehensive income for the financial year | - | 181 | 181 |
| At 31 December 2019 | 2 | 1,128 | 1,130 |
| Profit and total comprehensive income for the financial year | - | 3 | 3 |
| At 31 December 2020 | 2 | 1,131 | 1,133 |

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

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, Canada Pension Plan Investment Board 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") unless otherwise stated. The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

(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

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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 performed a detailed review of the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance. This involved preparing two forecast scenarios: a Base case and a Severe but plausible adverse case. The scenarios take into account the current and near-term assessment of the Partnership's principal risks.

The Covid-19 pandemic has significantly adversely affected the Partnership's operations with the imposition of restrictions including limiting footfall at the Partnership's properties and the closure of non-essential retail; reduced collections; and an increased level of tenant concessions and restructuring. These factors have resulted, and are expected to continue to result, in further downward pressure on both rents and property valuations. The Directors' scenario modelling has been undertaken against this backdrop and the key assumptions adopted for the scenarios are as follows:

Base case scenario

- a gradual relaxation of Covid-19 restrictions from April 2021 onwards. This scenario is consistent with the 'best case' timing of the opening of non-essential retail in England and Wales on 12 April 2021, as included in the 'Roadmap out of lockdown' announced by the UK Prime Minister on 22 February 2021;
- a slow, but sustained, recovery in sales and footfall; and
- a challenging retail occupational and investment market with further tenant restructuring and concessions to support weaker brands; and falling property valuations, principally in 2021.

Severe but plausible adverse scenario

Assumptions are as per the Base case scenario with the following additional adverse assumptions:

- a slower relaxation of Covid-19 restrictions, with non-essential retail remaining closed until the end of May 2021 and a weaker economic and consumer recovery thereafter including the re-imposition of some restrictions in the second half of 2021; and
- a further deterioration in the occupational retail market, with additional tenant restructuring, the provision of concessions to support brands, and the impairment and write-off of outstanding arrears. This results in lower income projections, with net rental income on a like-for-like basis being approximately 60% lower in 2021 than in 2019.

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

Subsequent to the preparation of the two forecast scenarios referred to above, government restrictions relating to non-essential retail have been lifted in line with the 'Roadmap out of lockdown', therefore the Directors are satisfied that both the Base case scenario and the Severe but plausible adverse scenario are appropriate. Under both the Base case scenario and the Severe but plausible scenario, 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 of the Partnership. Consequently they can continue to adopt the going concern basis in preparing the Company's financial statements.

(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.

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments

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

(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 2020.

BULL RING (GP) LIMITED

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

2. ADMINISTRATIVE EXPENSES

| | 2020 £'000 | 2019 £'000 |
|-------------|---------------|---------------|
| Audit fees* | <u>1</u> | <u>-</u> |

* The audit fee allocated to the audit of the Company for 2020 is £1,350 (2019: £1,260). The fee was paid by another group company in the preceding year.

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

The Directors did not receive any remuneration for their services from the Company in the year (2019: £nil), having been paid by other 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.

3. INVESTMENT INCOME

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Distributions receivable from The Bull Ring Limited Partnership | <u>26</u> | <u>221</u> |

4. TAXATION

(a) Tax charge

| | 2020 £'000 | 2019 £'000 |
|--------------------|---------------|---------------|
| UK corporation tax | <u>22</u> | <u>40</u> |

(b) Factors affecting total tax charge

The corporation tax charge for the year differs from the standard rate of corporation tax of 19% (2019: 19%). The differences are reconciled below:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | <u>25</u> | <u>221</u> |
| Profit at UK corporation tax rate of 19% (2019: 19%) | 5 | 42 |
| Effects of: | | |
| Distributions from fixed asset investments | (5) | (42) |
| Share of partnership taxable income | <u>22</u> | <u>40</u> |
| Total tax charge for the year | <u>22</u> | <u>40</u> |

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

5. INVESTMENTS

(a) Investment in The Bull Ring Limited Partnership

| | 2020 £'000 | 2019 £'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 2020 and 31 December 2020 | <u>3</u> | <u>-</u> | <u>3</u> |
| At 1 January 2019 and 31 December 2019 | <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.

6. RECEIVABLES: CURRENT ASSETS

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Amounts owed by The Bull Ring Limited Partnership | <u>472</u> | <u>486</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

| | 2020 £'000 | 2019 £'000 |
|-------------------------------|---------------|---------------|
| Other payables and accruals | 1 | - |
| Amounts owed to Hammerson plc | 2 | 2 |
| Corporation tax | <u>22</u> | <u>40</u> |
| | <u>25</u> | <u>42</u> |

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

BULL RING (GP) LIMITED

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

8. CALLED UP SHARE CAPITAL

| | 2020 £ | 2019 £ |
|--|--------------|--------------|
| 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 and liabilities are summarised by category below

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Financial assets | | |
| <i>Measured at amortised cost</i> | | |
| Amounts owed by The Bull Ring Limited Partnership | <u>472</u> | <u>486</u> |
| Financial liabilities | | |
| <i>Measured at amortised cost:</i> | | |
| Other payables and accruals | <u>1</u> | <u>-</u> |
| Amounts owed to Hammerson plc | <u>2</u> | <u>2</u> |
| | <u>3</u> | <u>2</u> |

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 current or preceding year.

BULL RING (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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 2020, 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 of these shareholders are Hammerson plc, Canada Pension Plan Investment Board and the UK Shopping Centre Fund, which are registered in England and Wales, Canada and Jersey, respectively.

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

| | |
|---|--|
| 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

Partnership registration: LP6353

THE BULL RING LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2020

THE BULL RING LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER

Year ended 31 December 2020

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 2020.

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 pages 4 and 5, together with an assessment of the impact the Covid-19 pandemic has had on the business and how this may affect its activities in the future.

2. RESULTS AND DISTRIBUTIONS

The Partnership made a loss for the financial year before partners' interests of £312,255,000 (2019: £143,675,000). Distributions of £5,747,000 were made during the year (2019: £48,087,000).

Net assets of the Partnership as at 31 December 2020 were £643,352,000 (2019: £961,354,000).

3. DIRECTORS OF THE GENERAL PARTNER

- (a) Mr. W.S. Austin, Mr. M. R. Bourgeois, 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 all the Directors of the General Partner, which were in place throughout the year and remain in place at the date of approval of this report.

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 2020 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.

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.

THE BULL RING LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2020

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 Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 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 also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 particular focus in 2020 has been the impact of the pandemic on the business and the Directors have worked closely with the Partners to ensure alignment when supporting tenants through rent concessions and restructuring. The asset manager provides the Directors 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 2020

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. Since the onset of the pandemic, the Directors have recognised the need to support brands, particularly while the Partnership's properties were closed. The asset manager reports on the performance of brands which are discussed at the Directors' board meetings. During 2020, the Directors continued to focus on the impact of the administrations and CVAs of certain retailers and brands, occupational plans and management of the Partnership's assets. The Directors worked hard to reach fair and reasonable agreements on rent during the lockdown periods and to reduce service charge budgets where practicable.

Consumers

Consumer confidence over the past year has been weak, which in turn has adversely affected spending. With the closure of non-essential retail, inevitably this has led to an increase in online shopping. Footfall has been significantly below 2019 levels, although there was an increase in Click & Collect facilities where permitted during the lockdowns. To make our customers' lives easier, a new feature was launched in the summer on the centres' website, which provided customers with live updates on how popular our centre was in real time, so they knew when to visit and beat the crowds.

Offering an engaging experience is crucial for the future of physical retail. The Directors continue to receive both quantitative and qualitative insights from the asset manager to understand consumer needs which inform decisions on creating a desirable destination for shopping, leisure and socialising and to inform investment decisions and identify revenue drivers.

Communities

The Partnership's assets make important social and economic contributions to its community. The pandemic has challenged families, businesses and community groups to an extent no one could have foreseen. The Directors ensure that through the asset management team, strong links are developed with local stakeholders to identify local needs and community projects and 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 Director of the General Partner is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- (b) the Director of the General Partner has taken all the steps that ought to have 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: 17 June 2021

THE BULL RING LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2020

Review of the business

Performance during the year

The Partnership's principal business is to hold certain investments in Birmingham including the Bullring Shopping Centre, which was affected by the Covid-19 pandemic. This unprecedented situation has had a significant impact, with footfall levels significantly below 2019 levels due to the closure of all non-essential retail during continued periods of national and local lockdown.

The asset management team have worked hard to reach fair and reasonable agreements with tenants, offering flexible repayment terms or rent waivers where appropriate. In spite of the proactive measures taken, rent collection was significantly below historic levels. After negotiation with tenants, approximately 73% of rent demanded in 2020 was collected by the Partnership at the balance sheet date.

Net rental income reduced principally as a result of increased provisioning due to the higher level of arrears and increased uncertainty as a consequence of the pandemic. During the year, the provision against trade receivables increased by £9,986,000 (2019: £323,000) and the provision against unamortised lease incentives increased by £1,323,000 (2019: £nil).

Car park income, commercialisation income and turnover rents all fell due to the closure of the majority of stores in periods of Covid-19 lockdown during the year.

Reduced income levels together with an outward yield movement have reduced the Partnership's property valuation. This reflects store closures during the lockdown periods and reduced leasing volumes, further exacerbated by increased levels of CVAs and administrations.

Administrative expenses increased due to the impairment provision against amounts due from the Limited Partners of £615,000 (2019: £nil).

The Partnership made an operating profit before property revaluation losses of £22,136,000 (2019: £45,348,000) and a total loss for the financial year of £312,255,000 before partners' interests (2019: £143,675,000).

Future prospects

The impact of Covid-19 has extended into 2021. The roll-out of a vaccination programme together with the lifting of Covid-19 restrictions should lead to a recovery as workers and shoppers return to the city centre. However, any significant re-emergence of Covid-19 or new variants thereof could also result in the imposition of further restrictions.

It is anticipated the Partnership's net rental income levels and property valuations will remain challenged in 2021. A sensitivity analysis of property valuation movements is included in note 1(l).

The Directors of the General Partner do not anticipate any significant change in the Partnership's principal activity in the foreseeable future.

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 £23,484,000 in 2020 compared with £46,107,000 in 2019. As shown in note 6(a) to the financial statements, the total capital expenditure incurred and amortisation of lease incentives was a net cost of £1,002,000 (2019: £4,359,000), and there was a revaluation loss of £334,402,000 during the year (2019: £189,059,000), and the total property valuation at 31 December 2020 was £627,750,000 (2019: £961,150,000). The IPD total return for the property was -32.6% in 2020 (2019: -12.7%).

THE BULL RING LIMITED PARTNERSHIP

STRATEGIC REPORT (CONTINUED)

Year ended 31 December 2020

Principal risks

Overview

2020 has been a year of unprecedented uncertainty and disruption, principally due to the Covid-19 pandemic. The restrictions introduced to fight the pandemic have severely affected the macro economy and wider society. The closure of non-essential retail has adversely impacted the vast majority of our brands. Footfall and sales were significantly lower than the prior year and this has led to valuation reductions, reduced rent collections and increased tenant failure.

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

Short term

The key short-term risk facing the Partnership relates to the Covid-19 pandemic and its impact on the business. Covid-19 restrictions, including the closure of non-essential retail, have caused severe financial stress for much of the retail market and caused record tenant failures in the UK. The Directors have agreed rental concessions to support tenants; however the moratorium on evictions has meant a significant number of tenants have withheld lease payments.

The positive impact on infection and transmission levels of the current lockdowns and vaccination programmes has allowed Covid-19 restrictions to be lifted from Spring, which should support the recovery of the retail market. However, should the Government introduce further national lockdowns or there is an 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 on-going and longer-term risk facing the Partnership relates to tenant exposure and the strength of the UK property market, the latter being impacted by increased online penetration and tenant failures. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The Directors monitor the UK property market through the analysis of market forecasts and the performance of the property assets are compared against target returns. The Partnership has a risk forum for managing the key development risks. The current challenges on the business presented by the Covid-19 pandemic have accentuated the significance of monitoring changes in tenants' covenants and the UK property market.

Reporting on section 172 of the Companies Act 2006

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

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



W. S. Austin

Director

Date: 17 June 2021

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 Partnership's affairs as at 31 December 2020 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 2020; 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 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

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

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

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

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

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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the General Partner for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

THE BULL RING LIMITED PARTNERSHIP

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

Use of this report

This report, including the opinions, 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 these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 June 2021

THE BULL RING LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

| | Note | 2020 £'000 | 2019 £'000 |
|---|-------------|-------------------------|-------------------------|
| Revenue | 3 | 53,310 | 65,635 |
| Rents payable and other property outgoings | 3 | (26,802) | (19,528) |
| Change in the provision for amounts not yet recognised in the statement of comprehensive income | 3 | <u>(3,024)</u> | <u>-</u> |
| Net rental income | 3 | 23,484 | 46,107 |
| Administrative expenses | 4 | <u>(1,348)</u> | <u>(759)</u> |
| Operating profit before property revaluation losses | | 22,136 | 45,348 |
| Revaluation losses on properties | 6(a) | <u>(334,402)</u> | <u>(189,059)</u> |
| Operating loss | | (312,266) | (143,711) |
| Net finance income | 5 | <u>11</u> | <u>36</u> |
| Loss and total comprehensive expense for the financial year before partners' interests | | <u>(312,255)</u> | <u>(143,675)</u> |

All amounts relate to continuing activities.

THE BULL RING LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2020

| | Note | 2020 £'000 | 2019 £'000 |
|--|------|---------------|---------------|
| Non-current assets | | | |
| Investment properties | 6(a) | 627,750 | 961,150 |
| Current assets | | | |
| Receivables | 7 | 15,734 | 5,547 |
| Restricted monetary assets | 8 | 2,577 | 9,825 |
| Cash and deposits | 9 | 29,169 | 12,625 |
| | | 47,480 | 27,997 |
| Current liabilities | | | |
| Payables | 10 | (29,944) | (26,497) |
| Net current assets | | 17,536 | 1,500 |
| Total assets less current liabilities | | 645,286 | 962,650 |
| Non-current liabilities | | | |
| Payables | 11 | (1,934) | (1,296) |
| Net assets | | 643,352 | 961,354 |
| Represented by: | | | |
| Partners' equity | | | |
| Partners' capital accounts | 12 | 149,151 | 149,151 |
| Partners' current accounts | 12 | 494,201 | 812,203 |
| Total Partners' equity | | 643,352 | 961,354 |

The financial statements were authorised for issue by the Directors of the General Partner on 17 June 2021 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 2020

| | Partners' capital accounts £'000 | Partners' current accounts £'000 | Total Partners' equity £'000 |
|---|---|---|---|
| At 1 January 2019 | 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 |
| Loss and total comprehensive expense for the financial year | - | (312,255) | (312,255) |
| Distributions to Partners | - | (5,747) | (5,747) |
| At 31 December 2020 | 149,151 | 494,201 | 643,352 |

THE BULL RING LIMITED PARTNERSHIP

CASH FLOW STATEMENT

For the year ended 31 December 2020

| | 2020 £'000 | 2019 £'000 |
|---|----------------|-----------------|
| Operating activities | | |
| Operating profit before property revaluation losses | 22,136 | 45,348 |
| Decrease/(Increase) in restricted monetary assets | 7,248 | (1,001) |
| Increase in receivables | (20,788) | (779) |
| Increase in payables | 2,400 | 2,390 |
| Non-cash items* | 15,626 | 1,966 |
| Cash generated from operations | 26,622 | 47,924 |
| Interest received | 12 | 37 |
| Interest paid | (1) | (1) |
| Cash flows from operating activities | 26,633 | 47,960 |
| Investing activities | | |
| Capital expenditure | (4,342) | (6,325) |
| Cash flows from investing activities | (4,342) | (6,325) |
| Financing activities | | |
| Distributions to Partners | (5,747) | (48,087) |
| Cash flows from financing activities | (5,747) | (48,087) |
| Increase/(Decrease) in cash and deposits in the year | 16,544 | (6,452) |
| Opening cash and deposits | 12,625 | 19,077 |
| Closing cash and deposits | 29,169 | 12,625 |

* In 2020, the adjustment for non-cash items has increased primarily due to the additional loss allowance provisioning against trade receivables and impairment provisions against lease incentives, totalling £11,309,000 and an increase in impairment provision against amounts due from the Limited Partners of £615,000. In 2019, the £323,000 increase in provision was included within 'Increase in receivables'. This has not been represented within 'Non-cash items' in the comparative figures above, as it is not considered material to the financial statements.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

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 performed a detailed review of the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance. This involved preparing two forecast scenarios: a Base case and a Severe but plausible adverse case. The scenarios take into account the current and near-term assessment of the Partnership's principal risks, which are explained in the Strategic Report on page 5.

The Covid-19 pandemic has significantly adversely affected the Partnership's operations with the imposition of restrictions including limiting footfall at the Partnership's properties and the closure of non-essential retail; reduced collections; and an increased level of tenant concessions and restructuring. These factors have resulted, and are expected to continue to result, in further downward pressure on both rents and property valuations. The Directors' scenario modelling has been undertaken against this backdrop and the key assumptions adopted for the scenarios are as follows:

Base case scenario

- a gradual relaxation of Covid-19 restrictions from April 2021 onwards. This scenario is consistent with the 'best case' timing of the opening of non-essential retail in England and Wales on 12 April 2021, as included in the 'Roadmap out of lockdown' announced by the UK Prime Minister on 22 February 2021;
- a slow, but sustained, recovery in sales and footfall; and
- a challenging retail occupational and investment market with further tenant restructuring and concessions to support weaker brands; and falling property valuations, principally in 2021.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(b) Going concern (continued)

Severe but plausible adverse scenario

Assumptions are as per the Base case scenario with the following additional adverse assumptions:

- a slower relaxation of Covid-19 restrictions, with non-essential retail remaining closed until the end of May 2021 and a weaker economic and consumer recovery thereafter including the re-imposition of some restrictions in the second half of 2021; and
- a further deterioration in the occupational retail market, with additional tenant restructuring, the provision of concessions to support brands, and the impairment and write-off of outstanding arrears. This results in lower income projections, with net rental income on a like-for-like basis being approximately 60% lower in 2021 than in 2019.

Subsequent to the preparation of the two forecast scenarios referred to above, government restrictions relating to non-essential retail have been lifted in line with the 'Roadmap out of lockdown', therefore the Directors are satisfied that both the Base case scenario and the Severe but plausible adverse scenario are appropriate. Under both the Base case scenario and the Severe but plausible scenario, 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.

In accordance with amendments to FRS 102 for Covid-19 related rent concessions, changes in rental income arising from rent concessions are recognised over the period that the change in lease payments is intended to compensate, unless there are other significant changes to the terms and conditions of the lease. Covid-19 related rent concessions which include a change to the lease term are capitalised within investment property additions and amortised over the lease term.

Movements in the impairment provisions against trade receivables and unamortised lease incentives are included within net rental income, as shown in note 3, either within 'other property outgoings' or 'change in the provision for amounts not yet recognised in the statement of comprehensive income'. Further details of the criteria used to assess the level of impairment provisions required are set out in note 1(l).

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 £573,000 (2019: £1,239,000) of contingent rents calculated by reference to tenants' turnover.

THE BULL RING LIMITED PARTNERSHIP

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

1. ACCOUNTING POLICIES (continued)

(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.

(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) Trade and other receivables and payables

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

(i) 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.

(j) 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.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(k) 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.

(l) Critical accounting policies and estimation uncertainties

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

The Partnership's critical judgements and areas of estimation uncertainty are in respect of property valuations and impairment provisions.

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 must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the financial statements.

Valuation backdrop

The valuation of the Partnership's properties, which are carried in the balance sheet at fair value, is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations. The outbreak of Covid-19 has impacted many aspects of the global economy, with some real estate markets, particularly the retail sector, having experienced lower levels of transaction activity and liquidity. Travel restrictions have been implemented by most countries and "lockdowns" applied to varying degrees resulting in restrictions to trading hours or closures. Local and national lockdowns may continue to be deployed as necessary across the country and the emergence of significant further outbreaks is possible.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(I) Critical accounting policies and estimation uncertainties (continued)

The pandemic and measures taken to tackle Covid-19 continue to affect economies and real estate markets globally, impacting both the investment and occupier markets. Furthermore, the longer-term impacts of Britain's exit from the EU on 31 January 2020 and the subsequent conclusion of the trade deal in December 2020 are as yet unknown.

Property valuations are further complicated by both a lack of transactional evidence to support yields, and a lack of rental evidence to support estimated rental values (ERVs), compared to prior years. Consequently, valuers are faced with an unprecedented set of circumstances on which to base their assumptions and significantly greater estimation uncertainty. Key areas of judgement highlighted in the valuation report included estimation of ERVs based on limited data points, the consideration of appropriate levels of void costs and rent-free periods, the impact of non-payment of rent as a consequence of Covid-19 and the basis of yield assumptions given the lack of relevant transactions of scale.

Valuation methodology

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to estimated future rental income streams reflecting contracted income reverting to ERV with appropriate adjustments for income voids arising from vacancies, lease expiries or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs to the valuations. Where comparable evidence of yield movement is lacking, valuers are reliant on sentiment or the movement of less comparable assets. At 31 December 2020, the valuers have also incorporated a number of changes to reflect the impact of Covid-19, including deductions to rent of up to six months for non-essential retailers, reduced income due to vacancy and a widening of yields to reflect the greater risk of tenant failure. Other factors that are taken into account include, but are not limited to, the location and physical attributes of the property, tenure, tenancy details, local taxes and environmental 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 and developers' profit. Properties held for future development are valued using the highest and best use method, by adopting the higher of the residual method of valuation allowing for all associated risks, and the investment method of valuation for the existing asset.

The Directors have satisfied themselves that the valuation process is sufficiently rigorous and supports the carrying value of the Partnership's properties in the financial statements.

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 2020 £'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 |
| 627,750 | 114,637 | (83,969) | 62,775 | (62,775) |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(I) Critical accounting policies and estimation uncertainties (continued)

Impairment provisions

The Partnership is operating in an environment of heightened uncertainty caused by Covid-19 and consequently additional scrutiny and judgement is required in assessing revenue recognition and the potential impairment of financial assets.

Up to and including 31 December 2019, the Partnership's collection rates were high, and therefore specific provision was made against trade and other receivables based on risk characteristics and ageing. Given the current uncertain operating environment, in 2020, the Directors adopted a provisioning matrix, grouping receivables dependent on the risk level, taking into account historic default rates, credit rating, ageing, and applying an appropriate provision percentage after taking into account VAT, rent deposits and personal or corporate guarantees held. Where information is available to suggest that a higher level of provisioning is required due to tenant failure or restructuring, a loss allowance provision is made against 100% of the tenant receivable or tenant incentive.

The table below presents the trade receivables due at the balance sheet date, and the total loss allowance analysed between amounts recognised before 31 December 2020 and those for which the corresponding credit to the statement of comprehensive income has yet to be recognised.

| | 2020 £'000 | 2019 £'000 |
|---|-----------------|---------------|
| Trade receivables | 22,403 | 2,173 |
| Loss allowance provision for amounts: | | |
| - recognised in the statement of comprehensive income | (7,285) | (323) |
| - not yet recognised in the statement of comprehensive income | (3,024) | - |
| | <u>(10,309)</u> | <u>(323)</u> |
| Net receivable (see note 7) | <u>12,094</u> | <u>1,850</u> |

The Directors have adopted a similar provisioning matrix to tenant incentives, by grouping unamortised incentives dependent on the risk level, taking into account historic default rates, and credit ratings, and applying an appropriate provision percentage. Provisioning rates against unamortised tenant incentives are lower than those against trade receivables as the credit risk of tenants not paying rent for future periods, and hence unamortised tenant incentives not being recovered, is lower than the credit risk on trade receivables.

The table below presents the unamortised tenant incentives at the balance sheet date, together with the loss allowance provision.

| | 2020 £'000 | 2019 £'000 |
|-------------------------------|----------------|---------------|
| Unamortised tenant incentives | 5,314 | 8,183 |
| Loss allowance provision | <u>(1,323)</u> | <u>-</u> |
| | <u>3,991</u> | <u>8,183</u> |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

(I) Critical accounting policies and estimation uncertainties (continued)

As a result of the above, two additional sources of impairment loss have been recognised within the statement of comprehensive income for the year ended 31 December 2020:

- Provision for amounts not yet recognised in the statement of comprehensive income: The movement in the loss allowance provision in the period against trade receivables at the balance sheet date which relate to a future reporting period and where the corresponding liability is classified within payables, including rent and service charge arrears. This principally relates to quarterly demands in advance in the UK which were due on 25 December 2020. This cost is not deemed to be a direct property operating expense, as it is not attributable to income recognised in the financial period and has therefore been excluded from other property outgoings, but included as a separate line item within the statement of comprehensive income within net rental income as shown in note 3. Bad debt expense relating to amounts recognised in the statement of comprehensive income in the period will continue to be recorded within other property outgoings.
- Provision for impairment of unamortised tenant incentives: The movement in the loss allowance provision in the period against unamortised tenant incentives held within investment properties, including cash incentives and rent-free periods, included within other property outgoings. Tenant incentive amortisation will continue to be recognised within revenue.

In addition, the Directors have assessed the recoverability of amounts due from related undertakings, taking into account the value of their underlying net assets. A loss allowance provision against amounts due from the Limited Partners was made as at 31 December 2020 of £615,000 (2019: £nil).

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% (2019: 0.46%) in the profits and assets of the Partnership.
- (c) At 31 December 2020, Hammerson Bull Ring Limited and Bull Ring Joint Venture Unit Trust acting as Limited Partners had interests of 33.18% (2019: 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% (2019: 16.9218%) and 16.2582% (2019: 16.2582%) respectively in the profits and assets of the Partnership.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

3. NET RENTAL INCOME

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Base rent | 37,248 | 42,534 |
| Turnover rent | 573 | 1,239 |
| Car park income | 4,785 | 8,592 |
| Lease incentive recognition | (1,945) | (1,387) |
| Other rental income | 3,057 | 3,606 |
| Gross rental income | 43,718 | 54,584 |
| Service charge income | 9,592 | 11,051 |
| Revenue | 53,310 | 65,635 |
| Service charge expenses | (10,977) | (11,869) |
| Inclusive lease costs recovered through rent | (283) | (429) |
| Other property outgoings* | (15,542) | (7,230) |
| Rents payable and other property outgoings | (26,802) | (19,528) |
| Change in the provision for amounts not yet recognised in the statement of comprehensive income | (3,024) | - |
| Net rental income | 23,484 | 46,107 |

* Includes change in provision against trade receivables, for amounts recognised in the statement of comprehensive income, of £6,962,000 (2019: £323,000) and change in provision against unamortised tenant incentives of £1,323,000 (2019: £nil).

4. ADMINISTRATIVE EXPENSES

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Management fees payable to Hammerson UK Properties plc | 759 | 759 |
| Valuation fees | 45 | 85 |
| Impairment of amounts owed by Limited Partners (see note 7) | 615 | - |
| Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements | 26 | 11 |
| Insurance administration credit | (92) | (124) |
| Other (income)/expenses | (5) | 28 |
| | 1,348 | 759 |

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 (2019: £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.

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

5. NET FINANCE INCOME

| | 2020 £'000 | 2019 £'000 |
|------------------------|---------------|---------------|
| Interest receivable | 12 | 37 |
| Other interest payable | (1) | (1) |
| | <u>11</u> | <u>36</u> |

6. INVESTMENT PROPERTIES

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

| | 2020 £'000 | 2019 £'000 |
|-----------------------------------|------------------|------------------|
| Long leasehold | | |
| At 1 January | 961,150 | 1,145,850 |
| Additions | 6,027 | 6,325 |
| Amortisation of lease incentives* | (5,025) | (1,966) |
| Revaluation loss | <u>(334,402)</u> | <u>(189,059)</u> |
| At 31 December | <u>627,750</u> | <u>961,150</u> |

* Includes increase in provision against unamortised tenant incentives of £1,323,000 (2019: £nil). See note 1(l) for further details.

(b) The properties are stated at fair value at 31 December 2020, valued by professionally qualified external valuers, CBRE Limited, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2017 based on certain assumptions as set out in note 1(l).

(c) The historical cost of investment property at 31 December 2020 was £487,355,000 (2019: £486,353,000).

(d) At 31 December 2020 the Company had capital commitments of £21,800,000 (2019: £17,800,000).

7. RECEIVABLES: CURRENT ASSETS

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Trade receivables | 12,094 | 1,850 |
| Amounts owed by Hammerson UK Properties plc | 1,865 | - |
| Amounts owed by Limited Partners | 89 | 1,024 |
| Other receivables | 1,516 | 1,937 |
| Prepayments | <u>170</u> | <u>736</u> |
| | <u>15,734</u> | <u>5,547</u> |

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

Trade receivables and other receivables are shown after deducting loss allowance provisions of £10,309,000 (2019: £323,000) and £119,000 (2019: £nil) respectively. In addition, amounts owed by Limited Partners are shown after a loss allowance provision of £615,000 (2019: £nil).

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

8. RESTRICTED MONETARY ASSETS

| | 2020 £'000 | 2019 £'000 |
|--------------------------------------|---------------|---------------|
| Cash held on behalf of third parties | <u>2,577</u> | <u>9,825</u> |

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

9. CASH AND DEPOSITS

| | 2020 £'000 | 2019 £'000 |
|--------------|---------------|---------------|
| Cash at bank | <u>29,169</u> | <u>12,625</u> |

At 31 December 2020, the Partnership's managing agent held cash of £5,230,000 (2019: £1,764,000) 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.

10. PAYABLES: CURRENT LIABILITIES

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Trade payables | 10,240 | 14,966 |
| Amounts due to Hammerson UK Properties plc | - | 41 |
| Amounts due to Hammerson Group Management Limited | 144 | 370 |
| Amounts due to Hammerson Operations Limited | 22 | 2 |
| Amounts due to Bull Ring (GP) Limited | 472 | 486 |
| Amounts owed to Limited Partners | 1,216 | - |
| Other payables and accruals | 10,193 | 2,699 |
| Deferred income | <u>7,657</u> | <u>7,933</u> |
| | <u>29,944</u> | <u>26,497</u> |

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

11. PAYABLES: NON-CURRENT LIABILITIES

| | 2020 £'000 | 2019 £'000 |
|---------------------------|---------------|---------------|
| Other payables | | |
| - Within one to two years | 1,144 | 402 |
| - Over five years | <u>790</u> | <u>894</u> |
| | <u>1,934</u> | <u>1,296</u> |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

12. PARTNERS' EQUITY

| | 2020 £'000 | 2019 £'000 |
|----------------------------|-----------------------|-----------------------|
| Partners' capital accounts | | |
| - General Partner | 686 | 686 |
| - Limited Partners | <u>148,465</u> | <u>148,465</u> |
| | 149,151 | 149,151 |
| Partners' current accounts | <u>494,201</u> | <u>812,203</u> |
| | <u>643,352</u> | <u>961,354</u> |

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.

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.

| | 2020 £'000 | 2019 £'000 |
|------------------------|-----------------------|-----------------------|
| Within one year | 29,687 | 33,039 |
| From one to two years | 27,651 | 30,141 |
| From two to five years | 56,212 | 67,670 |
| Over five years | <u>44,617</u> | <u>50,091</u> |
| | <u>158,167</u> | <u>180,941</u> |

14. FINANCIAL INSTRUMENTS

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

| | 2020 £'000 | 2019 £'000 |
|---|----------------------|----------------------|
| Financial assets | | |
| <i>Measured at amortised cost:</i> | | |
| Trade receivables | 12,094 | 1,850 |
| Amounts owed by Limited Partners | 89 | 1,024 |
| Amounts owed by Hammerson UK Properties plc | 1,865 | - |
| Other receivables | 1,516 | 1,937 |
| Restricted monetary assets | 2,577 | 9,825 |
| Cash at bank | <u>29,169</u> | <u>12,625</u> |
| | <u>47,310</u> | <u>27,261</u> |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

14. FINANCIAL INSTRUMENTS (continued)

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Financial liabilities | | |
| <i>Measured at amortised cost:</i> | | |
| Trade payables | 10,240 | 14,966 |
| Amounts due to Hammerson UK Properties plc | - | 41 |
| Amounts due to Hammerson Group Management Limited | 144 | 370 |
| Amounts due to Hammerson Operations Limited | 22 | 2 |
| Amounts due to Bull Ring (GP) Limited | 472 | 486 |
| Amounts owed to Limited Partners | 1,216 | - |
| Other payables and accruals | 10,193 | 2,699 |
| Payables: Non-current liabilities | 1,934 | 1,296 |
| | 24,221 | 19,860 |

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

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Movement on impairment provision against trade receivables: | | |
| - recognised in the statement of comprehensive income | 6,962 | 323 |
| - not yet recognised in the statement of comprehensive income | 3,024 | - |
| | 9,986 | 323 |
| Movement on impairment provision against: | | |
| - amounts due from Limited Partners | 615 | - |
| - other receivables | 119 | - |
| Net finance income (see note 5) | 11 | 36 |

15. ADVANCES, CREDIT AND GUARANTEES

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

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 |

THE BULL RING LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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