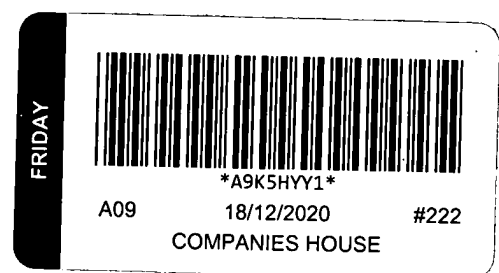


Registered number
03934576

SAC GP Limited
Report and Financial Statements
31 March 2020



SAC GP Limited
Report and Financial Statements
Contents

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Balance sheet	4
Notes to the financial statements	5

SAC GP Limited
Company information

Directors

Russell Black

Ian Cody

Diane Duncan (appointed 28 February 2020)

Jennifer Lisbey (resigned 28 February 2020)

Secretary

Hermes Secretariat Limited

Sixth Floor

150 Cheapside

London

England

EC2V 6ET

Registered office

Sixth Floor

150 Cheapside

London

England

EC2V 6ET

Registered number

03934576

SAC GP Limited
Directors' report for the year ended 31 March 2020

The directors present their report together with the financial statements for the year ended 31 March 2020. The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Results

The financial position at year end is set out on the balance sheet on page 4.

The directors do not recommend the payment of a dividend (2019: nil).

Principal activities and review of the business

The company is entitled to the first available profits of Tower Hill Retail Limited Partnership (the "Partnership") which is engaged in the business of commercial property development and investment. The profit share of SAC GP Limited (the "Company") is limited to a maximum of £5,000 per annum. The Company has agreed to waive its entitlement to any share of partnership profits.

During the year the Company has acted solely as the General Partner of Tower Hill Retail Limited Partnership and under the terms of the partnership agreement, dated 4 July 2000, all the costs incurred in acting as the General Partner are to be met by the partnership. These costs have been reflected within the Partnership's financial statements.

The Company will continue in this activity for the foreseeable future.

Profit and Loss account

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gain or losses during either the year under review or the preceding accounting year. There have been no movements in shareholders' funds during the year under review or the preceding accounting year.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Russell Black
Ian Cody
Diane Duncan
Jennifer Lisbey

Jennifer Lisbey resigned as a director effective from 28 February 2020. Diane Duncan was appointed as a director effective from 29 February 2020.

None of the directors held any beneficial or family interest in the company during the year.

No director was paid a fee for their services during the year (2019: nil).

SAC GP Limited

Directors' report for the year ended 31 March 2020 (continued)

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 these financial statements, the directors are required to:

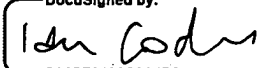
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors

The Company has passed the following elective resolution on 27 October 2005, that pursuant to the Companies Act 2006, the company hereby elects to dispense with the obligation to appoint auditors annually.

This report was approved by the board of directors on 29 September 2020 and signed on their behalf by:

DocuSigned by:

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Ian Cody
Director

Date 30/9/2020 | 17:29 BST

SAC GP Limited
Balance Sheet
as at 31 March 2020

	Note	2020 £	2019 £
Non-current assets			
Investments	3	1	1
Current assets			
Debtors	4	500	500
Creditors: amounts falling due within one year	5	(1)	(1)
Net current assets		<u>499</u>	<u>499</u>
Total assets less current liabilities		<u><u>500</u></u>	<u><u>500</u></u>
Capital and reserves			
Called up share capital	6	500	500
Total shareholders' funds	7	<u><u>500</u></u>	<u><u>500</u></u>

Notes 1 to 10 form part of these financial statements.

The directors are satisfied that the Company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

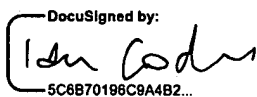
Members have not required the Company to obtain an audit in accordance with section 476 of the Act.

The directors of the Company have elected not to include a copy of the income statement within the financial statements.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

The financial statements on pages 4 to 6 were approved by the board of directors on 29 September 2020 and signed on their behalf by:

DocuSigned by:

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Ian Cody
 Director

Date 30/9/2020 | 17:29 BST

SAC GP Limited
Notes to the financial statements
for the year ended 31 March 2020

1 Accounting policies

Accounting convention

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. Including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Cash flow statement

The Company has taken advantage of exemptions available under FRS 102 not to present a cashflow statement as it meets the definition of a small entity as set out in FRS 102.

Investments

Investments represent an interest in Tower Hill Retail Limited Partnership. Investments are carried at cost unless the directors consider that there has been a permanent impairment in value, in which case the diminution would be recorded in the Profit and Loss Account.

Investment income

Income from investments is recognised on an accruals basis.

2 Operating Profit

All operating costs of the Company are incurred and paid on its behalf by Tower Hill Retail Limited Partnership.

The Company received no income nor paid any expenses for the year (2019: £nil) and accordingly no profit for the year (2019: £nil).

The directors received no emoluments in respect of their services to the Company (2019:£ nil). The Company had no employees during the year (2019: £nil).

3 Investments

Cost and net book value

At 1 April 2019 and 31 March 2020

Unlisted Investment
£
<u>1</u>

The directors believe that the carrying value of the investment is supported by its underlying net assets.

Unlisted investment represents an investment of £1 in Tower Hill Retail Limited Partnership.

4 Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	<u>500</u>	<u>500</u>

Amounts owed by group undertakings are unsecured. There is no maturity date and there is no interest payable on this amount.

SAC GP Limited
Notes to the financial statements
for the year ended 31 March 2020

5 Creditors: amounts falling due within one year	2020	2019
	£	£
Amounts owed to group undertakings	<u>1</u>	<u>1</u>

Amounts owed to group undertakings are unsecured. There is no maturity date and there is no interest payable on this amount.

6 Called up share capital	2020	2019
	£	£
Authorised:		
Ordinary 'A' shares of £1 each	500	500
Ordinary 'B' shares of £1 each	<u>500</u>	<u>500</u>
	<u>1,000</u>	<u>1,000</u>
	2020	2019
	£	£
Allotted, called up and not yet paid:		
Ordinary 'A' shares of £1 each	250	250
Ordinary 'B' shares of £1 each	<u>250</u>	<u>250</u>
	<u>500</u>	<u>500</u>

"A" shares and "B" shares have nil votes per share and therefore have equal voting rights, they also have equal rights on the winding up of the Company.

7 Reconciliation of movements in shareholders' funds	2020	2019
	£	£
At 1 April 2019 and 31 March 2020	<u>500</u>	<u>500</u>

8 Related parties

SAC GP Limited is the General Partner of Tower Hill Retail Limited Partnership. At 31 March 2020 and 31 March 2019 the following amounts were outstanding:

	2020	2019
	£	£
Amounts owed to Tower Hill Retail Limited Partnership	(1)	(1)
Amounts owed by Nextlinks Limited	250	250
Amounts owed by Britel Fund Nominees Limited	250	250

9 Ultimate parent company and controlling party

The immediate parent undertakings are Britel Fund Nominees Limited and Nextlinks Limited. The ultimate parent undertakings and controlling parties are Hermes Property Unit Trust, an exempt unauthorised unit trust and Britel Fund Trustees Limited, a company incorporated in the England and Wales.

Hermes Property Unit Trust and Britel Fund Trustees Limited are the parent undertakings of the largest and smallest group of undertakings to consolidate these financial statements as at 31 March 2020 and 31 March 2019 respectively. The financial statements of both the Hermes Property Unit Trust and Britel Fund Trustees Limited can be obtained from Sixth Floor, 150 Cheapside, London, England, EC2V 6ET.

10 Subsequent events

There were no subsequent events occurring after the balance sheet date but before the signing date of this report.

Registered number
LP6986

Tower Hill Retail Limited Partnership

Report and Financial Statements

31 March 2020

**Tower Hill Retail Limited Partnership
Report and Financial Statements
Contents**

	Page
Partnership information	1
General Partner's report	2
Independent auditors' report	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

**Tower Hill Retail Limited Partnership
Partnership Information**

General Partner

SAC GP Limited
150 Cheapside
London
EC2V 6ET

Limited Partners

Hermes Property Unit Trust and Britel Fund Trustees Limited
150 Cheapside
London
EC2V 6ET

Operator

Hermes Alternative Investment Management Limited
150 Cheapside
London
EC2V 6ET

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Independent valuers

Knight Frank LLP
55 Baker Street
London
W1U 8AN

Solicitors

Bryan Cave Leighton Paisner LLP
Adelaide House
London Bridge
London
EC4R 9HA

Registered number

LP6986

Tower Hill Retail Limited Partnership General Partner's Report for the year ended 31 March 2020

The General Partner presents its report and audited financial statements for the year ended 31 March 2020.

Principal activities and review of the business

Tower Hill Retail Limited Partnership (the "Partnership") is registered in England and Wales. The principal activity of the Partnership is to acquire, develop, hold, manage and otherwise deal with commercial property with a view of maximising the total investment return from the properties. The General Partner considers that the loss for the year and the net current liabilities is impacted by the uncertainties of COVID-19. The Partnership believes the outlook for the future is favourable while the year on year loss is decreasing substantially. The results for the year are set out in the profit and loss account.

On 11 March 2020, the World Health Organisation declared that the COVID-19 outbreak to be a pandemic. On 23 March 2020, the United Kingdom was put into lockdown for an undetermined amount of time in an unprecedented attempt to limit the virus. This has had a significant impact on real estate investments and the real estate industry in general. The Partnership's independent valuers have issued a statement highlighting the material uncertainty caused by this.

The Partnership

Tower Hill Retail Limited Partnership is bound by the Limited Partnership Agreement dated 4 July 2000 and the Deed of Variation on 26 October 2005.

The Partners

The members of the Partnership who were in office during the year and up to the date of signing the financial statements were SAC GP Limited, Britel Fund Trustees Limited and NatWest Trustee and Depository Services Limited as Trustee for the Hermes Property Unit Trust.

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

The General Partner is SAC GP Limited 1

The Limited Partners are:

NatWest Trustee and Depository Services Limited as trustee for Hermes Property Unit Trust	2,441
Britel Fund Trustees Limited	2,441

Capital Contributions

No capital contributions were made during the year (2019: none).

Rights and entitlements of Partners

The profits and losses of the Partnership are to be shared among the Partners as follows:

SAC GP Limited	0.02% (up to a maximum of £5,000 per annum)
Hermes Property Unit Trust	49.99%
Britel Fund Trustees Limited	49.99%

**Tower Hill Retail Limited Partnership
General Partner's Report for the year ended 31 March 2020 (continued)**

Statement of general partner's responsibilities in respect of the financial statements

The General Partner is responsible for preparing the limited partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice for management purposes.

The General Partner must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs of the limited partnership and of the profit or loss of the limited partnership for that period. In preparing the financial statements, the General Partner is responsible for:

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

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

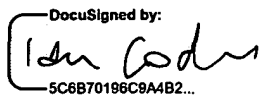
The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the limited partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited partnership.

As far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditors are unaware. The General Partner has taken all steps that it ought to have taken in its duty as General Partner in order to make itself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP, registered auditors, having consented to act, have been appointed auditors of the Partnership to hold office until the General Partner determines otherwise.

The General Partner approved this report on 29 September 2020.

DocuSigned by:

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SAC GP Limited
General Partner

Date 30/9/2020 | 17:29 BST

Ian Cody

**Tower Hill Retail Limited Partnership
INDEPENDENT AUDITORS' REPORT
TO THE PARTNERS OF TOWER HILL RETAIL LIMITED PARTNERSHIP**

Report on the audit of the financial statements

Opinion

In our opinion, Tower Hill Retail Limited Partnership's financial statements:

- give a true and fair view of the state of the limited partnership's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the provisions of the Limited Partnership Agreement.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020 and the Profit and Loss Account 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 limited 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.

Emphasis of matter - Significant estimation uncertainty in relation to the valuation of investment property

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 1 (Accounting policies) and 4 (Investment properties) to the financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of investment properties of £47m included in the Balance sheet as at 31 March 2020. The third party valuers engaged by management have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic.

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

**Tower Hill Retail Limited Partnership
INDEPENDENT AUDITORS' REPORT
TO THE PARTNERS OF TOWER HILL RETAIL LIMITED PARTNERSHIP**

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

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.

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 set out on page 3, 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 limited 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 limited partnership or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the partners as a body in accordance with the Limited Partnership Agreement and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the limited partnership, save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
30 September 2020

**Tower Hill Retail Limited Partnership
Profit and Loss Account
for the year ended 31 March 2020**

	Note	2020 £	2019 £
Turnover	2	2,750,944	3,687,206
Service charge income		993,335	796,264
Net property costs		(1,372,806)	(821,314)
Gross profit		<u>2,371,473</u>	<u>3,662,156</u>
Administrative expenses		15,138	(45,485)
Operating profit	3	<u>2,386,611</u>	<u>3,616,671</u>
Net unrealised loss on revaluation of investment properties		(1,937,900)	(7,415,349)
Finance income		439	1,112
Profit/(Loss) before finance costs		<u>449,150</u>	<u>(3,797,566)</u>
Finance costs - distributions	7	(2,387,050)	(3,616,671)
Loss for the financial year		<u><u>(1,937,900)</u></u>	<u><u>(7,414,237)</u></u>

All activities were continuing throughout the above two financial years.

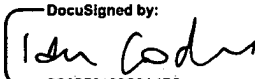
Notes 1 to 11 form part of these financial statements.

Tower Hill Retail Limited Partnership
Balance Sheet
as at 31 March 2020

	Note	2020 £	2019 £
Non current assets			
Investment properties	4	47,392,536	49,112,893
Debtors	5	<u>277,703</u>	<u>168,883</u>
		47,670,239	49,281,776
Current assets			
Debtors	5	545,853	238,894
Cash and deposits		<u>2,499,775</u>	<u>2,674,106</u>
		3,045,628	2,913,000
Creditors: amounts falling due within one year			
	6	<u>(3,099,328)</u>	<u>(2,640,337)</u>
Net current (liabilities)/asset		(53,700)	272,663
Total net assets attributable to partners		<u>47,616,539</u>	<u>49,554,439</u>
Capital and reserves			
Partners' capital accounts	7	4,883	4,883
Partners' loan accounts	7	50,907,618	50,907,618
Partners' current accounts - unrealised Loss	7	<u>(3,295,962)</u>	<u>(1,358,062)</u>
Partnership funds		<u>47,616,539</u>	<u>49,554,439</u>

Notes 1 to 11 form part of these financial statements.

The financial statements on pages 6 to 12 have been approved by the members on 29 September 2020 and signed on behalf of the members by

DocuSigned by:

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SAC GP Limited
 General Partner

Ian Cody

Date 30/9/2020 | 17:29 BST

**Tower Hill Retail Limited Partnership
Notes to the Financial Statements
for the year ended 31 March 2020**

1 Accounting policies

Basis of Accounting

Tower Hill Retail Limited Partnership is a Partnership registered in England and Wales. The address of the registered office is given on page 1. The nature of the Partnership's operations and its principal activities are set out in the General Partner's report on pages 2 to 3.

These financial statements have been prepared on a going concern basis, in accordance with the historical cost accounting convention as modified by the revaluation of investment properties, as described below, and in accordance with applicable law and United Kingdom Accounting Standards and in accordance with the partnership agreement.

On 11 March 2020, the World Health Organisation declared that the COVID-19 outbreak to be a pandemic. On 23 March 2020, the United Kingdom was put into lockdown for an undetermined amount of time in an unprecedented attempt to limit the spread of the virus. This has had significant impact on real estate investments and the real estate industry in general. The Partnership's independent valuers have issued a statement highlighting the material uncertainty caused by this which can be read below in the Investment Property policy.

The Partnership's Manager has considered the inherent risks to the Partnership's business model, including the impact of COVID-19, and analysed how those risks might affect the Partnership's financial resources or ability to continue operations over the going concern period. The conclusion of these considerations is that the Partnership has sufficient resources to meet its obligations as they fall due and the Partnership Manager is satisfied that at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

Cash Flow Statement

The Partnership has taken advantage of exemptions available under FRS 102 not to present a cash flow statement as it meets the definition of a small entity as set out in FRS 102.

Valuation of Investments

Investment properties are initially recognised at cost and subsequently measured at fair value. The freehold and leasehold investment properties are valued on a monthly basis by the Partnership's independent valuers, Knight Frank LLP, on the basis of Market Value in accordance with RICS Appraisal and Valuation Standards. Any surplus or deficit arising on revaluation is included in Unrealised Profit in Unit holders' funds.

Knight Frank LLP have issued the 25 March 2020 property valuation with the following statement to highlight market uncertainty:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review."

Knight Frank LLP have confirmed that there was no movement in valuation between 26 and 31 March 2020.

Tower Hill Retail Limited Partnership
Notes to the Financial Statements (continued)
for the year ended 31 March 2020

1 Accounting policies (continued)

Income and expenditure

Rental income, interest and expenditure are accounted for on an accrual basis. Rental income is recognised on a straight line basis over the term of the lease, even if payments are not made as such. Incentives paid to enter into an operating lease are debited to the profit and loss account, to reduce the rental income, on a straight line basis over the period of the lease. The Partnership has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 April 2014) and continues to debit such lease incentives to rental income over the period to the first review date on which the rent is adjusted to market rates. Lease incentives are recorded within debtors and a corresponding reduction is made to property valuations.

Distributions

As the Partnership has a finite life, capital contributed by the partners is not regarded as equity in accordance with FRS102. Therefore all distributions are treated as finance costs. Capital received from the sale of property is reinvested into the Partnership.

Taxation

No taxation is provided as the tax liabilities on the Partnership's profits are a liability of the partners and not of the Partnership.

Creditors

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Debtors

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified.

Cash and deposits

Cash and deposits includes cash at bank, cash in hand and overnight deposits.

Significant Accounting Estimates

The Partnership's key source of estimation relates to the valuation of the property portfolio where external valuations are obtained from the Partnership's independent valuers. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is no assurance that the estimates will reflect the actual sales price even where a sale occurs shortly after the valuation date.

2 Turnover

Turnover is attributable to the principal activity, property investment and development. The whole turnover, being rental income, arises within the United Kingdom.

3 Operating profit

2020	2019
£	£

This is stated after charging:

Auditors' remuneration for audit services

10,441	9,944
--------	-------

The Partnership had no employees during the year (2019: nil).

Tower Hill Retail Limited Partnership
Notes to the Financial Statements (continued)
for the year ended 31 March 2020

4 Investment Properties

	Freehold £	Lease Incentives £	Investment Properties £
Valuation			
At 1 April 2019	49,299,999	(187,106)	49,112,893
Additions	217,543	-	217,543
Loss on revaluation	(1,817,542)	(120,358)	(1,937,900)
Disposals	-	-	-
At 31 March 2020	<u>47,700,000</u>	<u>(307,464)</u>	<u>47,392,536</u>
Historical Cost			
At 31 March 2020			<u>50,672,585</u>
At 31 March 2019			<u>50,455,042</u>

The table below shows the results of the Trust Manager's evaluation of the sensitivity of the property portfolio valuation to changes in unobservable inputs to a reasonable alternative:

	As of 25 March 2020		Change in fair value	
	Fair value £000	Unobservable input	+25bps £000	+50bps £000
Investment properties	47,700	Equivalent yield	(1,800)	(3,480)

Investment properties were valued as at 25 March 2020 by an independent valuer in accordance with the appraisal and valuation manual of the Royal Institute of Chartered Surveyors on the basis of open market value. Investment properties are initially recognised at cost and subsequently measured at fair value. The freehold and leasehold investment properties are valued on a monthly basis by the Partnership's independent valuers, Knight Frank LLP, on the basis of Market Value in accordance with RICS Appraisal and Valuation Standards. Any surplus or deficit arising on revaluation is included in Unrealised Profit in Unit holders' funds. Knight Frank LLP have confirmed that there was no movement in valuation between 26 and 31 March 2020.

Knight Frank LLP have issued the 25 March 2020 property valuation with the following statement to highlight market uncertainty:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review."

The valuers have recent experience in the location and class of the investment property being valued.

Tower Hill Retail Limited Partnership
Notes to the Financial Statements (continued)
for the year ended 31 March 2020

5 Debtors			2020	2019
			£	£
Trade debtors			467,275	125,174
Other debtors			48,817	91,827
Prepayments and accrued income			-	3,670
due within one year			29,761	18,223
due after more than one year			277,703	168,883
			<u>823,556</u>	<u>407,777</u>
6 Creditors: amounts falling due within one year			2020	2019
			£	£
Trade creditors			10,168	10,097
Other taxes			109,883	193,760
Other creditors			34,003	35,990
Accruals and deferred income			551,524	789,220
Distributions			2,393,750	1,611,270
			<u>3,099,328</u>	<u>2,640,337</u>
7 Partners' accounts				
	SAC GP Limited	Hermes Property Unit Trust	Britel Fund Trustees	Total
	£	£	£	£
Capital accounts				
At 1 April 2019 and at 31 March 2020	1	2,441	2,441	4,883
Loan Accounts				
At 1 April 2019 and at 31 March 2020	-	25,453,809	25,453,809	50,907,618
Current Accounts				
Balance at 1 April 2019	-	(679,031)	(679,031)	(1,358,062)
Profit before finance costs	-	224,575	224,575	449,150
Distribution paid	-	-	-	-
Distribution payable	-	(1,193,525)	(1,193,525)	(2,387,050)
At 31 March 2020	-	<u>(1,647,981)</u>	<u>(1,647,981)</u>	<u>(3,295,962)</u>
Total Partners' Accounts				<u>47,616,539</u>

Tower Hill Retail Limited Partnership
Notes to the Financial Statements (continued)
for the year ended 31 March 2020

8 Related parties

The General Partner of Tower Hill Retail Limited Partnership is SAC GP Limited and the joint limited partners are Natwest Bank plc as trustee for Hermes Property Unit Trust and Britel Fund Trustees Limited.

As at 2020 and 2019 the following amounts were outstanding:	2020	2019
	£	£
Amounts owed to Hermes Property Unit Trust	(1,193,525)	(802,285)
Amounts owed to Britel Fund Trustees Limited	(1,193,525)	(802,285)

For its services, the General Partner is entitled to receive up to a maximum of £5,000 per annum of the profits of the Partnership as contained in clause 15 of the Limited Partnership Agreement. The General Partner did not receive any Partnership profits during the year (2019: nil).

All related party transactions have been disclosed in note 7 of the financial statements. There have been no other material related party transactions.

9 Controlling party

The joint controlling parties are Natwest Trustee and Depositary Services Limited, an exempt unauthorised unit trust and Britel Fund Trustees Limited. The financial statements of both Hermes Property Unit Trust and Britel Fund Trustees Limited can be obtained from the registered office of these entities.

10 Future Minimum Lease Payments

At the balance sheet date the Partnership had the following future minimum lease rental income receivable under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than one year	1,769,766	2,664,045
Later than one year and not later than five years	4,413,906	6,434,197
Later than five years	<u>2,194,610</u>	<u>1,946,236</u>
	<u><u>8,378,282</u></u>	<u><u>11,044,478</u></u>

11 Subsequent events

There were no subsequent events occurring after the balance sheet date but before the signing date of this report.