

Company Number 03744383

MARTINEAU GALLERIES (GP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2015

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MARTINEAU GALLERIES (GP) LIMITED

REPORT OF THE DIRECTORS Year ended 31 December 2015

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 for The Martineau Galleries Limited Partnership which develops and holds for investment and development Martineau Galleries shopping centre in Birmingham. On 27 March 2015, subsidiaries of Land Securities Group PLC and Phoenix Group Holdings sold their interest in Martineau Galleries (GP) Limited to subsidiary undertakings of Hammerson plc

2 CHANGE IN ACCOUNTING FRAMEWORK

The Company has adopted Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") for the first time this year. In the previous year, the Company had applied applicable International Financial Reporting Standards (IFRS) as adopted by the European Union. The impact of this change is described in note 11

3 RESULTS AND DIVIDENDS

The profit for the year after tax was £6,000 (2014 £5,000). The Directors do not recommend the payment of a dividend for the year (2014 £nil)

4 DIRECTORS

- (a) Mr W S Austin, Mr P F Cooper and Mr M Plocica were Directors of the Company throughout the year
- (b) Mr P Alonzi and Mr M B Watt were appointed as a Director of the Company on 3 March 2015
- (c) Mr P Alonzi, Ms S P Clay, Ms A M Christian West, Ms D Don-Wauchope, Mr S C Parsons and Mr M B Watt resigned as a Director of the Company on 26 March 2015
- (d) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation
- (e) No Director has any interests in contracts entered into by the Company

5 GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 31 December 2015 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements

MARTINEAU GALLERIES (GP) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Year ended 31 December 2015

6 SECRETARY

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

7 INDEMNITY

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

8 AUDITOR

Deloitte LLP were appointed during the year and shall be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006

Deloitte LLP have indicated their willingness to continue in office

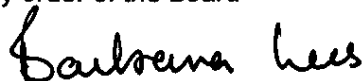
9 PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director of the Company at the date of approval of this report has confirmed that

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006

By order of the Board



B Lees

For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date **27** September 2016

Registered Office
Kings Place, 90 York Way
London N1 9GE
Registered in England and Wales No 03744383

MARTINEAU GALLERIES (GP) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"), 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- 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. They 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.

MARTINEAU GALLERIES (GP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTINEAU GALLERIES (GP) LIMITED

We have audited the financial statements of Martineau Galleries (GP) Limited for the year ended 31 December 2015, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

This report is made solely to the Company's members, 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

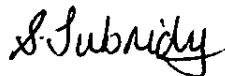
MARTINEAU GALLERIES (GP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTINEAU GALLERIES (GP) LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 exemption from preparing a Strategic Report or in preparing the Directors' Report



Sara Tubridy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date **27 September 2016**

MARTINEAU GALLERIES (GP) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Increase in fair value of investments	5	1	-
Investment income	3	<u>5</u>	<u>6</u>
Profit on ordinary activities before taxation		6	6
Taxation	4	<u>-</u>	<u>(1)</u>
Profit on ordinary activities after taxation and total comprehensive income for the financial year		<u>6</u>	<u>5</u>

All amounts derive from continuing activities

MARTINEAU GALLERIES (GP) LIMITED**BALANCE SHEET****As at 31 December 2015**

	Notes	2015		2014	
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Investments	5		7		-
Current assets					
Investments	5	-		6	
Current liabilities					
Payables	6	<u>(120)</u>		<u>(125)</u>	
Net current liabilities			<u>(120)</u>		<u>(119)</u>
Net assets			<u>(113)</u>		<u>(119)</u>
Capital and reserves					
Called up share capital	7		2		2
Retained earnings			<u>(115)</u>		<u>(121)</u>
Shareholders' equity			<u>(113)</u>		<u>(119)</u>

These financial statements were approved by the Board of Directors on ~~27~~ September 2016 and authorised for issue on ~~27~~ September 2016

Signed on behalf of the Board of Directors



W S Austin
Director
Company Number 03744383

MARTINEAU GALLERIES (GP) LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2015

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014			
- As previously stated	2	136	138
- Effect of restatement due to change in accounting framework (see note 11)	-	(262)	(262)
- As restated	2	(126)	(124)
Loss and other comprehensive income for the year	-	5	5
Balance at 31 December 2014	2	(121)	(119)
Profit and other comprehensive income for the year	-	6	6
Balance at 31 December 2015	2	(115)	(113)

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding year, except as set out below

(a) Basis of accounting

Basis of preparation

Martineau Galleries (GP) Limited is a Company incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is given on page 2.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council. The prior year financial statements were prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union and have been restated for material adjustments on adoption of FRS 101 in the current year. For more information see note 11.

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

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include

- certain comparative information as otherwise required by EU endorsed IFRS,
- a statement of cash flows,
- certain disclosures regarding the Company's capital,
- certain disclosures in relation to financial instruments held by the Company,
- disclosures in relation to consolidated financial statements,
- the effect of future accounting standards not yet adopted, and
- disclosure of related party transactions with wholly owned members of the group headed by the ultimate parent company, Hammerson plc.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc can be obtained as described in note 10.

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

(b) Going concern

The financial position of the Company is as set out in the Balance Sheet. The Company has net current liabilities as at 31 December 2015 and is reliant on the support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due. The Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. After making enquiries and taking account of the factors noted above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(c) Investment income

Investment income represents the Company's share of the profit distributions receivable from The Martineau Galleries Limited Partnership.

(d) Investments

Fixed asset investments, including investments in subsidiaries and other related undertakings, are stated at cost less provision for impairment. Other investments comprising investments in listed shares are held at fair value.

(e) 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 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.

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

(f) 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 Martineau Galleries Limited Partnership ("Partnership"), which is carried in the balance sheet at historical cost less provision for impairment, and which is valued by the Directors based upon the net assets of the Partnership in which the Company invests. The principal asset of the Partnership is its investment properties which are valued six monthly by professional qualified external valuers. The Directors must ensure they are satisfied that the Company's investment in the Partnership is appropriate for the accounts. The basis of valuation of the Partnership's investment properties is set out in the notes to the accounts of the Partnership for the year ended 31 December 2015.

(g) Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable at the balance sheet date, together with any adjustment in respect of previous years.

2. ADMINISTRATION EXPENSES

The average number of employees during the year, excluding Directors, was nil (2014 nil).

The Directors did not receive any remuneration for services to the Company in either the current or preceding financial year.

3. INVESTMENT INCOME

	2015 £'000	2014 £'000
Distributions receivable from The Martineau Galleries Limited Partnership	<u>5</u>	<u>6</u>

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2015

4. TAXATION

(a) Tax charge

	2015 £'000	2014 £'000
UK corporation tax		
Current year charge	-	1

(b) Factors affecting current tax charge

The tax assessed on the result for the year is different from the standard rate of corporation tax of 20.25% (2014: 21.5%). The differences are reconciled below

	2015 £'000	2014 £'000
Profit/(Loss) from ordinary activities before tax	5	6
Results at UK corporation tax rate of 20.25% (2014: 21.5%)	1	1
Effects of		
Non-taxable income	(1)	(1)
Share of income from Partnership (taxable)	-	1
Current tax charge for the year	-	1

On 27 March 2015 the Company became a 100% subsidiary of Hammerson plc when Hammerson Birmingham Properties Limited acquired the remaining 66.66% interest which was held by Pearl (Martineau Phase 2) Limited and LS Birmingham Limited. As a consequence of this and of Hammerson plc's status as a UK Real Estate Investment Trust ("UK REIT"), the Company is exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties (including profits and gains from activities conducted via a limited partnership).

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

During 2015 the Company had taxable income of £nil relating to its share of the interest income of The Martineau Galleries Limited Partnership. The Company therefore had no tax charge for 2015, and this is expected to continue for the foreseeable future.

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2015**

5. INVESTMENTS

(a) Summary

	2015 £'000	2014 £'000
Investment in The Martineau Galleries Limited Partnership - note 5(b)	2	2
Other investments - note 5(c)	5	4
	7	6

(b) Investment in The Martineau Galleries Limited Partnership

	Cost £'000	Impairment provision £'000	Carrying value £'000
Cost and net book value			
At 1 January and 31 December 2014	2	-	2
At 1 January and 31 December 2015	2	-	2

(c) Other Investments

	Cost £'000	Fair value adjustment £'000	Total £'000
At 1 January and 31 December 2014	7	(3)	4
Increase in fair value	-	1	1
At 31 December 2015	7	(2)	5

The market value of the above quoted investments at 31 December 2015 was £4,611 (2014 £4,178)

(d) Investment in subsidiary undertakings

	Cost £	Provision for impairment £	Total £
At 1 January and 31 December 2015	2	-	2

The Company holds the entire share capital of Martineau Galleries (No 1) Limited and Martineau Galleries (No 2) Limited, which are held in trust on behalf of the Partnership Martineau Galleries (No 1) Limited and Martineau Galleries (No 2) Limited are involved in property investment, and registered in England and Wales and have the same registered office as the ultimate parent company referred to in note 10

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

5. INVESTMENTS (continued)

- (e) At 31 December 2014, the investment properties were classified as a current asset as a result of the termination notice served by a former Limited Partner, in May 2013, with the intention to dissolve the Partnership. In March 2015 the ownership of the Partnership changed and as at 31 December 2015 there was no intention to dissolve the Partnership. The investment properties have therefore been reclassified as tangible fixed assets at the balance sheet date. Further details of the ownership change are provided in note 1(a).

6. PAYABLES: CURRENT LIABILITIES

	2015 £'000	2014 £'000
Taxation	-	1
Amount owed to The Martineau Galleries Limited Partnership	<u>120</u>	<u>124</u>
	<u>120</u>	<u>125</u>

The amount owed to The Martineau Galleries Limited Partnership is repayable on demand and is non-interest bearing.

7. SHARE CAPITAL

	2015 £	2014 £
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>

8. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Share capital	Nominal value of share capital subscribed for
Retained earnings	The cumulative profits and losses recognised in retained earnings

9. ADVANCES, CREDIT AND GUARANTEES

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

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

10. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

At 31 December 2015, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements

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

11. EXPLANATION OF TRANSITION TO FRS 101

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 101 ("FRS 101") issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under International Financial Reporting Standards ("IFRS") as adopted by the European Union, were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Reconciliation of equity

The financial statements for the year ended 31 December 2014 included the financial statements of the Company together with the Company's share of assets and liabilities arising from joint arrangements. Martineau Galleries (GP) Limited, acting as the General Partner, had an interest of 0.46% in the net assets of The Martineau Galleries Limited Partnership.

Consequently, each of the financial statements headings within the 2014 balance sheet previously reported, included the Company's share of assets and liabilities of the Partnership.

The financial statements for the year ended 31 December 2015 present the assets and liabilities of the Company only. The Company's investment in the Partnership is carried at cost, net of a provision for impairment, as shown in note 5. In assessing the impairment provision, the Directors of the Company have considered the financial position of the Partnership.

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

11. EXPLANATION OF TRANSITION TO FRS 101 (CONTINUED)

The effect on the Company's change in equity is shown below

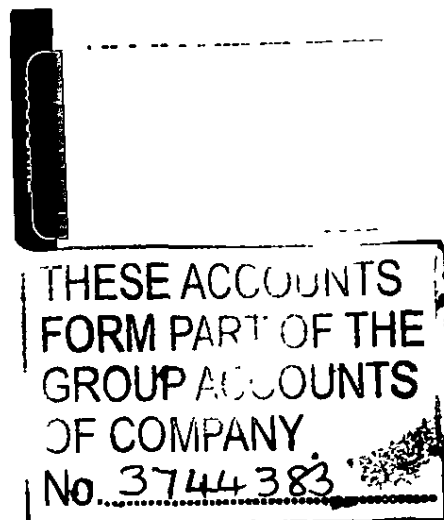
Reconciliation of equity as at 31 December 2014

	2014 £'000
Balance at 1 January	
- As previously reported in accordance with IFRS	138
- Reversal of share of retained earnings arising from joint arrangements	(307)
- Share of distributions from The Martineau Galleries Limited Partnership	<u>45</u>
- As restated	(124)
Profit for the year	<u>5</u>
Balance at 31 December as reported in accordance with FRS 101	<u>(119)</u>

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2015



THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER

Year ended 31 December 2015

The General Partner submits its report and the Partnership's financial statements for the year ended 31 December 2015

1 PRINCIPAL ACTIVITIES

The principal activity of the Partnership is property investment and development in the United Kingdom. The General Partner does not anticipate any significant change in the principal activity in the foreseeable future. On 27 March 2015, subsidiaries of Land Securities Group PLC and Phoenix Group Holdings sold their interests in the Limited Partnership to subsidiary undertakings of Hammerson plc.

2 CHANGE IN ACCOUNTING FRAMEWORK

The Company has adopted Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") for the first time this year. In the previous year, the Company had applied applicable International Financial Reporting Standards (IFRS), as adopted by the European Union. There has been no impact on the figures reported in these financial statements as a result of this change.

3 RESULTS AND DISTRIBUTION

The Partnership made a profit for the financial year of £7,152,000 before partners' interests (2014 Loss £101,000). Distributions of £1,125,000 were paid for the year (2014 £1,350,000).

4 INDEMNITY

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

5 AUDITOR

Deloitte LLP were appointed during the year and shall be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER
Year ended 31 December 2015

6 PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director of the General Partner for the Partnership at the date of approval of this report have confirmed that

- (a) so far as he is aware, there is no relevant audit information of which the Partnership's auditor is unaware, and
- (b) he has taken all the steps that he ought to have taken as a Director of the General Partner for the Partnership in order to make himself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006

Approved by Martineau Galleries (GP) Limited, General Partner, and signed on its behalf



W S Austin

Director

Date **27** September 2016

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2015

BUSINESS REVIEW AND FUTURE PROSPECTS

The Partnership's principal business is to develop and hold for investment and development Martineau Galleries shopping centre in Birmingham. The Directors of the General Partner do not expect any significant changes to the business in the foreseeable future.

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2015 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

The General Partner considers the following measures to be the key performance indicators for the Partnership: net rental income, capital expenditure and property valuation.

The Partnership's properties produced net rental income of £909,000 in 2015 compared with £2,080,000 in 2014. As shown in note 5(a) to the accounts, the Partnership incurred capital expenditure of £nil (2014: £66,000), and there was a revaluation surplus of £6,560,000 for the year (2014: deficit £1,916,000).

The key risks facing the Partnership relate to tenant exposure and the strength of the UK property market. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The General Partner monitors the UK property market through the analysis of market forecasts and the performance of the property assets is compared against target returns.

Signed on behalf of the General Partner



W S Austin

Director

Date **27** September 2016

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

PARTNERSHIP RESPONSIBILITIES STATEMENT IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Martineau Galleries Limited Partnership ('the Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships (Accounts) Regulations 2008 require certain qualifying partnerships to prepare and have audited annual accounts and reports as required for a company by the Companies Act 2006. The Partnership is a qualifying partnership as all its members are limited companies. Under that law, the General Partner has elected to prepare the financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"), and applicable law.

Martineau Galleries (GP) Limited, acting as the General Partner, is responsible under the Limited Partnership Agreement for preparing the annual report and financial statements in accordance with applicable law and regulations.

The General Partner is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to

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

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable it to ensure that the financial statements comply with The Partnerships (Accounts) Regulations 2008. It 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 MARTINEAU GALLERIES LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

We have audited the financial statements of The Martineau Galleries Limited Partnership for the year ended 31 December 2015, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

Respective responsibilities of the General Partner and auditor

As explained more fully in the Partnerships' Responsibilities Statement, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the qualifying partnerships' circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors of the General Partner, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE MARTINEAU GALLERIES LIMITED PARTNERSHIP (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion

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

S. Tubridy

Sara Tubridy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date *27 September 2016*

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Gross rental income		2,677	3,515
Rents payable and other property outgoings		<u>(1,768)</u>	<u>(1,435)</u>
Net rental income	1(c)	909	2,080
Administration expenses	3	<u>(318)</u>	<u>(268)</u>
Operating profit before property revaluation gains/(losses)		591	1,812
Revaluation gains/(losses) on properties	5(a)	<u>6,560</u>	<u>(1,916)</u>
Operating profit/(loss)		7,151	(104)
Net finance income	4	<u>1</u>	<u>3</u>
Profit/(Loss) and comprehensive income for the financial year before partners' interests		<u>7,152</u>	<u>(101)</u>

All amounts derive from continuing activities

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Tangible fixed assets			
Investment properties	5(a)	33,100	-
Interest in leasehold properties	6	1,135	-
		34,235	-
Current assets			
Investment properties	5(a)	-	26,540
Interest in leasehold properties	6	-	1,135
Receivables	7	37,935	37,680
Cash and deposits	8	760	845
Total current assets		38,695	66,200
Current liabilities			
Payables	9	(1,607)	(915)
Net current assets		37,088	65,285
Total assets less current liabilities		71,323	65,285
Non-current liabilities			
Payables	10	(11)	-
Obligations under finance leases	11	(1,135)	(1,135)
		(1,146)	(1,135)
Net assets		70,177	64,150
Partners' equity			
Partners' capital accounts	12	109,352	109,352
Partners' current accounts	12	(39,175)	(45,202)
		70,177	64,150

The General Partner in accordance with the Limited Partnership Agreement approved the financial statements on ~~27~~ September 2016 and authorised them for issue on ~~27~~ September 2016

Signed on behalf of the General Partner



W S Austin
Director

Partnership registration LP008026

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Partners' capital accounts £'000	Partners' current accounts £'000	Total equity £'000
Balance at 1 January 2014	109,352	(43,751)	65,601
Loss and other comprehensive income for the year	-	(101)	(101)
Distributions to partners	-	(1,350)	(1,350)
Balance at 31 December 2014	109,352	(45,202)	64,150
Profit and other comprehensive income for the year	-	7,152	7,152
Distributions to partners	-	(1,125)	(1,125)
Balance at 31 December 2015	109,352	(39,175)	70,177

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the current and preceding year, except as set out below

(a) Basis of accounting

Basis of preparation

The Martineau Galleries 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 2. The address of the registered office of the General Partner is the same as that of Hammerson plc, the ultimate controlling party, and is given in note 15.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council. The prior year financial statements were prepared in accordance with IFRS, as adopted by the European Union. There have been no material adjustments to the figures presented within these financial statements on adoption of FRS 101.

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.

On 20 May 2013, a Limited Partner of The Martineau Galleries Limited Partnership ("the Partnership") served a termination notice pursuant to clause 31.2.1 of the Partnership Deed with the intention to dissolve the Partnership in the foreseeable future. On 27 March 2015 the ownership of the Partnership changed and it became wholly owned by subsidiary undertakings of Hammerson plc. It is now not intended to dissolve the Limited Partnership in the foreseeable future. As such the financial statements have been prepared on a going concern basis.

Disclosure exemptions adopted

In preparing these financial statements the Partnership has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include

- certain comparative information as otherwise required by EU endorsed IFRS,
- certain disclosures regarding the Partnership's capital,
- certain disclosures in relation to financial instruments held by the Partnership,
- a statement of cash flows,
- the effect of future accounting standards not yet adopted, and
- disclosure of related party transactions with wholly owned members of the group headed by the ultimate parent company, Hammerson plc.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Partnership is consolidated. The financial statements of Hammerson plc can be obtained as described in note 16.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

(b) Going concern

The financial position of the Partnership is as set out in the Balance Sheet. The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance. After making enquiries, the General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis in preparing the annual report and financial statements.

(c) Net rental income

Rental income from investment property in the United Kingdom leased out under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term. Contingent rents, such as turnover rents, rent reviews and indexation are recorded as income in the periods 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 added to the costs of property and are amortised over the lease term or, if the probability that the break option will be exercised is considered high, over the period to the first break option.

Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the statement of comprehensive income.

As a result of the change of ownership as discussed in note 1(a) Service charge income for 2014 has been removed from Net rental income to be consistent with the financial statements of the ultimate parent company.

(d) 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 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.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

(e) 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 the statement of comprehensive income. All costs directly associated with the purchase and construction of a property are capitalised.

(f) Leasehold properties

Leasehold properties that are leased out to tenants under operating leases, are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value. The obligation to the freeholder or superior leaseholder for the land element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception. Payments to the freeholder or superior leaseholder are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred. An asset equivalent to the leasehold obligation is recorded in the balance sheet within 'interests in leasehold properties', and is amortised over the lease term.

(g) Critical accounting policies and estimation uncertainties

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

The Partnership's critical judgement and area of estimation uncertainty is in respect of property valuations. The Partnership's investment property, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers and the Partners must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the accounts. Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

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

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, development profits and purchases costs. Properties held for future development are generally valued by adopting the higher of the residual method of valuation allowing for all associated risks, or the investment method of valuation for the existing

2. LIMITED PARTNERSHIP AGREEMENT ('The Agreement')

- (a) The Agreement dated 1 March 2002 states that the purpose of the Partnership is to carry out property investment
- (b) During the year Martineau Galleries (GP) Limited, acting as the General Partner, had an interest of 0.46% of the assets and liabilities of the Partnership
- (c) At 31 December 2015 Hammerson Martineau Galleries Limited, Hammerson MGLP Limited and Hammerson MGLP 2 Limited acting as the Limited Partners had interests of 33.18% each in the assets and liabilities of the Partnership

3. ADMINISTRATION EXPENSES

The Directors of the General Partner did not receive any remuneration for services to the Partnership during the current or preceding financial year. The services of the Directors of the General Partner are of a non-executive nature.

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

Another group company has paid the auditor's fees for the audit of the Partnership's annual accounts in the current year. Fees for the audit of the Partnership were £7,329 (2014 £12,721).

	2015 £'000	2014 £'000
Management fee payable to Land Securities Properties Limited	48	183
Management fee payable to Hammerson UK Limited	237	-
Secretarial fee payable to Hammerson MGLP Limited	6	12
Valuation fees	16	5
Other administration fees	11	68
	318	268

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2015

4. NET FINANCE INCOME

	2015 £'000	2014 £'000
Interest receivable	<u>1</u>	<u>3</u>

5. INVESTMENT PROPERTIES

- (a) The movements in the year on properties were
- | | 2015
£'000 | 2014
£'000 |
|--|---------------|----------------|
| Long leasehold | | |
| At 1 January | 26,540 | 28,390 |
| Additions at cost | - | 66 |
| Surplus/(deficit) arising on revaluation | <u>6,560</u> | <u>(1,916)</u> |
| At 31 December | <u>33,100</u> | <u>26,540</u> |
- (b) Property is stated at fair value as at 31 December 2015, valued by professionally qualified independent external valuers, DTZ Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014 based on certain assumptions as set out in note 1(g).
- (c) The historical cost of investment properties at 31 December 2015 was £64,138,390 (2014 £64,138,390).
- (d) At 31 December 2014, the investment properties were classified as a current asset as a result of the termination notice served by a former Limited Partner, in May 2013, with the intention to dissolve the Partnership. In March 2015 the ownership of the Partnership changed and as at 31 December 2015 there was no intention to dissolve the Partnership. The investment properties have therefore been reclassified as tangible fixed assets at the balance sheet date. Further details of the ownership change are provided in note 1(a).

6. INTEREST IN LEASEHOLD PROPERTIES

	2015 £'000	2014 £'000
At 1 January	1,135	1,135
Amortisation	<u>-</u>	<u>-</u>
At 31 December	<u>1,135</u>	<u>1,135</u>

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2015

7. RECEIVABLES: CURRENT ASSETS

	2015 £'000	2014 £'000
Trade receivables	755	1,272
Amounts owed by Martineau Galleries (GP) Limited	120	124
Amounts owed by Limited Partners	35,952	35,946
Amounts owed by Hammerson UK Properties plc	526	-
Other receivables and prepayments	582	338
	<u>37,935</u>	<u>37,680</u>

All amounts shown under receivables fall due for payment within one year. The amounts owed by Martineau Galleries (GP) Limited, the Limited Partners and Hammerson UK Properties plc are non-interest bearing.

8. CASH AND DEPOSITS

	2015 £'000	2014 £'000
Cash at bank	<u>760</u>	<u>845</u>

9. PAYABLES: CURRENT LIABILITIES

	2015 £'000	2014 £'000
Trade payables	388	3
Amounts owed to other group undertakings	240	1
Accruals	370	134
Deferred income	512	638
Other payables	97	139
	<u>1,607</u>	<u>915</u>

Amounts owed to other group undertakings are repayable on demand and are non-interest bearing.

10. PAYABLES: NON-CURRENT LIABILITIES

	2015 £'000	2014 £'000
Other payables - over five years	<u>11</u>	<u>-</u>

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2015

11 OBLIGATIONS UNDER FINANCE LEASES

Finance lease obligations in respect of rents payable on the leasehold properties are payable as follows

	2015			2014		
	Minimum lease payments £'000	Interest £'000	Present Value of minimum lease payments £'000	Minimum lease payments £'000	Interest £'000	Present Value of minimum lease payments £'000
After 5 years	7,260	(6,125)	1,135	7,320	(6,185)	1,135
2-5 years	180	(180)	-	180	(180)	-
1-2 years	60	(60)	-	60	(60)	-
Within 1 year	60	(60)	-	60	(60)	-
	7,560	(6,425)	1,135	7,620	(6,485)	1,135

12 PARTNERS' EQUITY

	2015 £000	2014 £000
Partners' capital accounts		
Martineau Galleries (GP) Limited	2	2
Hammerson MGLP Limited	36,450	36,450
Hammerson MGLP 2 Limited	36,450	-
Hammerson Martineau Galleries Limited (formerly LS Martineau Galleries Limited)	36,450	36,450
Pearl Assurance Limited	-	36,450
	109,352	109,352
Partners' current accounts	(39,175)	(45,202)
	70,177	64,150

Under the Limited Partnership Agreement, no further capital is required to be injected and no interest is payable on the capital

The Partner's current accounts represent the cumulative profits and losses of the Partnership after deduction of distributions to the partners

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2015

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.

	2015 £'000	2014 £'000
Within 1 year	2,111	1,668
From 1 to 2 years	2,087	1,464
From 2 to 5 years	5,533	4,242
Over 5 years	33,700	34,254
	<u>43,431</u>	<u>41,628</u>

14. ADVANCES, CREDIT AND GUARANTEES

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

15. ULTIMATE CONTROLLING PARTY

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

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