

Company Number: 03744383

MARTINEAU GALLERIES (GP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016

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COMPANIES HOUSE

MARTINEAU GALLERIES (GP) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2016

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

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as the General Partner to The Martineau Galleries Limited Partnership ("the Partnership"). Hammerson Martineau Galleries Limited, Hammerson MGLP Limited and Hammerson MGLP 2 Limited are the Limited Partners, each owning 33.18% of the Partnership, with the Company owning the remaining 0.46%. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The loss for the year after tax was £1,000 (2015: £6,000 profit). The Directors do not recommend the payment of a dividend for the year (2015: £nil).

3. DIRECTORS

- (a) Mr. W.S. Austin, Mr. P.F. Cooper and Mr. M. Plocica were Directors of the Company throughout the year.
- (b) Mr. M. Plocica resigned as a Director of the Company on 17 March 2017.
- (c) Mr. M. Bourgeois was appointed as a Director of the Company on 17 March 2017.
- (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.

4. 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 2016 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

5. SECRETARY

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

6. INDEMNITY

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

MARTINEAU GALLERIES (GP) LIMITED

REPORT OF THE DIRECTORS Year ended 31 December 2016

7. AUDITOR

Deloitte LLP acted as auditor of the Company for the year ended 31 December 2016. It is the intention of the Directors to appoint PricewaterhouseCoopers LLP for the year ending 31 December 2017.

8. 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: 18 August 2017

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 United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). 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 2016, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

MARTINEAU GALLERIES (GP) LIMITED

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

Opinion on other matter prescribed by the Companies Act 2006

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

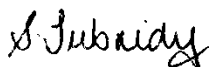
- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Director's Report.

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 in preparing the Directors' Report or from the requirement to prepare a Strategic Report.



Sara Tubridy FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 21 August 2017

MARTINEAU GALLERIES (GP) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
(Decrease)/Increase in fair value of investments	5(c)	(1)	1
Investment income	3	<u>-</u>	<u>5</u>
(Loss)/Profit before taxation		(1)	6
Taxation	4	<u>-</u>	<u>-</u>
(Loss)/Profit after taxation and total comprehensive income for the financial year		<u>(1)</u>	<u>6</u>

All amounts relate to continuing activities.

MARTINEAU GALLERIES (GP) LIMITED


BALANCE SHEET

As at 31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Non current assets					
Investments	5(a)		6		7
Current liabilities					
Payables	6	(120)		(120)	
Net current liabilities			(120)		(120)
Total assets less current liabilities			(114)		(113)
Net liabilities			(114)		(113)
Capital and reserves					
Called up share capital	7		2		2
Accumulated deficit	8		(116)		(115)
Shareholders' deficit			(114)		(113)

These financial statements were approved by the Board of Directors on 18 August 2017 and authorised for issue on 18 August 2017.

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 2016

	Called up share capital £'000	Accumulated deficit £'000	Total equity £'000
Balance at 1 January 2015	2	(121)	(119)
Profit and other comprehensive income for the year	-	6	6
Balance at 31 December 2015	2	(115)	(113)
Loss and other comprehensive income for the year	-	(1)	(1)
Balance at 31 December 2016	2	(116)	(114)

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

Basis of preparation

Martineau Galleries (GP) Limited is a private company limited by shares and 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 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 other investments which are held at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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;
- certain disclosures regarding the Company's capital;
- certain disclosures in relation to financial instruments held by the Company;
- 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 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 2016

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 2016 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.

(f) Loans receivable

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

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(g) Borrowings

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

(h) Taxation

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

(i) Critical accounting policies and estimation uncertainties

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

The Company's critical judgement and area of estimation uncertainty is in respect of the valuation of investments. The Company's investments includes its investment in The Martineau Galleries Limited Partnership ("the 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 2016.

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

2. ADMINISTRATION EXPENSES

The average number of employees during the year, excluding Directors, was nil (2015: nil).

The Directors did not receive any remuneration for services to the Company in either the current or preceding financial year. In addition there were no payments to key management personnel.

Another group company has paid the auditor's fees for the audit of the Company's annual accounts in both the current and preceding financial year. Fees for the audit of the Company were £1,298 (2015: £1,260).

3. INVESTMENT INCOME

	2016 £'000	2015 £'000
Distributions receivable from The Martineau Galleries Limited Partnership	-	5

4. TAXATION

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

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2016**

5. INVESTMENTS

(a) Summary

	2016 £'000	2015 £'000
Investment in The Martineau Galleries Limited Partnership - note 5(b)	2	2
Other investments - note 5(c)	4	5
	<u>6</u>	<u>7</u>

(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 2015	2	-	2
At 1 January and 31 December 2016	<u>2</u>	<u>-</u>	<u>2</u>

The Company has a 0.46% interest in The Martineau Galleries Limited Partnership ("the Partnership") a joint venture that owns and manages a portfolio of properties in Birmingham. The remaining interests in the Partnership are held by fellow subsidiaries of Hammerson plc. The address of the registered office of the Partnership is Kings Place, 90 York Way, London, N1 9GE.

(c) Other investments

	Cost £'000	Fair value adjustment £'000	Total £'000
At 1 January 2015	7	(3)	4
Increase in fair value	<u>-</u>	<u>1</u>	<u>1</u>
At 31 December 2015	7	(2)	5
Decrease in fair value	<u>-</u>	<u>(1)</u>	<u>(1)</u>
At 31 December 2016	<u>7</u>	<u>(3)</u>	<u>4</u>

The market value of the above quoted investments at 31 December 2016 was £3,880 (2015: £4,611).

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

5. INVESTMENTS (continued)

(d) Investment in subsidiary undertakings

	Cost £	Provision for impairment £	Total £
At 1 January and 31 December 2015	2	-	2
At 1 January and 31 December 2016	<u>2</u>	<u>-</u>	<u>2</u>

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. The address of the registered office for these subsidiaries is Kings Place, 90 York Way, London, N1 9GE.

6. PAYABLES: CURRENT LIABILITIES

	2016 £'000	2015 £'000
Amounts owed to The Martineau Galleries Limited Partnership	<u>120</u>	<u>120</u>

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

7. SHARE CAPITAL

	2016 £	2015 £
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
Accumulated deficit	Cumulative profits and losses less any dividends paid

MARTINEAU GALLERIES (GP) LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2016**

9. ADVANCES, CREDIT AND GUARANTEES

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

10. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTIES

At 31 December 2016, Hammerson Birmingham Properties Limited, which is registered in England and Wales, owns 100% of the ordinary shares in the Company. At 31 December 2016, 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.

Partnership registration: LP006355

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016

COMPANIES HOUSE

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

REPORT OF THE GENERAL PARTNER Year ended 31 December 2016

The General Partner submits its report and the Partnership's financial statements for the year ended 31 December 2016.

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.

2. RESULTS AND DISTRIBUTION

The Partnership made a profit for the financial year of £2,348,000 before partners' interests (2015: £7,152,000). Distributions of £nil were made during for the year (2015: £1,125,000).

3. INDEMNITY

The General Partner's ultimate parent 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 remain in place at the date of this report.

4. AUDITOR

Deloitte LLP acted as the auditor of the Partnership for the year ended 31 December 2016. It is the intention of the General Partner to appoint PricewaterhouseCoopers LLP for the year ending 31 December 2017.

5. 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: 18 August 2017

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2016

BUSINESS REVIEW AND FUTURE PROSPECTS

The Partnership's principal business is to 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 2016 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

The Directors of the General Partner consider 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 £1,991,000 in 2016 compared with £909,000 in 2015. As shown in note 5(a) to the accounts, the Partnership incurred capital expenditure of £11,000 (2015: £nil), and there was a revaluation surplus of £574,000 for the year (2015: £6,560,000).

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. The Partnership has a risk forum for managing the key development risks.

Signed on behalf of the General Partner.



W.S. Austin

Director

Date: 18 August 2017

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

GENERAL PARTNERS 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 and Unlimited Companies (Accounts) Regulations 2008 (SI2008/569) 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 with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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;
- 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 SI2008/569 (Regulation 4). 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 MEMBERS OF THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

We have audited the financial statements of The Martineau Galleries Limited Partnership for the year ended 31 December 2016, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. 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 qualifying General Partners 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 General Partner's 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 2016 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.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

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

Opinion on other matter prescribed by the Companies Act 2006

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

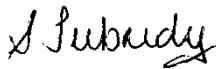
- the information given in the Strategic Report and the General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the General Partner's Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the qualifying Partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the General Partner's Report.

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.



Sara Tubridy FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 21 August 2017

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Gross rental income		3,763	2,677
Rents payable and other property outgoings		<u>(1,772)</u>	<u>(1,768)</u>
Net rental income	1(c)	1,991	909
Administration expenses	3	<u>(218)</u>	<u>(318)</u>
Operating profit before property revaluation gains		1,773	591
Revaluation gains on properties	5(a)	<u>574</u>	<u>6,560</u>
Operating profit		2,347	7,151
Net finance income	4	<u>1</u>	<u>1</u>
Profit and comprehensive income for the financial year before partners' interests		<u>2,348</u>	<u>7,152</u>

All amounts relate to continuing activities.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

BALANCE SHEET As at 31 December 2016

	Notes	2016 £'000	2015 £'000
Non current assets			
Investment properties	5(a)	33,685	33,100
Interest in leasehold properties	6	<u>1,135</u>	<u>1,135</u>
		34,820	34,235
Current assets			
Receivables	7	39,783	37,935
Cash and deposits	8	<u>872</u>	<u>760</u>
		40,655	38,695
Current liabilities			
Payables	9	<u>(1,634)</u>	<u>(1,607)</u>
Net current assets		<u>39,021</u>	<u>37,088</u>
Total assets less current liabilities		73,841	71,323
Non-current liabilities			
Payables	10	(181)	(11)
Obligations under finance leases	11	<u>(1,135)</u>	<u>(1,135)</u>
		<u>(1,316)</u>	<u>(1,146)</u>
Net assets		<u>72,525</u>	<u>70,177</u>
Represented by:			
Partners' equity			
Partners' capital accounts	12	109,352	109,352
Partners' current accounts	12	<u>(36,827)</u>	<u>(39,175)</u>
		<u>72,525</u>	<u>70,177</u>

The General Partner in accordance with the Limited Partnership Agreement approved the financial statements on 18 August 2017 and authorised them for issue on 18 August 2017 .

Signed on behalf of the General Partner.



W.S. Austin
Director

Partnership registration: LP006355

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

	Partners' capital accounts £'000	Partners' current accounts £'000	Total equity £'000
Balance at 1 January 2015	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
Profit and other comprehensive income for the year	-	2,348	2,348
Balance at 31 December 2016	109,352	(36,827)	72,525

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the current and preceding year.

(a) Basis of accounting

Basis of preparation

The Martineau Galleries Limited Partnership ('the Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 2008 (SI 2008/569) require certain qualifying partnerships to prepare and have audited financial statements as required for a company by the Companies Act 2006. The nature of the Partnership's operations and its principal activities are set out on page 2. The address of the registered office of the General Partner is the same as that of Hammerson plc, the ultimate controlling party, which is Kings Place, 90 York Way, London, N1 9GE.

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

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties. 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 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;
- certain disclosures in relation to the Company's investment properties carried at fair value;
- 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 15.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(b) Going concern

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.

(d) Financial instruments

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Partnership intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Partnership, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(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.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(f) Net finance income

Net finance income includes interest payable on borrowings, net of interest receivable on funds invested.

(g) Loans receivable

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

(h) Borrowings

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

(i) 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.

(j) 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.

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

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

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.

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.

(k) Cash and cash equivalents and restricted monetary assets

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

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 2016 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 £7,549 (2015 £7,329).

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

3. ADMINISTRATION EXPENSES (CONTINUED)

	2016 £'000	2015 £'000
Management fee payable to Land Securities Properties Limited	-	48
Management fee payable to Hammerson UK Properties plc	230	237
Secretarial fee payable to Hammerson MGLP Limited	-	6
Valuation fees	(5)	16
Other administration fees	(7)	11
	<u>218</u>	<u>318</u>

The valuation fees and other administration fees credits in 2016 reflect the release of an overprovision in 2015.

4. NET FINANCE INCOME

	2016 £'000	2015 £'000
Interest receivable	<u>1</u>	<u>1</u>

5. INVESTMENT PROPERTIES

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

	2016 £'000	2015 £'000
Long leasehold		
At 1 January	33,100	26,540
Additions at cost	11	-
Surplus on revaluation	574	6,560
At 31 December	<u>33,685</u>	<u>33,100</u>

- (b) Property is stated at fair value as at 31 December 2016, 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(j).
- (c) The historical cost of investment properties at 31 December 2016 was £64,149,390 (2015: £64,138,390).

6. INTEREST IN LEASEHOLD PROPERTIES

	2016 £'000	2015 £'000
At 1 January and 31 December	<u>1,135</u>	<u>1,135</u>

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

7. RECEIVABLES: CURRENT ASSETS

	2016 £'000	2015 £'000
Trade receivables	799	755
Amounts owed by Martineau Galleries (GP) Limited	120	120
Amounts owed by the Limited Partners	35,952	35,952
Amounts owed by Hammerson UK Properties plc	2,664	526
Other receivables and prepayments	248	582
	39,783	37,935

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

8. CASH AND DEPOSITS

	2016 £'000	2015 £'000
Cash at bank	872	760

At 31 December 2016, the Partnership's managing agent held cash of £872,000 (2015: £760,000) on behalf of the Partnership which is not restricted and is available to the Partnership and as such has been included in cash and deposits.

9. PAYABLES: CURRENT LIABILITIES

	2016 £'000	2015 £'000
Trade payables	310	388
Amounts due to Hammerson Group Management Limited	467	240
Other payables	119	97
Accruals	194	370
Deferred income	544	512
	1,634	1,607

Amounts due to Hammerson Group Management Limited are repayable on demand and are non-interest bearing.

10. PAYABLES: NON-CURRENT LIABILITIES

	2016 £'000	2015 £'000
Other payables - over five years	181	11

THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

11. OBLIGATIONS UNDER FINANCE LEASES

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

	2016			2015		
	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	7,260	(6,125)	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	7,560	(6,425)	1,135

12. PARTNERS' EQUITY

	2016 £000	2015 £000
Partners' capital accounts:		
Martineau Galleries (GP) Limited	2	2
Hammerson MGLP Limited	36,450	36,450
Hammerson MGLP 2 Limited	36,450	36,450
Hammerson Martineau Galleries Limited	36,450	36,450
	109,352	109,352
Partners' current accounts	(36,827)	(39,175)
	72,525	70,177

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 2016

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.

	2016 £'000	2015 £'000
Within 1 year	2,024	2,111
From 1 to 2 years	1,909	2,087
From 2 to 5 years	4,783	5,533
Over 5 years	32,400	33,700
	<u>41,116</u>	<u>43,431</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. At 31 December 2016, 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.