

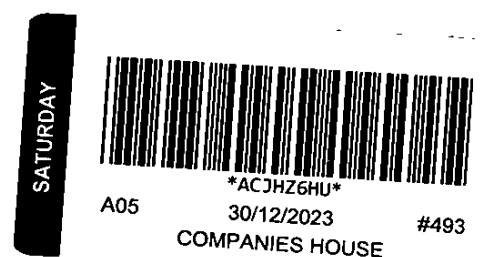
Registered number: 03744383

## **MARTINEAU GALLERIES (GP) LIMITED**

**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



## **MARTINEAU GALLERIES (GP) LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	Harry Alexander Badham Richard Geoffrey Shaw
<b>Company secretary</b>	Hammerson Company Secretarial Limited
<b>Registered number</b>	03744383
<b>Registered office</b>	Marble Arch House 66 Seymour Street London W1H 5BX

## **MARTINEAU GALLERIES (GP) LIMITED**

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## **MARTINEAU GALLERIES (GP) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and the financial statements for the year ended 31 December 2022.

#### **Principal activity**

The principal activity of the Company is to act as the General Partner to The Martineau Galleries Limited Partnership (the "Partnership") which owns and operates the Martineau Galleries Shopping Centre. Hammerson Martineau Galleries Limited, Hammerson MGLP Limited and Hammerson MGLP 2 Limited are the Limited Partners, each owning 33.18% (2021: 33.18%) of the Partnership, with the Company owning the remaining 0.46% (2021: 0.46%).

#### **Directors**

The Directors who served during the year were:

Harry Alexander Badham  
Paul Justin Denby (resigned 28 April 2023)  
Richard Geoffrey Shaw

#### **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 2022 and concluded that it was appropriate. More information is provided in note 2.4 to the financial statements.


#### **Qualifying third party indemnity provisions**

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

#### **Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**Richard Geoffrey Shaw**  
Director

Date: 27 November 2023

**MARTINEAU GALLERIES (GP) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022 £000</b>	<b>2021 £000</b>
Revaluation of investments	-	2
<b>Profit for the financial year</b>	<b>-</b>	<b>2</b>

There was no other comprehensive income for 2022 (2021:NIL).

The notes on pages 5 to 8 form part of these financial statements.

**MARTINEAU GALLERIES (GP) LIMITED**  
**REGISTERED NUMBER: 03744383**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

		2022 £000	2021 £000
<b>Fixed assets</b>			
Investments		7	7
		<u>7</u>	<u>7</u>
<b>Current liabilities</b>			
Payables - due within one year	7	(120)	(120)
		<u>(120)</u>	<u>(120)</u>
<b>Net current liabilities</b>		(120)	(120)
<b>Total assets less current liabilities</b>		<u>(113)</u>	<u>(113)</u>
<b>Net liabilities</b>		<u>(113)</u>	<u>(113)</u>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Accumulated losses	9	(115)	(115)
		<u>(113)</u>	<u>(113)</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

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

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**Richard Geoffrey Shaw**  
Director

Date: 27 November 2023

The notes on pages 5 to 8 form part of these financial statements.

**MARTINEAU GALLERIES (GP) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Accumulate d losses £000	Total deficit £000
<b>At 1 January 2021</b>	2	(117)	(115)
<b>Comprehensive income for the year</b>			
Profit for the year	-	2	2
<b>At 1 January 2022</b>	<u>2</u>	<u>(115)</u>	<u>(113)</u>
<b>At 31 December 2022</b>	<u><u>2</u></u>	<u><u>(115)</u></u>	<u><u>(113)</u></u>

The notes on pages 5 to 8 form part of these financial statements.

## **MARTINEAU GALLERIES (GP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1. General information**

Martineau Galleries (GP) Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act. The nature of the Company's operations and its principal activities are set out in the Directors' Report. The address of the registered office is Marble Arch House, 66 Seymour Street, London, England, W1H 5BX

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the pound.

The following principal accounting policies have been applied:

##### **2.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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 are publicly available and can be obtained as described in note 9.



## **MARTINEAU GALLERIES (GP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **2. Accounting policies (continued)**

##### **2.3 Impact of new international reporting standards, amendments and interpretations**

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the Company.

##### **2.4 Going concern**

The Company has net current liabilities as at 31 December 2022 and is reliant on the support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due. These liabilities relate to amounts due to fellow group undertakings. 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 12 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.

##### **2.5 Fixed asset investments**

Investments in subsidiaries and other related undertakings are shown at cost less provision for impairment. Other investments are shares held in quoted investments and are accounted for on a fair value basis. These other investments are held on the balance sheet and any increase or decrease in fair value is reflected on the statement of comprehensive income.

##### **2.6 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, including intercompany loans, are subsequently carried at amortised cost using the effective interest method, less loss allowance. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

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

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

## **MARTINEAU GALLERIES (GP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

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 include its investment in The Martineau Galleries Limited Partnership (the "Partnership"), which is carried in the balance sheet at historical cost less provision for impairment, 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 professionally qualified external valuers. The Directors must ensure they are satisfied that the Company's investment in the Partnership is appropriate for the financial statements. The basis of valuation of the Partnership's investment properties is set out in the notes to the financial statements of the Partnership for the year ended 31 December 2022.

In addition, a significant judgement necessary in the preparation of these financial statements was the appropriateness of the going concern basis of preparation, further information on which is provided in note 2.4.

#### **4. Employees**

The Company had no employees other than the Directors during the current or prior year.

The Directors did not receive any remuneration for their services from the Company in the year (2021: £Nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of this disclosure. In addition there were no payments to key management personnel in either the current or preceding financial year.

#### **5. Taxation**

The Company's ultimate parent company, Hammerson plc is taxed as a UK Real Estate Investment Trust ("UK REIT"), and as a consequence, group companies are 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 such activities conducted via a 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.

The Company's share of the taxable interest income of the The Martineau Galleries Limited Partnership was £Nil (2021: £Nil). As these profits are offset by group relief, the Company had no tax charge for the year, and this is expected to continue for the foreseeable future.

# MARTINEAU GALLERIES (GP) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 6. Investments

	2022 £000	2021 £000
Cost and net book value at 1 January and 31 December	7	7

The Company has a 0.46% interest in The Martineau Galleries Limited Partnership (the "Partnership"), 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 registered office of the Partnership is the same as the Company.

The Company also holds other investments comprising shares held in quoted investments.

### 7. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to The Martineau Galleries Limited Partnership	120	120

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

### 8. Called up share capital

	2022 £	2021 £
<b>Authorised, allotted, called up and fully paid</b>		
180,000 (2021 - 180,000) Ordinary shares of £0.01 each	1,800	1,800

### 9. Reserves

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

#### Accumulated losses

This reserve represents cumulative profits and losses less any dividends paid.

### 10. Ultimate controlling party

At the end of the current and preceding year, the Company's ultimate parent company and controlling party was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements. At the end of the current and preceding year, the Company's immediate parent company was Hammerson Birmingham Properties Limited, 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, Marble Arch House, 66 Seymour Street, London, England, W1H 5BX.

Partnership registration: LP006355

**THE MARTINEAU GALLERIES LIMITED PARTNERSHIP**

**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**

Year ended 31 December 2022

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### REPORT OF THE GENERAL PARTNER

Year ended 31 December 2022

Martineau Galleries (GP) Limited (the "General Partner") submits its report and the unaudited financial statements for The Martineau Galleries Limited Partnership (the "Partnership") for the year ended 31 December 2022.

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

#### 1. PRINCIPAL ACTIVITIES

The principal activity of the Partnership is property investment and development in the United Kingdom. The Directors of the General Partner (the "Directors") do not anticipate any significant change in the principal activity in the foreseeable future.

#### 2. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

##### *Performance during the year*

The Partnership's principal business is to hold for investment the Martineau Galleries Shopping Centre in Birmingham City Centre, 2022 was a mixed year from a risk perspective. The post pandemic period resulted in a steady recovery in footfall and collections, and a strong leasing performance with reduced vacancy levels. These positive trends contrasted with the heightened level of macroeconomics and geopolitical uncertainty, primarily related to the ongoing war in Ukraine, and the associated economic challenges on both consumers and businesses from high inflation, rising interest rates and supply chain pressures.

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

A revaluation loss of £4,858,000 (2021: £1,997,000 loss) arose during the year.

The Partnership made an operating profit before other net (losses)/gains of £254,000 (2021: £154,000) and a total profit for the financial year of £17,966,000 (2020: £2,645,000 loss).

##### *Future prospects*

The key short term risk facing the Partnership continue to be the collection of historical arrears arising from the Covid-19 pandemic and more recently, the macroeconomic environment, with the UK still having the potential for a recession in 2023. While the macroeconomic backdrop is adversely impacting consumers, the UK business rate revaluation has been favourable to the vast majority of the Partnership's tenants, which continue to seek optimal trading locations.

The key on-going and longer term risk facing the Partnership relates to tenant exposure and the strength of the UK property market, the latter being impacted by increased online penetration and potential tenant failures. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The Directors monitor the UK property market through the analysis of market forecasts and the performance of the property assets are compared against target returns.

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

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2022

#### 3. RESULTS AND DISTRIBUTIONS

The Partnership made a profit for the financial year of £17,966,000 before partners' interests (2021: £2,645,000 loss). No distributions have been made during the year (2021: £nil).

Net assets for the Partnership as at 31 December 2022 were £79,138,000 (2021: £61,172,000).

#### 4. DIRECTORS OF THE GENERAL PARTNER

(a) The Directors of the General Partner at the date of approval of this report are as follows:

Mr H.A. Badham  
Mr P.J. Denby      resigned 28 April 2023  
Mr R.G. Shaw

(b) In accordance with the Articles of Association of the General Partner, the Directors of the General Partner are not required to retire by rotation.

(c) No Director has any interests in contracts entered into by the General Partner.

#### 5. GOING CONCERN

The Directors of the General Partner have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2022 and concluded that it was appropriate. More information is provided in note 1(c) to the financial statements.

#### 6. INDEMNITY

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

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2022

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

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

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, as applied to qualifying partnerships, a General Partner 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 Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

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

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

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



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**R.G. Shaw**

Director

Date: 21/12/2023

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	2,732	3,363
Rents payable and other property outgoings	4	(1,857)	(1,880)
Change in the provision for amounts not yet recognised in the statement of comprehensive income	4	323	(186)
Net rental income	4	1,198	1,297
Administrative expenses	5	(944)	(1,143)
<b>Operating profit before other net losses</b>		<b>254</b>	<b>154</b>
Other net gains/(losses)	6	17,883	(2,628)
<b>Operating profit/(loss)</b>		<b>18,137</b>	<b>(2,474)</b>
Net finance costs	7	(171)	(171)
<b>Profit/(loss) and total comprehensive income/loss for the financial year before partners' interests</b>		<b>17,966</b>	<b>(2,645)</b>

All amounts relate to continuing activities.



# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## BALANCE SHEET

As at 31 December 2022

	Note	2022		Restated 2021	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Investment properties	8(a)		<b>36,550</b>		45,625
Interest in leasehold properties	9		<b>1,112</b>		<u>1,129</u>
<b>Total non-current assets</b>			<b>37,662</b>		46,754
<b>Current assets</b>					
Trade and other receivables	10	<b>48,172</b>		16,257	
Cash and deposits	12	<b>812</b>		<u>4,422</u>	
		<b>48,984</b>		20,679	
<b>Current liabilities</b>					
Trade and other payables	13	<b>(6,246)</b>		<u>(5,001)</u>	
<b>Net current assets</b>			<b>42,738</b>		<u>15,678</u>
<b>Total assets less current liabilities</b>			<b>80,400</b>		62,432
<b>Non-current liabilities</b>					
Trade and other payables	14		<b>(17)</b>		(15)
Obligations under head leases	15		<b>(1,245)</b>		<u>(1,245)</u>
<b>Net assets</b>			<b>79,138</b>		<u>61,172</u>
<b>Represented by:</b>					
<b>Partners' equity</b>					
Partners' capital accounts	16		<b>109,352</b>		109,352
Partners' current accounts	16		<b>(30,214)</b>		<u>(48,180)</u>
<b>Total Partners' equity</b>			<b>79,138</b>		<u>61,172</u>

The financial statements were authorised for issue by the Directors of the General Partner on 21 December 2023 and were signed on its behalf.



**R.G. Shaw**

Director

Partnership registration number: LP006355

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2022

	<b>Partners' capital accounts £'000</b>	<b>Partners' current accounts £'000</b>	<b>Total Partners' equity £'000</b>
At 1 January 2021	109,352	(45,535)	63,817
Loss and total comprehensive income for the financial year	-	(2,645)	(2,645)
At 31 December 2021	109,352	(48,180)	61,172
Profit and total comprehensive income for the financial year	-	17,966	17,966
<b>At 31 December 2022</b>	<b>109,352</b>	<b>(30,214)</b>	<b>79,138</b>

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES

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

##### (a) Basis of preparation of financial statements

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

The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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

##### *New accounting pronouncements*

New accounting standards, amendments to standards and related interpretations which became applicable during the year or have been published but are not yet effective, were either not relevant or had no, or no material impact on the Partnership's results or net assets except for the following which has resulted in accounting policy changes as follows:

In April 2022, the IFRIC issued an agenda decision in respect of the presentation of 'Demand deposits with restrictions on use arising from a contract with a third party' (the 'IFRIC Decision on Deposits'). The conclusions were that restrictions on use which arise from a contract with a third party do not alone change the nature of amounts being classified as cash and cash equivalents with the same definition of cash and cash equivalents being echoed in FRS 102. In light of this, to align the accounting policy to the interpretation of IFRS, a review has been undertaken of amounts disclosed as 'restricted monetary assets'. It has been determined that the use of certain tenant deposit and service charge amounts are restricted only by a contract with a third party. As a result, in applying the agenda decision, such amounts for 2021 have been restated to reflect this change to be consistent with the treatment at the ultimate parent company level with analysis set out in note 11.

Where figures have been restated, these are marked †.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (b) Financial Reporting Standard 101 – reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101.

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirements for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

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 are publicly available and can be obtained as described in note 19 to the financial statements.

##### (b) Going concern

In considering going concern, the Directors of the General Partner (the "Directors") have reviewed the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance. After making enquiries, the Directors have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (c) Net rental income

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term. Non-rental income such as car park or commercialisation income or contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the period in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into tenant leases are amortised over the lease term or, if the probability that the break option will be exercised is considered high, over the period to the first break option. Rent waivers granted during the Covid-19 period have been recognised as lease modifications and amortised from the date of agreement to the end of the lease term. Rent reviews are recognised when such reviews have been agreed with tenants.

Movements in the impairment provisions against trade receivables are included within net rental income, as shown in note 4, either within 'other property outgoings' or 'change in the provision for amounts not yet recognised in the statement of comprehensive income'. Further details of the criteria used to assess the level of impairment provisions required are set out in note 2.

Property operating expenses, including any operating expenditure not recovered from tenants through service charges, are charged to the statement of comprehensive income as incurred.

##### (d) Net finance costs

Net finance costs include interest payable on borrowings and interest payable to related party undertakings, net of interest receivable on funds invested and is included in the statement of comprehensive income.

##### (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 profit or loss. 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 as a head lease 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) 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.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (h) Trade and other receivables and payables

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

##### (i) Borrowings

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

##### (j) Impairment provisioning

The Partnership applies a simplified approach to determine the impairment provision on trade receivables and unamortised tenant incentives. In addition to the loss allowance provision, which is based on income earned in the year but not collected as at the balance sheet date, there are two other sources of impairment loss:

- Provision for impairment of unamortised tenant incentives: The movement in the loss allowance provision in the period against unamortised tenant incentives held within investment properties, including cash incentives and rent-free periods, included within other property outgoings.
- Provision for amounts not yet recognised in the statement of comprehensive income: The movement in the loss allowance provision in the period against trade receivables at the balance sheet date, which relate to a future reporting period and where the corresponding liability is classified within payables, including rent and service charge arrears.

##### (k) Financial instruments

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

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

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

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (I) Cash and deposits and restricted monetary assets

Cash and deposits comprise cash and short-term bank deposits with an original maturity of three months or less which are readily accessible.

Restricted monetary assets relate to cash balances which legally belong to the Partnership but which the Partnership cannot readily access. These do not meet the definition of cash and cash equivalents and consequently are presented separately from cash and deposits in the Partnership's balance sheet.

#### 2. CRITICAL ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTIES

In the application of the Partnership's accounting policies, the Directors of the General Partner (the "Directors") are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

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

##### **Significant estimates**

###### **Property valuations**

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

###### *Valuation backdrop*

The valuation of the Partnership's properties, which are carried in the balance sheet at fair value, is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations.

2022 was a mixed year from a risk perspective. The post pandemic period resulted in a steady recovery in footfall and collections, and a strong leasing performance with reduced vacancy levels. These positive trends contrasted with the heightened level of macroeconomics and geopolitical uncertainty, primarily related to the ongoing war in Ukraine, and the associated economic challenges on both consumers and businesses from high inflation, rising interest rates and supply chain pressures.

Areas of estimate highlighted in the external valuer's valuation report included estimation of market rents based on an increased level of activity, the consideration of appropriate levels of void costs and rent-free periods, the impact of extension of the rent moratorium in the UK and the basis of yield assumptions recognising the selective return of investor appetite towards the retail sector. The key inputs into the valuation continue to be yields (nominal equivalent yield) and market rental income (ERV).

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

#### 2. CRITICAL ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTIES (CONTINUED)

The external valuer's report also included an explanatory note, in accordance with RICS guidance, outlining the ongoing impact Covid-19 continues to have on global real estate markets. The guidance states that property markets are mostly functioning again, with transaction levels and sufficient other relevant evidence available on which to base opinions of value.

##### *Valuation methodology*

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to estimated future rental income streams reflecting contracted income reverting to ERV with appropriate adjustments for income voids arising from vacancies, lease expiries or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs to the valuations. Where comparable evidence of yield movement is lacking, valuers are reliant on sentiment or the movement of less comparable assets.

Other factors that are taken into account include, but are not limited to, the location and physical attributes of the property, tenure, tenancy details, lease expiry profile, rent collection, local taxes, structural and environmental conditions. With regards to the latter factor, the valuers made no explicit adjustment to their valuation as at 31 December 2022 in respect of environmental, social and governance ('ESG') matters. However, both the Directors and the valuers anticipate that ESG will have a greater influence on valuations in the future as investment markets place a greater emphasis on this topic and valuers comply with the RICS Guidance Note Sustainability and ESG in Commercial Property Valuation, which took effect from 31 January 2022.

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

##### **Impairment provisions of trade and other provisions**

The estimation of impairment provisions requires a degree of estimation about future events and is therefore inherently subjective. In assessing the current year provision, consideration has been given to the outturn of the prior year provision.

The Directors adopted a provisioning matrix, grouping receivables dependent on the risk level, taking into account historical default rates, future expectations, credit ratings and ageing, and applying an appropriate provision percentage after taking into account VAT, rent deposits and personal or corporate guarantees held. Where information is available to suggest that a higher level of provisioning is required, provision is made against 100% of the trade receivables or tenant incentive.

#### 3. 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 and development.
- (b) During the year Martineau Galleries (GP) Limited acting as the General Partner had an interest of 0.46% (2021: 0.46%) in the profits and assets of the Partnership.
- (c) At 31 December 2022, Hammerson Martineau Galleries Limited, Hammerson MGLP Limited and Hammerson MGLP 2 Limited acting as the limited partners (the "Limited Partners") had interests of 33.18% (2021: 33.18%) each in the profits and assets of the Partnership.



# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

### 4. NET RENTAL INCOME

	2022 £'000	2021 £'000
Base rent	1,253	1,988
Car park income	937	573
Lease incentive recognition	-	(8)
Other rental income	85	310
Gross rental income	2,275	2,863
Service charge income	457	500
<b>Revenue</b>	<b>2,732</b>	<b>3,363</b>
Ground and equity rents payable	90	(178)
Service charge expenses	(1,403)	(1,071)
Inclusive lease costs recovered through rent	(63)	(48)
Other property outgoings*	(481)	(583)
Rents payable and other property outgoings	(1,857)	(1,880)
Change in the provision for amounts not yet recognised in the statement of comprehensive income	323	(186)
<b>Net rental income</b>	<b>1,198</b>	<b>1,297</b>

\* Includes increase in provision against trade receivables, for amounts recognised in the statement of comprehensive income, of £82,000 (2021: £400,000).

### 5. ADMINISTRATIVE EXPENSES

	2022 £'000	2021 £'000
Management fee payable to Hammerson UK Properties Limited (formerly Hammerson UK Properties plc)	950	1,137
Other administrative (income)/fees	(6)	6
	<b>944</b>	<b>1,143</b>

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

The Directors of the General Partner did not receive any remuneration for their services from the Partnership in the year (2021: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. The services of the Directors of the General Partner are of a non-executive nature.

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

### 6. OTHER NET GAINS/(LOSSES)

	2022 £'000	2021 £'000
Revaluation losses on properties (note 8 (a))	(4,858)	(1,997)
Loss on sale of properties	(184)	-
Decrease/(Increase) in impairment provision against amounts due from Limited Partners (note 10)	22,925	(631)
	<b>17,883</b>	<b>(2,628)</b>

### 7. NET FINANCE COSTS

	2022 £'000	2021 £'000
Interest on obligations under head leases	(171)	(171)

### 8. INVESTMENT PROPERTIES

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

	2022 £'000	2021 £'000
<b>Long Leasehold</b>		
At 1 January	45,625	45,725
Additions at cost	983	1,919
Disposals at carrying value*	(5,200)	-
Amortisation of lease incentives	-	(22)
Revaluation loss (note 6)	(4,858)	(1,997)
At 31 December	<b>36,550</b>	<b>45,625</b>

\*The disposal at carrying value relates to the disposal of 1 to 7 King Parade on 6 April 2022.

(b) The properties are stated at fair value at 31 December 2022, valued by professionally qualified external valuers, CBRE Limited, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Global Standards based on certain assumptions as set out in note 2.

(c) The historical cost of investment properties at 31 December 2022 was £64,089,000 (2021: £69,289,000).

(d) Unamortised tenant incentives included in capital expenditure:

	2022 £'000	2021 £'000
Unamortised tenant incentives	323	186

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

#### 9. INTEREST IN LEASEHOLD PROPERTIES

	2022 £'000	2021 £'000
At 1 January	1,129	1,146
Amortisation	(17)	(17)
At 31 December	<u>1,112</u>	<u>1,129</u>

#### 10. TRADE AND OTHER RECEIVABLES: CURRENT

	2022 £'000	2021 £'000
Trade receivables	330	1,018
Amounts owed by Martineau Galleries (GP) Limited	120	120
Amounts owed by the Limited Partners	35,971	13,046
Amounts owed by Hammerson UK Properties Limited (formerly Hammerson UK Properties plc)	11,178	1,762
Other receivables and prepayments	573	311
	<u>48,172</u>	<u>16,257</u>

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

Trade receivables are shown after deducting a loss allowance provision of £1,393,000 (2021: £1,311,000).

Amounts owed by the Limited Partners are shown after deducting an impairment provision of £nil (2021: £22,925,000) (see note 6).

#### 11. CASH AND DEPOSITS

	2022 £'000	Restated 2021 £'000
Cash at bank	† <u>812</u>	<u>4,422</u>

At 31 December 2022, the Partnership's managing agent held cash of £812,000 (2021: £4,292,000) 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.

† 2021 figure has been restated with further information provided in note 1(a). The effect is that £130,000 held by third party managing agents in respect of tenant deposits and service charges has been reclassified into cash and cash equivalents having previously been separately disclosed as restricted monetary assets. The previously disclosed cash and cash equivalents balance was therefore £4,292,000. The equivalent balance included for 2022 was £652,000.

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

### 12. TRADE AND OTHER PAYABLES: CURRENT

	2022 £'000	2021 £'000
Trade payables	541	589
Amounts due to Hammerson Group Management Limited	4,594	3,644
Other payables and accruals	402	293
Deferred income	709	475
	<b>6,246</b>	<b>5,001</b>

The amounts due to Hammerson Group Management Limited are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

### 13. TRADE AND OTHER PAYABLES: NON-CURRENT

	2022 £'000	2021 £'000
Other payables		
- Over 5 years	17	15

### 14. OBLIGATIONS UNDER HEAD LEASES

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

	2022			2021		
	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	10,192	(8,947)	1,245	10,363	(9,118)	1,245
2-5 years	513	(513)	-	513	(513)	-
1-2 years	171	(171)	-	171	(171)	-
Within 1 year	171	(171)	-	171	(171)	-
	<b>11,047</b>	<b>(9,802)</b>	<b>1,245</b>	<b>11,218</b>	<b>(9,973)</b>	<b>1,245</b>

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

#### 15. PARTNERS' EQUITY

	2022 £'000	2021 £'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
	<b>109,352</b>	109,352
Partners' current accounts	<b>(30,214)</b>	(48,180)
	<b>79,138</b>	61,172

The Partners' capital contribution is in proportion to each Partner's interest. Under the Limited Partnership Agreement no further capital is required to be injected and no interest is payable on the capital.

The Partners' current accounts represent the cumulative profits and losses of the Partnership after deduction of distributions to the Partners.

#### 16. 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.

	2022 £'000	2021 £'000
Within one year	441	1,206
From one to two years	336	882
From two to five years	464	1,465
Over five years	198	239
	<b>1,439</b>	3,792

#### 17. ADVANCES, CREDIT AND GUARANTEES

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

#### 18. ULTIMATE CONTROLLING PARTY

The Limited Partners listed in note 3 are the immediate controlling parties of the Partnership which are all registered in England and Wales. 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, Marble Arch House, 66 Seymour Street, London, W1H 5BX.