

Company Number: 04125216

HAMMERSON OPERATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2017



HAMMERSON OPERATIONS LIMITED

DIRECTORS' REPORT

Year ended 31 December 2017

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENT

The principal activity of Hammerson Operations Limited (the "Company") is property management in the United Kingdom. The Directors do not anticipate any significant change in the activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £1,600,000 (2016: £1,346,000). The Directors do not recommend the payment of a dividend for the year (2016: £nil). Further information relating to the business and its key risks is provided in the Strategic Report on page 3.

Net assets for the Company as at 31 December 2017 were £13,179,000 (31 December 2016: £11,579,000)

3. DIRECTORS

- (a) Mr. A.J. Berger-North and Mr. P.W.B. Cole 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.R. 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. SECRETARY

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

5. INDEMNITY

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 approval of this report.

6. AUDITORS

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

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

HAMMERSON OPERATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2017

7. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 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 Company will continue in business.

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

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

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



B. Lees
For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 11 April 2018

Registered Office:
Kings Place
90 York Way
London N1 9GE
Registered in England and Wales No 04125216

HAMMERSON OPERATIONS LIMITED

STRATEGIC REPORT

Year ended 31 December 2017

BUSINESS REVIEW AND FUTURE PROSPECTS

It is expected that the Company will continue to manage and administer property activities on behalf of Hammerson UK Properties plc and its subsidiaries in the United Kingdom.

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2017 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

The Directors consider the following measures to be the key performance indicators for the Company: fee income and profit on ordinary activities before taxation.

The Company generated profit on ordinary activities of £1,600,000 (2016: £1,346,000) and generated fee income of £5,071,000 (2016: £4,773,000) from service charges and by providing services to properties owned by Hammerson UK Properties plc subsidiaries and certain joint ventures.

The Company incurs costs on behalf of fellow group companies and recharges these companies at cost, and economic conditions therefore have minimal impact on the Company. Further risks are discussed in the Annual Report of the ultimate controlling party, Hammerson plc, which does not form part of this report.

Signed on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'A.J. Berger-North', written over a horizontal line.

A.J. Berger-North
Director

Date: 11 April 2018

HAMMERSON OPERATIONS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON OPERATIONS LIMITED

Report on the financial statements

Our opinion

In our opinion, Hammerson Operations Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

HAMMERSON OPERATIONS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON OPERATIONS LIMITED (CONTINUED)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

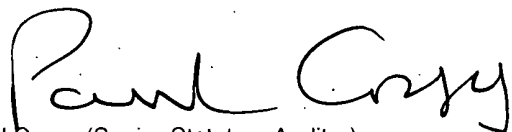
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence; forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Cragg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 April 2018

HAMMERSON OPERATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME **For the year ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
Management fees receivable	2	12,816	11,979
Administration expenses	3(a)	<u>(11,494)</u>	<u>(10,895)</u>
Operating profit		1,322	1,084
Net finance income	4	<u>278</u>	<u>262</u>
Profit on ordinary activities before and after taxation and total comprehensive income for the financial year		<u>1,600</u>	<u>1,346</u>

All amounts relate to continuing activities

HAMMERSON OPERATIONS LIMITED

BALANCE SHEET

As at 31 December 2017

	Notes	2017 £'000	2016 £'000
Tangible fixed assets			
Plant and equipment	6	125	170
Current assets			
Receivables	7	24,887	25,946
Restricted monetary assets	8	-	15
		24,887	25,961
Current liabilities			
Payables	9	(11,833)	(14,552)
Net current assets		13,054	11,409
Total asset less current liabilities		13,179	11,579
Net assets		13,179	11,579
Capital and reserves			
Called up share capital	10	-	-
Retained earnings	11	13,179	11,579
Shareholder's equity		13,179	11,579

These financial statements were approved by the Board of Directors on 11 April 2018 and authorised for issue on 11 April 2018.

Signed on behalf of the Board of Directors



A.J. Berger-North

Director

Company Number: 4125216

HAMMERSON OPERATIONS LIMITED**STATEMENT OF CHANGES IN EQUITY**
As at 31 December 2017

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	-	10,233	10,233
Profit and total comprehensive income for the year	-	1,346	1,346
Balance at 31 December 2016	-	11,579	11,579
Profit and total comprehensive income for the year	-	1,600	1,600
Balance at 31 December 2017	-	13,179	13,179

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS Year ended 31 December 2017

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

Hammerson Operations Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is Kings Place, 90 York Way, London, N1 9GE.

These financial statements were prepared in accordance with Financial Reporting Standard 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. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(j).

Disclosure exemptions adopted

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);

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES

(a) Basis of accounting (continued)

- 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 Company is consolidated. The financial statements of Hammerson plc can be obtained as described in note 13.

(b) Going concern

The financial position of the Company is as set out in the balance sheet. The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company 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.

(c) Net finance income

Net finance income includes interest received on funds invested, interest receivable from group undertakings and interest on borrowings, net of interest capitalised.

(d) 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.

(e) 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.

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

(f) Financial instruments

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

(g) Employee benefits - defined contribution pension plans

Obligations for contributions to defined contribution pension plans are charged to the statement of comprehensive income as incurred.

(h) Taxation

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

(i) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life, which is generally between three and five years.

(j) Critical accounting policies and estimation uncertainties

Given the nature of the Company's operations the Directors are of the opinion that there are no critical accounting policies or areas of estimation uncertainty.

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS Year ended 31 December 2017

2. MANAGEMENT FEES RECEIVABLE

The Company receives fees for providing management services to properties owned by Hammerson UK Properties plc and its subsidiaries and certain joint ventures. All fees are derived in the United Kingdom.

3. ADMINISTRATION EXPENSES

	2017 £'000	2016 £'000
(a) Administration expenses:		
Staff costs (note 3(b))	7,299	6,777
Management fee payable to fellow group company	2,065	2,109
Total staff costs	9,364	8,886
Other costs	2,130	2,009
	11,494	10,895

The Directors did not receive any remuneration for their services from the Company in the year (2016: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. In addition there were no payments to key management personnel.

Of the total staff costs £7,745,000 (2016: £7,206,000) was recharged to the tenants and has been treated as management fee income.

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £2,200 (2016: £5,411).

	2017 £'000	2016 £'000
(b) Staff costs:		
Wages and salaries	5,602	5,212
Performance-related bonuses payable in cash	589	579
	6,191	5,791
Social security costs	741	655
Other pension costs	367	331
	7,299	6,777

(c) The average number of persons employed by the Company during the year was:

	2017 Number	2016 Number
Administrative staff	144	136

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS Year ended 31 December 2017

4. NET FINANCE INCOME

	2017 £'000	2016 £'000
Interest receivable from ultimate parent company	278	262
Other interest receivable	1	1
Other interest payable	(1)	(1)
	<u>278</u>	<u>262</u>

5. TAXATION

The Company has no tax charge for the year, and this is expected to continue for the foreseeable future. Profits covered by group relief surrendered for no charge, for the year ended 31 December 2017 are £1,615,000 (2016: £1,391,000).

6. PLANT AND EQUIPMENT

The movements in the year were:

	Cost £'000	Depreciation £'000	Net book value £'000
At 1 January 2016	227	(7)	220
Depreciation in the year	-	(50)	(50)
At 1 January 2017	227	(57)	170
Depreciation for the year	-	(45)	(45)
At 31 December 2017	<u>227</u>	<u>(102)</u>	<u>125</u>

7. RECEIVABLES: CURRENT ASSETS

	2017 £'000	2016 £'000
Trade receivables	6,015	5,060
Amounts owed by ultimate parent company	18,798	20,793
Amounts owed by Croydon Limited Partnership	64	64
Amounts owed by Hammerson Victoria Quarter Unit Trust	2	-
Amounts owed by Grand Central Limited Partnership	-	2
Amounts owed by Hammerson (Watermark) Limited	-	1
Other receivables	8	26
	<u>24,887</u>	<u>25,946</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. Amounts owed by the ultimate parent company bear interest at variable rates based on LIBOR. Amounts owed by the Croydon Limited Partnership, Hammerson Victoria Quarter Unit Trust, Grand Central Limited Partnership and Hammerson (Watermark) Limited are non-interest bearing.

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS Year ended 31 December 2017

8. RESTRICTED MONETARY ASSETS

	2017 £'000	2016 £'000
Cash held on behalf of third parties	-	15

The Company can hold deposits on behalf of its customers, which therefore has restricted use and as such, does not meet the definition of cash and cash equivalents.

9. PAYABLES: CURRENT LIABILITIES

	2017 £'000	2016 £'000
Trade payables	680	849
Amounts owed to fellow subsidiary undertakings	6,869	9,786
Deferred income	3,378	3,065
Other payables and accruals	906	852
	<u>11,833</u>	<u>14,552</u>

Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing.

10. SHARE CAPITAL

	2017 £	2016 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Share capital	Nominal value of share capital subscribed for
Retained earnings	Cumulative profits and losses less any dividends paid

HAMMERSON OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2017

12. ADVANCES, CREDIT AND GUARANTEES

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

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2017, 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. At 31 December 2017, the Company's immediate parent company was Hammerson UK Properties plc.

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.