

Company Number: 04278233

THE JUNCTION (GENERAL PARTNER) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2016



THE JUNCTION (GENERAL PARTNER) 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 Junction Limited Partnership. The Junction Unit Trust is the Limited Partner, owning 99.95% of The Junction Limited Partnership, with the Company owning the remaining 0.05%. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £42,000 (2015: £5,000). The Directors do not recommend the payment of a dividend for the year (2015: £nil).

3. DIRECTORS

- (a) Mr. W.S. Austin, Mr. A.J. Berger-North and Mr. R.G. Shaw were Directors of the Company throughout the year.
- (b) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (c) 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. 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.

6. 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 remain in place at the date of approval of this report.

THE JUNCTION (GENERAL PARTNER) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)
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: 29 June 2017

Registered Office:
Kings Place, 90 York Way
London N1 9GE
Registered in England and Wales No 04278233

THE JUNCTION (GENERAL PARTNER) 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 ("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.

THE JUNCTION (GENERAL PARTNER) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JUNCTION (GENERAL PARTNER) LIMITED

We have audited the financial statements of The Junction (General Partner) 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 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.

THE JUNCTION (GENERAL PARTNER) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JUNCTION (GENERAL PARTNER) 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 Directors' 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 from preparing a Strategic Report or in preparing the Directors' Report.

D. Winstone

Daryl Winstone (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 30 June 2017

THE JUNCTION (GENERAL PARTNER) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Decrease in impairment provision	3	<u>42</u>	<u>5</u>
Profit on ordinary activities before and after taxation and total comprehensive income for the financial year	4	<u>42</u>	<u>5</u>

All amounts relate to continuing activities.

THE JUNCTION (GENERAL PARTNER) LIMITED

BALANCE SHEET

As at 31 December 2016

	Notes	2016		2015	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	5		90		48
Current liabilities					
Payables	6	(39)		(39)	
Net current liabilities			(39)		(39)
Net assets			51		9
Capital and reserves					
Called up share capital	7		2		2
Share premium	8		169		169
Accumulated deficit	8		(120)		(162)
Shareholders' equity			51		9

These financial statements were approved by the Board of Directors on 29 June 2017 and authorised for issue on 29 June 2017.

Signed on behalf of the Board of Directors



W.S Austin

Director

Company Number: 04278233

THE JUNCTION (GENERAL PARTNER) LIMITED

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

	Called up share capital £'000	Share premium £'000	Accumulated deficit £'000	Total equity £'000
Balance at 1 January 2015	2	169	(167)	4
Profit and other comprehensive income for the year	-	-	5	5
Balance at 31 December 2015	2	169	(162)	9
Profit and other comprehensive income for the year	-	-	42	42
Balance at 31 December 2016	2	169	(120)	51

THE JUNCTION (GENERAL PARTNER) 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

The Junction (General Partner) 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.

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;
- 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 Company is consolidated. The financial statements of Hammerson plc can be obtained as described in note 10.

THE JUNCTION (GENERAL PARTNER) 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) Fixed asset investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

(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.

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

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(g) 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 Junction 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 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.

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 period. Fees for the audit of the Company were £1,297 (2015: £1,260).

3. DECREASE IN IMPAIRMENT PROVISION

	2016 £'000	2015 £'000
Decrease in impairment of investment in The Junction Limited Partnership (note 5)	<u>42</u>	<u>5</u>

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

4. 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.

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 therefore had no tax charge for the year, and this is expected to continue for the foreseeable future. The profits covered by group relief for the year ended 31 December 2016 are £nil (2015: £nil).

5. INVESTMENTS

	Cost £'000	Impairment provision £'000	Carrying value £'000
At 1 January 2015	140	(97)	43
Decrease in impairment provision - note 3	-	5	5
At 31 December 2015	140	(92)	48
Decrease in impairment provision - note 3	-	42	42
At 31 December 2016	140	(50)	90

Direct subsidiaries

The Company has a 0.05% interest in The Junction Limited Partnership, which is registered in England and Wales with the same registered office as the Company (as set out on page 2).

The Company owns 100% of the issued ordinary share capital of The Junction (Thurrock Shareholder GP) Limited, a company registered in England and Wales with the same registered office as the Company.

The Company owns 100% of the issued ordinary share capital of Junction Nominee 1 Limited and Junction Nominee 2 Limited. Both non-trading companies are registered in England and Wales with the same registered office as the Company.

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

5. INVESTMENTS (continued)

Indirect subsidiaries

The Junction (Thurrock Shareholder GP) Limited owns 100% of the issued ordinary share capital of The Junction Thurrock (General Partner) Limited, a company registered in England and Wales with the same registered office as the Company (as set out on page 2).

The Junction Thurrock (General Partner) Limited has a 0.1% interest in The Junction Thurrock Limited Partnership, which owns 100% of the issued ordinary share capital of Thurrock Shares 1 Limited and Thurrock Shares 2 Limited, both non-trading companies. All entities are registered in England and Wales with the same registered office as the Company.

6. PAYABLES: CURRENT LIABILITIES

	2016 £'000	2015 £'000
Amounts owed to ultimate parent company	<u>39</u>	<u>39</u>

Interest is charged on amounts owed to the ultimate parent company at variable rates based on LIBOR, subject to a materiality threshold.

7. SHARE CAPITAL

	2016 £	2015 £
Authorised:		
1,000 A ordinary shares of £1 each	1,000	1,000
1,000 B ordinary shares of £1 each	1,000	1,000
1,000 C ordinary shares of £1 each	1,000	1,000
1,000 D ordinary shares of £1 each	1,000	1,000
	<u>4,000</u>	<u>4,000</u>
Allotted & called up :		
500 A ordinary shares of £1 each	500	500
500 B ordinary shares of £1 each	500	500
500 C ordinary shares of £1 each	500	500
500 D ordinary shares of £1 each	500	500
	<u>2,000</u>	<u>2,000</u>

The A,B,C and D ordinary shares rank pari passu in all respects.

THE JUNCTION (GENERAL PARTNER) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

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
Share premium	Amount subscribed for share capital in excess of nominal value
Accumulated deficit	Cumulative profits and losses less any dividends paid

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, 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 2016, the Company's immediate parent company was Hammerson Junction (No 3) Limited.

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: LP007884

THE JUNCTION LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016

THE JUNCTION 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 DISTRIBUTIONS

The Partnership made a loss for the financial year of £6,430,000 before partners' interest (2015: £17,860,000 profit). Distributions of £nil were made during the year (2015: £nil).

3. INDEMNITY

The General Partner's ultimate parent company, Hammerson plc, has made 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.

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 The Junction (General Partner) Limited, General Partner, and signed on its behalf



A.J. Berger-North

Director

Date: 29 June 2017

THE JUNCTION LIMITED PARTNERSHIP

STRATEGIC REPORT

Year ended 31 December 2016

BUSINESS REVIEW AND FUTURE PROSPECTS

The Partnership's principal business is to hold for investment the Abbotsinch Retail Park, Paisley and the Imperial Retail Park, Bristol. 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 in light of the net current liability position on the balance sheet 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, property valuation and total return.

The Partnership's properties produced net rental income of £10,481,000 (2015: £10,235,000). As shown in note 7(a) to the accounts, the total of capital expenditure incurred was £77,000 (2015: £3,551,000) and there was a revaluation deficit of £8,347,000 during the year (2015: £7,619,000 surplus). The IPD total returns for Abbotsinch Retail Park and Imperial Retail Park in 2016 were 4.0% and (1.3)% respectively (2015: 14.0% and 8.8% respectively).

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 on-going 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 are compared against target returns. The Partnership has a risk forum for managing the key development risks.

Approved by The Junction (General Partner) Limited, General Partner, and signed on its behalf



A.J. Berger-North

Director

Date: 29 June 2017

THE JUNCTION LIMITED PARTNERSHIP

GENERAL PARTNER'S RESPONSIBILITIES STATEMENT IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Junction 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 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 United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

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

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

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable it to ensure that the financial statements comply with SI 2008/569 (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 JUNCTION LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JUNCTION LIMITED PARTNERSHIP

We have audited the financial statements of The Junction 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*.

This report is made solely to qualifying Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by the Partnership (Accounts) Regulation 2008. 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 partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by 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 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 as applied to qualifying partnerships.

THE JUNCTION LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JUNCTION 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.

D. Winstone

Daryl Winstone (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 30 June 2017

THE JUNCTION LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Gross rental income		10,693	10,418
Rents payable and other property outgoings		(212)	(183)
Net rental income	1(c)	10,481	10,235
Administration expenses	3	(1,230)	(1,164)
Movements in impairment of investments	5	(7,853)	2,244
Operating profit before property revaluation (losses)/gains		1,398	11,315
Revaluation (losses)/gains on properties	7(a)	(8,347)	7,619
Operating (loss)/profit		(6,949)	18,934
Net finance costs	4	(3,642)	(3,536)
Investment income	6	4,161	2,462
(Loss)/Profit and comprehensive income for the financial year before partners' interests		(6,430)	17,860

All amounts relate to continuing activities.

THE JUNCTION LIMITED PARTNERSHIP

BALANCE SHEET

As at 31 December 2016

	Notes	2016 £'000	2015 £'000
Tangible fixed assets			
Investment properties	7(a)	168,500	176,770
Other investments	8	166,766	174,619
		335,266	351,389
Current assets			
Receivables	9	2,898	2,238
Restricted monetary assets	10	417	585
Cash and deposits	11	558	1,231
		3,873	4,054
Current liabilities			
Payables	12	(159,056)	(168,931)
Net current liabilities		(155,183)	(164,877)
Total assets less current liabilities		180,083	186,512
Non-current liabilities			
Payables	13	(51)	(50)
Net assets		180,032	186,462
Represented by:			
Partners' equity			
Partners' capital accounts	14	242,294	242,294
Partners' current accounts	14	(62,262)	(55,832)
		180,032	186,462

The General Partner in accordance with the Limited Partnership Agreement approved the financial statements on 29 June 2017 and authorised them for issue on 29 June 2017.

Signed on behalf of the General Partner.



A.J. Berger-North
Director

Partnership registration: LP007884

THE JUNCTION 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	242,294	(73,692)	168,602
Profit and other comprehensive income for the year	-	17,860	17,860
Balance at 31 December 2015	242,294	(55,832)	186,462
Loss and other comprehensive income for the year	-	(6,430)	(6,430)
Balance at 31 December 2016	242,294	(62,262)	180,032

THE JUNCTION LIMITED PARTNERSHIP

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

The Junction Limited Partnership is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 2008 (SI 2008/569) require certain qualifying partnerships to prepare and have audited financial statements as required for a company by the Companies Act 2006. The nature of the Partnership's operations and its principal activities are set out on page 2. The address of the registered office of the General Partner is the same as that of Hammerson plc, the ultimate controlling party, 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 Partnership'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 17.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(b) Going concern

The financial position of the Partnership is as set out in the Balance Sheet. The Partnership 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 of the General Partner consider that the Partnership 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 Partnership 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 of the General Partner have a reasonable expectation that the Partnership 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) 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.

Included in net rental income is £9,000 (2015: £11,000) of contingent rents calculated by reference to tenants' turnover.

(d) 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.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(e) Fixed asset investments

Fixed asset investments, including the Partnership's investments in subsidiaries and unit trusts are stated at cost less provision for impairment.

(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.

(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) 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.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(i) Critical accounting policies and estimation uncertainties

In the application of the Partnership's accounting policies, the Directors of the General Partner 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 Directors of the General Partner must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the accounts. Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

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. 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 assets.

2. LIMITED PARTNERSHIP AGREEMENT ('The Agreement')

- (a) The Agreement dated 2 November 2001 states that the purpose of the Partnership is to carry out property investment and development.
- (b) During the year The Junction (General Partner) Limited acting as the General Partner had an interest of 0.05% in the profits and assets of the Partnership.
- (c) At 31 December 2016 The Junction Unit Trust acting as the Limited Partner had an interest of 99.95% in the profits and assets of the Partnership.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

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 £2,921 (2015: £2,836).

	2016 £'000	2015 £'000
Management fee payable to fellow group undertaking	1,225	1,184
Other expenses	5	(20)
	<u>1,230</u>	<u>1,164</u>

4. NET FINANCE COSTS

	2016 £'000	2015 £'000
Interest payable to ultimate parent company	3,644	3,540
Bank interest receivable	(2)	(4)
	<u>3,642</u>	<u>3,536</u>

5. MOVEMENT IN IMPAIRMENT PROVISION

	2016 £'000	2015 £'000
(Increase)/Decrease in impairment of investments - note 8	<u>(7,853)</u>	<u>2,244</u>

6. INVESTMENT INCOME

	2016 £'000	2015 £'000
Distributions receivable from investments in unit trusts	<u>4,161</u>	<u>2,462</u>

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

7. INVESTMENT PROPERTIES

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

	2016 £'000	2015 £'000
Long leasehold		
At 1 January	176,770	165,600
Additions at cost	77	3,551
(Deficit)/Surplus on revaluation	(8,347)	7,619
At 31 December	168,500	176,770

- (b) Property is stated at fair value as at 31 December 2016, valued by professionally qualified 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(i).
- (c) The historical cost of investment property at 31 December 2016 was £165,946,000 (2015: £165,869,000).

8. OTHER INVESTMENTS

	Cost £'000	Impairment provision £'000	Carrying value £'000
At 1 January 2015	194,197	(21,822)	172,375
Decrease in impairment provision - note 5	-	2,244	2,244
At 31 December 2015	194,197	(19,578)	174,619
Increase in impairment provision - note 5	-	(7,853)	(7,853)
At 31 December 2016	194,197	(27,431)	166,766

The Partnership had direct investments of 99.99% in The Telford Forge Unit Trust and The Junction Thurrock Unit Trust at 31 December 2016. Both of these unit trusts are registered in Jersey at 47 Esplanade, St Helier, Jersey, JE1 0BD.

The Partnership also has an indirect investment of 99.89% in The Junction Thurrock Limited Partnership, a partnership registered in England and Wales. The direct investment is held by The Junction Thurrock Unit Trust. The registered address for the Partnership is Kings Place, 90 York Way, London N1 9GE.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

9. RECEIVABLES: CURRENT ASSETS

	2016 £'000	2015 £'000
Trade receivables	291	172
Amounts owed by fellow subsidiary undertakings	2,450	1,646
Other receivables	157	420
	<u>2,898</u>	<u>2,238</u>

All amounts shown under receivables fall due for payment within one year. Amounts owed by fellow subsidiary undertakings are non-interest bearing.

10. RESTRICTED MONETARY ASSETS

	2016 £'000	2015 £'000
Cash held on behalf of third parties	<u>417</u>	<u>585</u>

The Partnership's managing agent holds cash on behalf of its tenants to meet future service charge costs and related expenditure. The cash has restricted use and as such, does not meet the definition of cash and cash equivalents.

11. CASH AND DEPOSITS

	2016 £'000	2015 £'000
Cash at bank	<u>558</u>	<u>1,231</u>

At 31 December 2016, the Partnership's managing agent held cash 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.

12. PAYABLES: CURRENT LIABILITIES

	2016 £'000	2015 £'000
Trade payables	540	625
Deferred income	1,198	1,286
Amounts owed to ultimate parent company	156,276	165,606
Amounts owed to fellow subsidiary undertakings	463	434
Other payables and accruals	579	980
	<u>159,056</u>	<u>168,931</u>

Interest is charged on amounts owed to the ultimate parent company at variable rates based on LIBOR. Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing.

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2016

13. PAYABLES: NON-CURRENT LIABILITIES

	2016 £'000	2015 £'000
Other payables – From 5 to 25 years	<u>51</u>	<u>50</u>

14. PARTNERS' EQUITY

	2016 £'000	2015 £'000
Partners' capital accounts		
- Partners' capital	126,372	126,372
- Partners' advances	<u>115,922</u>	<u>115,922</u>
	242,294	242,294
Partners' current accounts	<u>(62,262)</u>	<u>(55,832)</u>
	<u>180,032</u>	<u>186,462</u>

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' advances are non-interest bearing and are only repayable in the event of a sale or other disposal of the Partnership's investment property or any interest therein or, if the General Partner so determines, in the event of a refinancing of the Partnership, or on the winding-up of the Partnership.

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

15. 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 one year	9,978	8,699
From one to two years	9,636	9,112
From two to five years	27,636	25,954
Over five years	<u>43,435</u>	<u>48,453</u>
	<u>90,685</u>	<u>92,218</u>

THE JUNCTION LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

16. ADVANCES, CREDIT AND GUARANTEES

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

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2016, the Partnership'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 2016, the Partnership's immediate parent entity was The Junction Unit Trust.

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.