

Company Number: 5495284

HAMMERSON (DIDCOT II) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016



HAMMERSON (DIDCOT II) 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 property investment in the United Kingdom. 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 £344,000 (2015: £222,000). 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, Mr. P.W.B. Cole 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 put in place 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.

HAMMERSON (DIDCOT II) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2016

7. AUDITOR

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

BDO LLP have indicated their willingness to continue in office.

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: 13 July 2017

Registered Office:
Kings Place, 90 York Way
London N1 9GE
Registered in England and Wales No. 5495284

HAMMERSON (DIDCOT II) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HAMMERSON (DIDCOT II) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON (DIDCOT II) LIMITED

We have audited the financial statements of Hammerson (Didcot II) 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).

This report is made solely to the Company's sole member, 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 sole member 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 sole member, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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.

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.

HAMMERSON (DIDCOT II) LIMITED

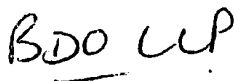
INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON (DIDCOT II) LIMITED (CONTINUED)

Matters on which we are required to report by exception

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.

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.



Christopher Wingrave (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

Gatwick, United Kingdom

Date: 17 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HAMMERSON (DIDCOT II) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Gross rental income		178	144
Rents payable and other property outgoings		(31)	(22)
Net rental income	1(c)	147	122
Revaluation gains on properties	5(a)	200	100
Operating profit		347	222
Net finance costs	3	(3)	-
Profit on ordinary activities before and after taxation and total comprehensive income for the financial year	4	344	222

All amounts relate to continuing activities.

HAMMERSON (DIDCOT II) LIMITED**BALANCE SHEET****As at 31 December 2016**

	Notes	2016 £'000	2015 £'000
Tangible fixed assets			
Investment properties	5(a)	2,600	2,400
Current assets			
Receivables	6	59	37
Restricted monetary assets	7	29	28
Cash and deposits	8	15	14
		103	79
Current liabilities			
Payables	9	(547)	(680)
Net current liabilities		(444)	(601)
Total assets less current liabilities		2,156	1,799
Non-current liabilities			
Payables	10	(15)	(2)
Net assets		2,141	1,797
Capital and reserves			
Called up share capital	11	2,100	2,100
Retained earnings/ (Accumulated deficit)	12	41	(303)
Shareholder's equity		2,141	1,797

These financial statements were approved by the Board of Directors on 13 July 2017 and authorised for issue on 13 July 2017.

Signed on behalf of the Board of Directors



A.J. Berger-North
Director
Company Number: 5495284

HAMMERSON (DIDCOT II) LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2016**

	Called up share capital £'000	Retained earnings/ (Accumulated deficit) £'000	Total equity £'000
Balance at 1 January 2015	2,100	(525)	1,575
Profit and other comprehensive income for the year	-	222	222
Balance at 31 December 2015	2,100	(303)	1,797
Profit and other comprehensive income for the year	-	344	344
Balance at 31 December 2016	2,100	41	2,141

HAMMERSON (DIDCOT II) 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

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 ("FRS 101") *Reduced Disclosure Framework* 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 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 15.

HAMMERSON (DIDCOT II) 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) 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. Contingent rents, such as turnover rents, rent reviews and indexation are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into tenant leases are added to the costs of property and are amortised over the lease term or, if the probability that the break option will be exercised is considered high, over the period to the first break option.

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

(d) Net finance costs

Net finance costs include interest payable on borrowings, net of interest capitalised and interest receivable on funds invested.

(e) Investment properties

The Company 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.

HAMMERSON (DIDCOT II) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(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 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.

(i) Critical accounting policies and estimation uncertainties

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

HAMMERSON (DIDCOT II) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

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

The Company's critical judgement and area of estimation uncertainty is in respect of property valuations. The Company'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 Company'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, developers' profit and purchasers' costs. Properties held for future development are generally valued by adopting the higher of the residual method of valuation allowing for all associated risks, or the investment method of valuation for the existing assets.

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.

Another group company has paid the auditor's fees for the audit of the Company's annual accounts in both the current and preceding financial year. Fees for the audit of the Company were £1,500 (2015: £1,475).

3. NET FINANCE COSTS

	2016 £'000	2015 £'000
Interest payable to ultimate parent company	<u>3</u>	<u>-</u>

HAMMERSON (DIDCOT II) 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. INVESTMENT PROPERTIES

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

	2016 £'000	2015 £'000
Freehold		
At 1 January	2,400	2,300
Surplus arising on revaluation	200	100
At 31 December	2,600	2,400

- (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 2015 based on certain assumptions as set out in note 1(i).
- (c) The historical cost of investment property at 31 December 2016 was £3,226,000 (2015: £3,226,000).

6. RECEIVABLES: CURRENT ASSETS

	2016 £'000	2015 £'000
Trade receivables	10	-
Amounts owed by fellow subsidiary undertakings	42	30
Other receivables and prepayments	7	7
	59	37

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

HAMMERSON (DIDCOT II) LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 December 2016**7. RESTRICTED MONETARY ASSETS**

	2016	2015
	£'000	£'000
Cash held on behalf of third parties	<u>29</u>	<u>28</u>

The Company's managing agent holds cash on behalf of its tenants to meet future service charge costs and related expenditure, which therefore has restricted use.

8. CASH AND DEPOSITS

	2016	2015
	£'000	£'000
Cash at bank	<u>15</u>	<u>14</u>

The Company's managing agent holds cash on behalf of the Company which is not restricted and is available to the Company and therefore has been included in cash and deposits.

9. PAYABLES: CURRENT LIABILITIES

	2016	2015
	£'000	£'000
Trade payables	15	23
Deferred income	40	33
Amounts owed to ultimate parent company	479	619
Amounts owed to fellow subsidiary undertakings	2	5
Other payables	<u>11</u>	<u>-</u>
	<u>547</u>	<u>680</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.

10. PAYABLES: NON-CURRENT LIABILITIES

	2016	2015
	£'000	£'000
Other payables – From 5 to 25 years	<u>15</u>	<u>2</u>

HAMMERSON (DIDCOT II) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2016

11. SHARE CAPITAL

	2016 £'000	2015 £'000
Authorised:		
2,100,000 ordinary shares of £1 each	<u>2,100</u>	<u>2,100</u>
Allotted, called up and fully paid:		
2,100,000 ordinary shares of £1 each	<u>2,100</u>	<u>2,100</u>

12. 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/ (Accumulated deficit)	Cumulative profits and losses less any dividends paid

13. THE COMPANY AS LESSOR – OPERATING LEASE RECEIPTS

At the balance sheet date, the Company 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	165	117
From one to two years	162	102
From two to five years	316	281
Over five years	<u>114</u>	<u>132</u>
	<u>757</u>	<u>632</u>

14. ADVANCES, CREDIT AND GUARANTEES

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

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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 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.