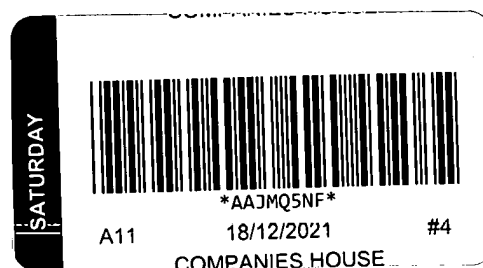


Registered Number: 03768311

**HAMMERSON MGLP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2020



## **HAMMERSON MGLP LIMITED**

### **DIRECTORS' REPORT**

Year ended 31 December 2020

The Directors submit their report and the audited financial statements for Hammerson MGLP Limited (the "Company") for the year ended 31 December 2020.

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 AND FUTURE DEVELOPMENTS**

The principal activity of the Company is to act as an investment holding company in the United Kingdom.

The Company has a 33.18% interest in the Martineau Galleries Limited Partnership (the "Partnership"). The Partnership holds for investment the Martineau Galleries Shopping Centre in Birmingham, which was affected by the Covid-19 pandemic. This unprecedented situation has had a significant impact, with footfall levels significantly below 2019 levels due to the closure of all non-essential retail during continued periods of national and local lockdown.

The asset management team have worked hard to reach fair and reasonable agreements with tenants, offering flexible repayment terms or rent waivers where appropriate. In spite of the proactive measures taken, rent collection was significantly below historic levels.

Net rental income for the Partnership reduced principally as a result of increased provisioning due to the higher level of arrears and increased uncertainty as a consequence of the pandemic. Car park income fell due to the closure of the majority of stores in periods of Covid-19 lockdown during the year.

The impact of Covid-19 has extended into 2021. The roll-out of a vaccination programme together with the lifting of Covid-19 restrictions should lead to a recovery as workers and shoppers return to the city centre. However, any significant re-emergence of Covid-19 or new variants thereof could also result in the imposition of further restrictions.

It is anticipated the Partnership's net rental income levels and property valuations will remain challenged in 2021.

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

#### **2. RESULTS AND DIVIDENDS**

The profit for the year after tax was £429,000 (2019: loss £2,988,000). The Directors do not recommend the payment of a dividend for the year (2019: £nil).

As at 31 December 2020, the Company had net current liabilities of £17,085,000 (2019: £16,988,000) and net assets of £11,487,000 (2019: £11,058,000).

## **HAMMERSON MGLP LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

Year ended 31 December 2020

#### **3. DIRECTORS**

- (a) Mr. J. Lenton was a Director of the Company throughout the year and resigned as a Director of the Company on 26 April 2021.
- (b) Mr. W.S. Austin was a Director of the Company throughout the year and resigned as a Director of the Company on 11 November 2021.
- (c) Mr. H.H. Raja and Mr R.G. Shaw were appointed as Directors of the Company on 26 April 2021 and were in office at the date of approval of this report
- (d) Mr. H.A. Badham and Mr. P.J. Denby were appointed as Directors of the Company on 11 November 2021 and were in office at the date of approval of this report.
- (e) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (f) 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 2020 and the current unprecedented levels of uncertainty on the Company's activities, principally caused by the Covid-19 pandemic. Having received a letter of support from Hammerson plc, its ultimate parent company, which states the intent to provide the necessary financial support to the Company for at least twelve months from the date of signing of these financial statements, they concluded that the going concern basis of preparation was appropriate.

However, whilst Hammerson plc's condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 was prepared on a going concern basis, the Directors note that it referred to a material uncertainty regarding the ability of Hammerson plc to continue as a going concern. Therefore, by extension, the Company's reliance on the letter of support from Hammerson plc has led the Directors to conclude that there is a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. 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 this report.

## **HAMMERSON MGLP LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

Year ended 31 December 2020

#### **7. INDEPENDENT AUDITORS**

BDO LLP 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.

BDO LLP have indicated their willingness to continue in office.

#### **8. 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.

**HAMMERSON MGLP LIMITED**

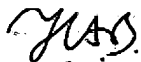
**DIRECTORS' REPORT (CONTINUED)**  
**Year ended 31 December 2020**

**9. DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors of the Company at the time when this report is approved has confirmed that:

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

On behalf of the Board



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**H.A. Badham**  
Director  
Registered Number: 03768311

Date: 14 December 2021

**HAMMERSON MGLP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSON MGLP LIMITED**

**Opinion on the 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 2020 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.

We have audited the financial statements of Hammerson MGLP Limited (the "Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Material uncertainty related to going concern**

We draw attention to note 1(b) which indicates that the Company is reliant upon the financial support of its ultimate parent company and that the directors of the ultimate parent company have identified a material uncertainty over that entity's ability to continue as a going concern. This could impact on the ultimate parent company's ability to provide the necessary level of support to the Company. As stated in note 1(b), these events or conditions, along with other matters as set out in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**HAMMERSON MGLP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSON MGLP LIMITED**  
**(CONTINUED)**

**Other Companies Act 2006 reporting**

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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

**Responsibilities of 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the Company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK accounting standards, company law and tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

**HAMMERSON MGLP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSON MGLP LIMITED**  
**(CONTINUED)**

- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and the Directors as to the risks of non-compliance and any instances thereof.
- We addressed the risks of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during the year and evaluating whether there was evidence of bias by management in accounting estimates or judgements that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, 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 as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Christopher Wingrave*

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Christopher Wingrave (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, United Kingdom  
Date: 16 December 2021

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



**HAMMERSON MGLP LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2020**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Decrease/(Increase) in impairment provision on investments	3	<u>526</u>	<u>(2,874)</u>
<b>Operating profit/(loss)</b>		<b>526</b>	<b>(2,874)</b>
Net finance costs	4	<u>(97)</u>	<u>(114)</u>
<b>Profit/(Loss) before and after taxation and total comprehensive income/(expense) for the financial year</b>		<u><b>429</b></u>	<u><b>(2,988)</b></u>

All amounts relate to continuing activities.

**HAMMERSON MGLP LIMITED****BALANCE SHEET****As at 31 December 2020**

	Note	2020		2019	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Investments	6		28,572		28,046
<b>Current liabilities</b>					
Payables	7	<u>(17,085)</u>		<u>(16,988)</u>	
<b>Net current liabilities</b>			<u>(17,085)</u>		<u>(16,988)</u>
<b>Net assets</b>			<u>11,487</u>		<u>11,058</u>
<b>Capital and reserves</b>					
Called up share capital	8		12,000		12,000
Accumulated losses	9		<u>(513)</u>		<u>(942)</u>
<b>Total equity</b>			<u>11,487</u>		<u>11,058</u>

The financial statements were authorised for issue by the Board of Directors on 14 December 2021 and were signed on its behalf.

**H.A. Badham**

Director

Registered Number: 03768311

**HAMMERSON MGLP LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2020**

	<b>Called up share capital £'000</b>	<b>Retained earnings/ (Accumulated losses) £'000</b>	<b>Total equity £'000</b>
At 1 January 2019	12,000	2,046	14,046
Loss and total comprehensive expense for the financial year	-	(2,988)	(2,988)
At 31 December 2019	12,000	(942)	11,058
Profit and total comprehensive income for the financial year	-	429	429
<b>At 31 December 2020</b>	<b>12,000</b>	<b>(513)</b>	<b>11,487</b>

## HAMMERSON MGLP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

#### 1. ACCOUNTING POLICIES

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

##### (a) Basis of accounting

During 2020, the following relevant new and revised Standards and Interpretations have been adopted:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting.

None of the above standards have had a material impact on the Company's financial statements for the year ended 31 December 2020.

The Company also elected to adopt the following amendments early, although there is no material impact as this only applies to lessees:

- Covid-19-Related Rent Concessions – amendments to IFRS 16.

##### *Basis of preparation*

Hammerson MGLP 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 the Companies Act 2006 and 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") unless otherwise stated. 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(h).

##### *Disclosure exemptions adopted*

The following exemptions from the requirements of IFRS have, where relevant, 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);

## HAMMERSON MGLP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (a) Basis of accounting (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - i. 10(d) (statement of cash flows);
  - ii. 16 (statement of compliance with all IFRS);
  - iii. 38A (requirements for minimum of two primary statements, including cash flow statements);
  - iv. 38B-D (additional comparative information);
  - v. 111 (cash flow statement information); and
  - vi. 134 – 136 (capital management disclosures);
  - vii. IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. These are separate financial statements. The financial statements of Hammerson plc are publicly available and can be obtained as described in note 11.

##### (b) Going concern

In considering going concern the Directors have initially assessed the current unprecedented levels of uncertainty, principally caused by the Covid-19 pandemic, on the Company's activities. In addition, the Directors note that the Company has no external borrowings or debt covenants, however as at 31 December 2020 it had net current liabilities and is reliant on the continued 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 received from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for the foreseeable future, being a period of at least twelve months from the date of signing of these financial statements.

In forming an assessment as to whether Hammerson plc has the ability to provide the necessary financial support to the Company, the Directors have had regard to the cash flow forecasts of the Hammerson plc Group which anticipate significant liquidity over the support period. Consequently, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for a period of at least twelve months from the date of signing of these financial statements and they continue to adopt the going concern basis in preparing the financial statements.

## HAMMERSON MGLP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (b) Going concern (continued)

However, in making this assessment the Directors are mindful of the disclosures made by Hammerson plc in their own latest condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021. The Directors of Hammerson plc highlighted that whilst the Group has significant liquidity projected over the going concern period to 31 December 2022, its associate investment, Value Retail, has three secured debt facilities maturing over the going concern period totalling £1,098 million (Group's share £467 million). The Group has the ability to manage its liquidity and gearing levels to remain in compliance with its unsecured borrowing covenants by either funding Value Retail to fully repay the two loans maturing in December 2021 and June 2022 or allow the lenders to enforce their security over the properties. However if the loan maturing in December 2022 totalling £750 million (Group's share £376 million) were not refinanced ahead of maturity, the lenders could enforce their security over the property and the Group may lose the value of its net investment in the property. In these circumstances, the Group would breach its unsecured borrowing gearing covenant in the Severe but plausible adverse scenario at 31 December 2022. Hence this refinancing risk represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

By extension, the material uncertainty identified in the Group's latest financial report, could impact on Hammerson plc's ability to provide the necessary level of support to the Company. Accordingly the Directors of the Company have identified a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

##### (c) Net finance costs

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

##### (d) Fixed asset investments

Fixed asset investments, including investments in subsidiaries and other related undertakings, are stated at cost less provision for impairment.

##### (e) 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.

##### (f) 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 MGLP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2020

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### (g) Financial instruments

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

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

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

##### (h) Critical accounting policies and estimation uncertainty

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

The Company's critical judgement and area of estimation uncertainty is in respect of the valuation of investments. The Company's investments include its investment in The Martineau Galleries Limited Partnership (the "Partnership"), which is carried in the balance sheet at historical cost less provision for impairment, which is assessed 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 financial statements. The basis of valuation of the Partnership's investment properties is set out in the notes to the financial statements of the Partnership for the year ended 31 December 2020.

In addition, a significant judgement necessary in the preparation of these financial statements was the appropriateness of the going concern basis of preparation, further information on which is provided in note 1(b).

## HAMMERSON MGLP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

#### 2. ADMINISTRATIVE EXPENSES

The average number of employees during the year was nil (2019: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2019: £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 in either the current or preceding financial year.

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 £1,175 (2019: £1,130).

#### 3. DECREASE/(INCREASE) IN IMPAIRMENT PROVISION ON INVESTMENTS

	2020 £'000	2019 £'000
Decrease/(Increase) in impairment provision on investment in The Martineau Galleries Limited Partnership - note 6	<u>526</u>	<u>(2,874)</u>

#### 4. NET FINANCE COSTS

	2020 £'000	2019 £'000
Interest payable to ultimate parent company	<u>(97)</u>	<u>(114)</u>

#### 5. TAXATION

The Company's ultimate parent company, Hammerson plc is taxed as a UK Real Estate Investment Trust ("UK REIT"), and as a consequence, group companies are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties, including where the property business is conducted via a partnership.

In order to satisfy the REIT conditions, it is necessary for Hammerson plc, on an annual basis, to pass certain business tests. In respect of the year ended 31 December 2020, based on preliminary calculations, Hammerson plc has marginally breached the interest cover test and, in these circumstances, HMRC is able to impose a charge. In view of the significant and unexpected impact of Covid-19 during the year, HMRC has agreed that no charge will be assessed on the ultimate parent company.

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. Profits covered by group relief, relating to the Company's share of the interest income of The Martineau Galleries Limited Partnership, were £nil (2019: £1,000).



## HAMMERSON MGLP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

#### 6. INVESTMENTS

Investment in The Martineau Galleries Limited Partnership:

	Cost £'000	Impairment provision £'000	Carrying value £'000
At 1 January 2019	36,450	(5,530)	30,920
Movement in impairment provision - note 3	-	(2,874)	(2,874)
At 31 December 2019	36,450	(8,404)	28,046
Movement in impairment provision - note 3	-	526	526
At 31 December 2020	<b>36,450</b>	<b>(7,878)</b>	<b>28,572</b>

The Company has a 33.18% (2019: 33.18%) interest in The Martineau Galleries Limited Partnership (the "Partnership") that owns and manages a portfolio of properties in Birmingham. The remaining interests in the Partnership are held by fellow subsidiaries of Hammerson plc. The registered office of the Partnership is Kings Place, 90 York Way, London N1 9GE.

#### 7. PAYABLES: CURRENT LIABILITIES

	2020 £'000	2019 £'000
Amounts owed to ultimate parent company	5,101	5,004
Amounts owed to The Martineau Galleries Limited Partnership	<b>11,984</b>	<b>11,984</b>
	<b>17,085</b>	<b>16,988</b>

All amounts owed are unsecured and repayable on demand. Amounts owed the ultimate parent company are interest-bearing at variable rates based on LIBOR. Amounts owed to The Martineau Galleries Limited Partnership are non-interest bearing.

#### 8. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
<b>Authorised:</b>		
25,000,000 ordinary shares of £1 each	<b>25,000</b>	<b>25,000</b>
<b>Allotted, called up and fully paid:</b>		
12,000,000 ordinary shares of £1 each	<b>12,000</b>	<b>12,000</b>

#### 9. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Accumulated losses	Cumulative profits and losses less any dividends paid

## **HAMMERSON MGLP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2020

#### **10. ADVANCES, CREDIT AND GUARANTEES**

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

#### **11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

At 31 December 2020, 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 2020, the Company's immediate parent company was Hammerson UK Properties plc, which is registered in England and Wales.

The consolidated financial statements of the ultimate parent company, Hammerson plc, are available from that company's registered office, Kings Place, 90 York Way, London N1 9GE.