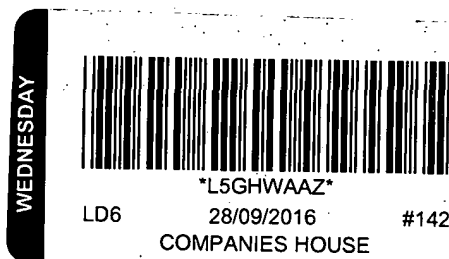


Company Number: 574728

HAMMERSON GROUP MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2015



HAMMERSON GROUP MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2015

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are the management and administration of the property development and investment activities of Hammerson plc and its subsidiaries in the United Kingdom, together with co-ordination and provision of other business services for Hammerson plc and its subsidiaries in the UK and overseas. The Directors do not anticipate any significant change in the principal activities in the foreseeable future.

2. CHANGE IN ACCOUNTING FRAMEWORK

The Company has adopted Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") for the first time this year. In previous years, the Company had applied applicable UK accounting standards. The impact of this change is described in note 1.

3. RESULTS AND DIVIDENDS

The profit for the year after tax was £4,655,000 (2014: £3,168,000). The Directors do not recommend the payment of a dividend for the year (2014: £nil).

4. DIRECTORS

- (a) Mr. D.J. Atkins, Mr. P.W.B. Cole and Mr. N.T. Drakesmith 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.

5. COMPANY SECRETARY

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

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

7. AUDITOR

Deloitte 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.

Deloitte LLP have indicated their willingness to continue in office.

HAMMERSON GROUP MANAGEMENT LIMITED

REPORT OF THE DIRECTORS
Year ended 31 December 2015

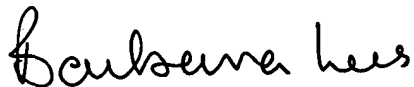
8. PROVISION OF INFORMATION TO THE AUDITOR

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: 26 September 2016

Registered Office:
Kings Place
90 York Way
London, N1 9GE
Registered in England and Wales No: 574728

HAMMERSON GROUP MANAGEMENT LIMITED

STRATEGIC REPORT

Year ended 31 December 2015

BUSINESS REVIEW AND FUTURE PROSPECTS

It is expected that the Company will continue to administer and support the property activities of Hammerson plc and its group entities in the United Kingdom, France and Ireland.

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2015 and concluded that it was appropriate. More information is provided in note 1 to the financial statements.

The Company incurs costs on behalf of fellow group companies and recharges these companies on a cost plus margin basis. Consequently the current economic conditions are unlikely to have a significant impact on the Company.

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

During 2015 the Company produced fee income of £50,241,000 (2014: £46,554,000). The increase in fee income reflects additional recharges to support the growth of the wider Hammerson business.

The profit on ordinary activities before taxation was £4,655,000 (2014: £3,168,000).

Signed on behalf of the Board of Directors



N. T. Drakesmith
Director
26 September 2016

HAMMERSON GROUP MANAGEMENT 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 Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*, 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 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;
- 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 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 GROUP MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON GROUP MANAGEMENT LIMITED

We have audited the financial statements of Hammerson Group Management Limited for the year ended 31 December 2015, which comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity and the related notes 1 to 17. 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 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 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 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 2015 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 the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

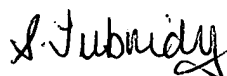
HAMMERSON GROUP MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON GROUP
MANAGEMENT LIMITED (CONTINUED)

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.



Sara Tubridy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: 27 September 2016

HAMMERSON GROUP MANAGEMENT LIMITED

INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Fee income		50,241	46,554
Other operating expenses (net)	2(a)	(43,348)	(41,145)
Operating profit before one-off restructuring costs		<u>6,893</u>	<u>5,409</u>
Restructuring costs	4	<u>(1,765)</u>	<u>(1,603)</u>
Operating profit		5,128	3,806
Net finance costs	5	<u>(473)</u>	<u>(638)</u>
Profit on ordinary activities before tax		4,655	3,168
Tax charge	6(a)	<u>-</u>	<u>-</u>
Profit for the year		<u>4,655</u>	<u>3,168</u>

All amounts relate to continuing activities.

HAMMERSON GROUP MANAGEMENT LIMITED

BALANCE SHEET

As at 31 December 2015

	Notes	2015		2014	
		£'000	£'000	£'000	£'000
Non-current assets					
Fixtures, fittings and equipment	7		6,295		5,674
Receivables			15		-
			<u>6,310</u>		<u>5,674</u>
Current assets					
Receivables	8	65,505		58,073	
Cash and deposits		-		391	
		<u>65,505</u>		<u>58,464</u>	
Current liabilities					
Payables	9	<u>(15,644)</u>		<u>(14,094)</u>	
Net current assets			<u>49,861</u>		<u>44,370</u>
Total assets less current liabilities			56,171		50,044
Non-current liabilities					
Payables	10	(945)		(218)	
Pension liability	14(c)	<u>(27,243)</u>		<u>(28,689)</u>	
Total non-current liabilities			<u>(28,188)</u>		<u>(28,907)</u>
Net assets			<u>27,983</u>		<u>21,137</u>
Capital and reserves					
Called up share capital	11		17,000		17,000
Other reserves			10,869		8,663
Retained earnings			<u>114</u>		<u>(4,526)</u>
Shareholder's equity			<u>27,983</u>		<u>21,137</u>

These financial statements were approved by the Board of Directors on 26 September 2016 and authorised for issue on 26 September 2016.

Signed on behalf of the Board of Directors



N. T. Drakesmith

Director

Company Number: 574728

HAMMERSON GROUP MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 £'000	2014 £'000
Profit for the year	4,655	3,168
Items that may not subsequently be recycled through the income statement		
Actuarial losses on pension schemes	(117)	(10,587)
Total comprehensive income for the year	<u>4,538</u>	<u>(7,419)</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	17,000	6,293	3,491	26,784
Share-based employee remuneration				
- performance related bonus payable in shares	-	1,107	-	1,107
- other employee share-based remuneration	-	3,616	-	3,616
Total share-based employee remuneration	-	4,723	-	4,723
Cost of shares awarded to employees	-	(3,124)	-	(3,124)
Transfer on award of own shares to employees	-	771	(771)	-
Proceeds on award of shares to employees	-	-	173	173
Actuarial losses on pension schemes	-	-	(10,587)	(10,587)
Profit for the year	-	-	3,168	3,168
Balance at 31 December 2014	17,000	8,663	(4,526)	21,137
Share-based employee remuneration				
- performance related bonus payable in shares	-	1,145	-	1,145
- other employee share-based remuneration	-	3,339	-	3,339
Total share-based employee remuneration	-	4,484	-	4,484
Cost of shares awarded to employees	-	(2,333)	-	(2,333)
Transfer on award of own shares to employees	-	55	(55)	-
Proceeds on award of shares to employees	-	-	157	157
Actuarial losses on pension schemes	-	-	(117)	(117)
Profit for the year	-	-	4,655	4,655
Balance at 31 December 2015	<u>17,000</u>	<u>10,869</u>	<u>114</u>	<u>27,983</u>

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding year, except as set out below.

(a) Basis of accounting

Basis of preparation

Hammerson Group Management 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 given on page 2.

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 prior year financial statements were prepared in accordance with previous UK GAAP and have been restated for material adjustments on adoption of FRS 101 in the current year. For more information see note 17.

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 regarding share-based payments;
- certain disclosures in relation to financial instruments held by the Company;
- 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 16.

(b) Going concern

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading performance and these are explained in the Strategic Report. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

(c) Fixed assets

Fixtures, fittings, and equipment are stated at cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life, which is generally between three and five years, or in the case of leasehold improvements the lease term.

(d) Employee benefits:

Pension costs

For defined benefit schemes the amounts charged to the income statement are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The net interest cost is shown as a net amount within net finance costs. Actuarial gains and losses are recognised immediately in other comprehensive income.

The main defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented on the face of the balance sheet.

Separate from the main scheme, a single retired member has an unapproved unfunded arrangement. The relevant liabilities are calculated using consistent methodology and the same assumptions as that of the main scheme. An accurate valuation is undertaken at each balance sheet date. The resulting defined benefit liability, net of the related deferred tax, is combined with the relevant figure of the main scheme.

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

Share-based employee remuneration

Share-based employee remuneration is determined with reference to the fair value of the equity instruments at the date at which they are granted and charged to the income statement within other operating expenses (see note 2(b)) over the vesting period on a straight-line basis. The fair value of share options is calculated using the binomial option pricing model and is dependent on factors including the exercise price, expected volatility, option life and risk-free interest rate. The fair value of the market-based element of the Long Term Incentive Plans ('LTIP') is calculated using the Monte Carlo Model and is dependent on factors including the expected volatility, vesting period and risk-free interest rate. FRS 20 Share-based Payment has been applied to share options granted.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

(e) Taxation

Deferred tax is provided in respect of all taxable temporary timing differences that may give rise to an obligation to pay more or less tax in the future. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available.

(f) Revenue recognition

Fees receivable from group companies represents amounts charged, or chargeable to, group companies for the provision of management and other services and is recognised on an accruals basis.

(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 on-going 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 judgements and areas of estimation uncertainty are as follows:

(a) Pension schemes:

The Company operates two defined benefit pension schemes. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date by a qualified external actuary. The Directors must ensure they are satisfied that the calculations and estimations in relation to the pension scheme are appropriate for the accounts.

(b) Share-based remuneration:

The Company operates a number of share plans under which certain employees receive remuneration in shares of the Company's ultimate parent company, Hammerson plc. The accounting for share-based employee remuneration is complex and is explained in note 1(d) above. The Directors must ensure that they are satisfied that fair value calculations and recognition bases are appropriate for the accounts.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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.

2. OTHER OPERATING EXPENSES (NET)

	2015	2014
(a) Other operating expenses (net)	£'000	£'000
Auditor's remuneration:		
Fees payable to Company's auditor for the audit of the Company's annual accounts	5	5
Non-audit fees	52	45
Depreciation (note 7)	1,444	1,114
Staff costs (note 2(b))	30,304	24,618
Payment for loss of office	12	1,669
Other operating costs	12,048	14,332
Other operating income	(517)	(638)
	<u>43,348</u>	<u>41,145</u>

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

2. OTHER OPERATING EXPENSES (NET) continued

	2015 £'000	2014 £'000
(b) Staff costs (including Directors):		
Wages and salaries	15,014	13,273
Performance-related bonuses:		
- payable in cash	5,270	3,834
- payable in shares	1,145	1,107
	6,415	4,941
Other share-based remuneration	3,339	3,616
Social security	4,082	2,853
Net pension expense:		
- defined contribution scheme (note 14(a))	1,454	1,886
- defined benefit schemes (note 14(c))	-	(1,951)
	1,454	(65)
	<u>30,304</u>	<u>24,618</u>

(c) The average monthly number of employees (including Executive Directors) was:

	2015 Number	2014 Number
Administrative staff	<u>191</u>	<u>150</u>

3. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2015 £'000	2014 £'000
Directors' remuneration		
Emoluments	<u>4,191</u>	<u>4,276</u>

Directors' emoluments relate to services performed for the Group as a whole, which are not apportioned directly to Hammerson plc subsidiaries. During the year ended 31 December 2015, no payments were made to Directors for expenses other than those incurred wholly and directly in the course of their employment.

Pensions

Mr. N. T. Drakesmith, in accordance with his service agreement, is entitled to receive an allowance ('Pension Choice') to be paid either (i) as an employer contribution to the Company's defined contribution pension plan or (ii) as an employer contribution to a self-invested personal pension ('SIPP') plan or (iii) as a salary supplement or (iv) a combination of all three, to a limit of 20% of his base salary. The pension supplement is non-pensionable and does not qualify for Annual Incentive Plan ('AIP') purposes or entitlements under the LTIP. Mr. N. T. Drakesmith elected for part of his Pension Choice to be paid into a SIPP and part as a salary supplement, subject to Income Tax and National Insurance contributions. The amount paid by the Company for the year ended 31 December 2015 was £81,600 (2014: £81,200).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

3. DIRECTORS' REMUNERATION AND TRANSACTIONS (continued)

	2015 Number	2014 Number
The number of Directors who:		
Are members of a defined benefit pension scheme	<u>2</u>	<u>2</u>
	2015 £'000	2014 £'000
Remuneration of the highest paid director:		
Emoluments	<u>1,711</u>	<u>1,708</u>

The highest paid director in the current financial year is Mr. D.J. Atkins, who is a member of the Company's defined benefit pension scheme. His accrued pension entitlement at the end of 2015 was £1,497,000 (2014: £984,000). For the year ended 31 December 2015, Mr. D.J. Atkins received a cash supplement of £179,100 (2014: £177,214) for pension benefits that exceeded the annual allowance of £40,000. This supplement in lieu of pension is subject to income tax and national insurance contributions and does not qualify for AIP purposes or entitlements under the LTIP.

4. RESTRUCTURING COSTS

In 2014 the Company restructured its occupational lease at 10 Grosvenor Street, London resulting in a payment of £1,603,000 to settle lease liabilities. The lease restructuring was associated with the move of the Hammerson Group's headquarters to Kings Cross which was completed in 2015; the move gave rise to a £1,765,000 impairment cost in relation to the office fit-out costs at 10 Grosvenor Street, which is shown as a loss on disposal in note 7.

5. NET FINANCE COSTS

	2015 £'000	2014 £'000
Interest receivable on loan to ultimate parent company	517	320
Net interest costs on pension scheme (note 14(c))	(987)	(953)
Bank and other interest payable	<u>(3)</u>	<u>(5)</u>
	<u>(473)</u>	<u>(638)</u>

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

6. TAXATION

(a) Tax charge

	2015 £'000	2014 £'000
Current tax charge	-	-

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax for the year, of 20.25% (2014: 21.5%). The differences are reconciled below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	4,655	3,168
Profit at UK corporation tax rate of 20.25% (2014: 21.5%)	943	681
Effect of:		
Disallowable expenses	85	(17)
Timing differences	59	(1,063)
Group relief	(1,087)	134
Total current tax	-	-

(c) Deferred tax

At 31 December 2015 the Company had a potential deferred tax asset of £4,900,000 (2014: £3,900,000) relating to timing differences on pensions. This potential asset has not been recognised because of uncertainty over the availability of future suitable profits against which these deductions can be utilised.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

7. FIXTURES, FITTINGS AND EQUIPMENT

	Cost £'000	Depreciation £'000	Net book value £'000
At 1 January 2014	10,888	(5,921)	4,967
Additions	1,821	-	1,821
Charge for the year	-	(1,114)	(1,114)
At 31 December 2014	12,709	(7,035)	5,674
Additions	3,830	-	3,830
Disposals	(4,808)	3,043	(1,765)
Charge for the year	-	(1,444)	(1,444)
At 31 December 2015	11,731	(5,436)	6,295

8. RECEIVABLES: CURRENT ASSETS

	2015 £'000	2014 £'000
Amounts owed by ultimate parent company	37,548	35,421
Amounts owed by fellow subsidiary undertakings	24,267	19,596
Other receivables and prepayments	3,690	3,058
	<u>65,505</u>	<u>58,073</u>

All amounts shown under receivables fall due for payment within one year. Amounts owed by the ultimate parent company bear interest at variable rates based on LIBOR. Amounts owed by fellow subsidiary undertakings are non-interest bearing.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

9. PAYABLES: CURRENT LIABILITIES

	2015 £'000	2014 £'000
Bank overdraft	637	-
Other payables	1,775	1,100
Accruals	8,671	10,278
Amounts owed to fellow subsidiary undertakings	4,561	2,716
	<u>15,644</u>	<u>14,094</u>

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

10. PAYABLES: NON-CURRENT LIABILITIES

	2015 £'000	2014 £'000
Accruals	<u>945</u>	<u>218</u>

11. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Authorised: 20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid: 17,000,000 ordinary shares of £1 each	<u>17,000</u>	<u>17,000</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
Other reserves	The cumulative amount of share-based payments recognised by the Company in return for services provided by its employees
Retained earnings	The cumulative profits and losses recognised in retained earnings

13. SHARE-BASED EMPLOYEE REMUNERATION

Staff throughout Hammerson plc, including Executive Directors, participate in a performance-related bonus plan. Hammerson plc also operates a number of share plans under which employees, including Executive Directors, are eligible to participate. Details of these plans are set out in publically available 2015 Annual Report of the Company's ultimate parent company.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

14. PENSIONS

- (a) The Company operates the UK funded approved Group Personal Pension Plan which is a defined contribution pension scheme. The Company's total cost for the year relating to this scheme was £1,454,000 (2014: £1,886,000). The Company is expected to make contributions totalling £1,450,000 to the Scheme in the next financial year.

In addition, the Company operates two defined benefit pension schemes; an approved funded arrangement, the Hammerson Group Management Limited Pension & Life Assurance Scheme ('the Scheme') and an unapproved unfunded arrangement.

The Scheme was closed to new entrants on 31 December 2002 and was closed to future accrual for all participating employees on 30 June 2014.

- (b) FRS101 disclosures

The FRS101 calculations have been carried out by an independent qualified external actuary and relate to the Scheme.

- (c) Changes in present value of defined benefit pension schemes:

	Obligations £'000	Assets £'000	Net £'000
At 1 January 2015	(90,581)	61,892	(28,689)
Amounts recognised in the income statement			
- interest (cost)/income (note 5)	(3,222)	2,235	(987)
Amounts recognised in equity			
- actuarial experience gains/(losses)	1,806	(1,641)	165
- actuarial gains from changes in financial assumptions	2,347	-	2,347
- actuarial losses from changes in demographic assumptions	(2,629)	-	(2,629)
	1,524	(1,641)	(117)
Contribution from employer	-	2,500	2,500
Benefits	2,317	(2,267)	50
At 31 December 2015	(89,962)	62,719	(27,243)
Analysed as:			
Present Value of the Scheme	(88,878)	62,719	(26,159)
Present Value of the unfunded scheme	(1,084)	-	(1,084)
	(89,962)	62,719	(27,243)

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

14. PENSIONS (continued)

(c) Changes in present value of defined benefit pension schemes (continued):

	Obligations £'000	Assets £'000	Net £'000
At 1 January 2014	(80,684)	58,375	(22,309)
Amounts recognised in the income statement			
- current service cost	(538)	-	(538)
- past service cost	(339)	-	(339)
- curtailment gain	2,828	-	2,828
- total within other operating expenses (note 2(b))	1,951	-	1,951
- interest (cost)/income (note 5)	(3,656)	2,703	(953)
Amounts recognised in equity			
- actuarial experience gains	1,161	48	1,209
- actuarial losses from changes in financial assumptions	(11,796)	-	(11,796)
	(10,635)	48	(10,587)
Contribution from employer	-	3,160	3,160
Benefits	2,443	(2,394)	49
At 31 December 2014	(90,581)	61,892	(28,689)
Analysed as:			
Present Value of the Scheme	(89,418)	61,892	(27,526)
Present Value of the unfunded scheme	(1,163)	-	(1,163)
	(90,581)	61,892	(28,689)

(d) Principal actuarial assumptions used for defined benefit schemes:

	2015 %	2014 %
Discount rate on scheme liabilities	3.8	3.6
Increase in retail price index	3.1	3.1
Increase in pensions in payment	3.1	3.1
	Age	Age
Life expectancy for Scheme members:		
Male aged 60 at 31 December	88.5	88.5
Male aged 40 at 31 December	90.1	90.0

All defined benefit pension scheme assets are investments with target returns linked to LIBOR.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2015

15. ADVANCES, CREDIT AND GUARANTEES

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

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2015, the Company's ultimate and immediate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements.

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.

17. EXPLANATION OF TRANSITION TO FRS 101

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 101 ("FRS 101") issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Pension costs accounting

In preparing the financial statements for the year ended 31 December 2014, the Company accounted for pension costs in accordance with FRS 17. In accordance with FRS 101, the accounting for pension costs has changed such that the disclosures in note 14(c) in respect of the scheme assets have been amended to replace "Expected return on plan assets" with "Interest income". This change reduced the credit to the income statement in 2014 by £1,233,000 from £3,936,000 to £2,703,000, with a corresponding decrease from £11,820,000 to £10,587,000 in the cost recognised as other comprehensive income in the statement of comprehensive income on page 9.

There has been no movement in total equity due to the change in accounting framework from UK GAAP to FRS 101. Movements in equity are detailed within the statement of changes in equity on page 9. There has been no further effect on the balance sheet as a result of the change in accounting framework.

The effect on the Company's profit for the year is shown below:

Reconciliation of profit for the year ended 31 December 2014

	2014 £'000
As previously reported in accordance with UK GAAP	4,401
Reduction in interest income associated with defined benefit pension schemes	<u>(1,233)</u>
As reported in accordance with FRS 101	<u>3,168</u>