

Company Number 3768311

HAMMERSON MGLP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2012



HAMMERSON MGLP LIMITED

REPORT OF THE DIRECTORS **Year ended 31 December 2012**

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

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 £391,000 (2011: £17,000 loss). The Directors do not recommend the payment of a dividend for the year (2011: £nil).

3 BUSINESS REVIEW AND FUTURE PROSPECTS

On 20 May 2013, a Limited Partner served Termination Notice pursuant to clause 31.2.1 of the Partnership Deed with the intention to dissolve the Limited Partnership in the foreseeable future. Accordingly, the financial statements have been prepared on a basis other than that of a going concern. More information is provided in note 1 to the financial statements.

4 DIRECTORS

- a) Mr W S Austin 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 SECRETARY

Mr N T Drakesmith resigned as Secretary of the Company on 1 February 2012 and Hammerson Company Secretarial Limited was appointed in his place.

HAMMERSON MGLP LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2012

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 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

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



R S Booth
For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary

Date 26/9/13

Registered Office
10 Grosvenor Street
London, W1K 4BJ
Registered in England and Wales No 3768311

HAMMERSON MGLP 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 Practice (United Kingdom Accounting Standards 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, 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 MGLP LIMITED

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

We have audited the financial statements of Hammerson MGLP Limited for the year ended 31 December 2012, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes 1 to 12. 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 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. 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 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HAMMERSON MGLP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON MGLP 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, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report

Ian Waller

Ian Waller (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date *27 September 2013*

HAMMERSON MGLP LIMITED**PROFIT AND LOSS ACCOUNT**For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Gross rental income		1,245	952
Rents payable and other property outgoings		<u>(585)</u>	<u>(689)</u>
Net rental income		660	263
Administration expenses	2	<u>(73)</u>	<u>(76)</u>
Operating profit		587	187
Net finance costs	3	<u>(196)</u>	<u>(204)</u>
Profit/(Loss) on ordinary activities before and after taxation for the financial year	9	<u>391</u>	<u>(17)</u>

All amounts relate to continuing activities

HAMMERSON MGLP LIMITED

BALANCE SHEET

As at 31 December 2012

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Investment properties	5		11,080		11,953
Current assets					
Debtors	6	528		981	
Cash and deposits		<u>308</u>		<u>217</u>	
Total current assets		836		1,198	
Current liabilities					
Creditors amounts falling due within one year	7	<u>(5,996)</u>		<u>(6,738)</u>	
Net current liabilities			<u>(5,160)</u>		<u>(5,540)</u>
Net assets			<u>5,920</u>		<u>6,413</u>
Capital and reserves					
Called up share capital	8		12,000		12,000
Revaluation reserve	9		(9,984)		(9,100)
Profit and loss account	9		<u>3,904</u>		<u>3,513</u>
Shareholder's funds			<u>5,920</u>		<u>6,413</u>

These financial statements were approved by the Board of Directors on 26/9/13 and authorised for issue on 26/9/13

Signed on behalf of the Board of Directors

W. Austin

W. Austin
Director
Company Number: 3768311

HAMMERSON MGLP LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2012

	2012 £'000	2011 £'000
Profit/(Loss) for the financial year	391	(17)
Unrealised (deficit)/surplus on revaluation of properties	(884)	14
Total recognised gains and losses for the year	(493)	(3)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDSFor the year ended 31 December 2012

	2012 £'000	2011 £'000
Profit/(Loss) for the financial year	391	(17)
Unrealised (deficit)/surplus on revaluation of properties	(884)	14
Net decrease in shareholder's funds	(493)	(3)
Shareholder's funds at 1 January 2012	6,413	6,416
Shareholder's funds at 31 December 2012	5,920	6,413

HAMMERSON MGLP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding year

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties in accordance with all applicable law and United Kingdom accounting standards with the exception of the depreciation of investment properties as explained below

b) Going concern

On 20 May 2013, a Limited Partner served Termination Notice pursuant to clause 31.2.1 of the Partnership Deed with the intention to dissolve the Limited Partnership in the foreseeable future. Accordingly, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet date.

c) Cash flow statement

As the Company is a wholly owned subsidiary it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) from preparing a cash flow statement, as its cash flows are included in the consolidated financial statements of Hammerson plc, which are publicly available.

d) Joint arrangements

The financial statements include the financial statements of the Company together with the Company's share of results, assets, liabilities and cash flows arising from its interest in The Martineau Galleries Limited Partnership, which is accounted for as a joint arrangement and measured according to the terms of that arrangement. The Company is exempt from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Hammerson plc. The Company, acting as a Limited Partner, has an interest of 33.18% in the results, assets and liabilities of The Martineau Galleries Limited Partnership. The Company's results are included in the group accounts of Hammerson plc, a company registered in England and Wales.

HAMMERSON MGLP LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2012

1. ACCOUNTING POLICIES (continued)

e) Net rental income

Rental income from property leased out under an operating lease is recognised in the profit and loss account 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 period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term.

Property operating expenses are accounted for on an accruals basis and any property operating expenditure not recovered from tenants through service charges is charged to the profit and loss account.

f) Net finance costs

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

g) Deferred tax

In accordance with Financial Reporting Standard 19 "Deferred Tax", deferred tax is provided in respect of all timing differences that may give rise to an obligation to pay more or less tax in the future.

h) Investment properties

Investment properties are stated at fair value, being market value determined by professionally qualified external valuers, and changes in fair value are taken to the revaluation reserve.

i) Depreciation

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of freehold properties or leasehold properties with over twenty years to expiry. This is a departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated. Such properties are not held for consumption, but for investment, and the Directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation, which might otherwise have been charged, cannot be separately identified or quantified. The Directors consider that this policy results in the accounts giving a true and fair view.

HAMMERSON MGLP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2012

2. ADMINISTRATION EXPENSES

	2012 £'000	2011 £'000
Management fee payable to fellow group company	4	4
Other administration expenses	69	72
	<u>73</u>	<u>76</u>

The average number of employees during the year, excluding directors, was nil (2011 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 £2,700 (2011 £2,225)

3. NET FINANCE COSTS

	2012 £'000	2011 £'000
Bank interest receivable	2	3
Interest payable to the ultimate parent company	(198)	(207)
	<u>(196)</u>	<u>(204)</u>

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 2012 are £2,000 (2011 £3,000)

HAMMERSON MGLP LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2012

5 INVESTMENT PROPERTIES

- (a) The movements in the year on properties were
- | | Long
leasehold
£'000 |
|--------------------------------|----------------------------|
| At 1 January 2012 | 11,953 |
| Additions | 11 |
| Deficit arising on revaluation | (884) |
| At 31 December 2012 | <u>11,080</u> |
- (b) Properties are stated at market value at 31 December 2012, valued by professionally qualified external valuers, DTZ Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (the Standards) and with IVA 1 of the International Valuation Standards. The deficit arising on revaluation has been transferred to the revaluation reserve.
- (c) The historical cost of investment property at 31 December 2012 was £21,064,000 (2011 £21,053,000).

6. DEBTORS

	2012 £'000	2011 £'000
Trade debtors	437	425
Amounts owed by fellow subsidiary undertakings	-	491
Other debtors and prepayments	91	65
	<u>528</u>	<u>981</u>

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

7 CREDITORS: FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Trade creditors	-	24
Accruals and deferred income	399	316
Amounts owed to ultimate parent company	5,550	6,341
Other creditors	47	57
	<u>5,996</u>	<u>6,738</u>

Interest is charged on the amount owed to the ultimate parent company at variable rates based on LIBOR.

HAMMERSON MGLP LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2012

8. SHARE CAPITAL

	2012 £'000	2011 £'000
Allotted, called up and fully paid:		
12,000,000 ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>

9. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2012	(9,100)	3,513
Deficit on revaluation of investment properties	(884)	-
Profit for the financial year	<u>-</u>	<u>391</u>
At 31 December 2012	<u>(9,984)</u>	<u>3,904</u>

10. ADVANCES, CREDIT AND GUARANTEES

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

11. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose details of all of its related party transactions with other group companies. In the opinion of the Directors there are no other related party transactions to be disclosed in the current or preceding financial year

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2012, 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 2012, 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, 10 Grosvenor Street, London W1K 4BJ