

Partnership registration OC356762

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2011

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10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

REPORT OF THE DESIGNATED MEMBERS

Year ended 31 December 2011

The Designated Members submit their report and the financial statements for 10 Gresham Street Limited Liability Partnership (the "LLP") for the year ended 31 December 2011

1 PRINCIPAL ACTIVITIES

The principal activity of the LLP is property investment in the United Kingdom. The Designated Members do not anticipate any significant change in the principal activity in the foreseeable future.

2 RESULTS AND DISTRIBUTION

The LLP made a profit for the financial year of £10,372,000 before Members' interests (period to 31 December 2010 £4,293,000). Distributions of £10,100,000 were paid during the financial year (period to 31 December 2010 £3,800,000).

3 BUSINESS REVIEW AND FUTURE PROSPECTS

The LLP's principal business is to hold for investment 10 Gresham Street. The Designated Members do not expect any significant changes to the business in the foreseeable future.

The Designated Members have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2011 and concluded that it was appropriate. More information is provided in note 1 to the accounts.

The Designated Members consider the following measures to be the key performance indicators for the Limited Liability Partnership: Net rental income, property valuation and total return.

During 2011 the LLP's investment properties produced net rental income of £10,910,000 (2010 £4,509,000). The large increase was due to the acquisition of the LLP's property in August 2010. As shown in note 6 to the accounts, the LLP achieved a revaluation surplus of £13,900,000 for the year (2010 deficit £2,296,000). The IPD total return for the property was 14.1% in 2011 (2010 1.0%).

The key risks facing the Company relate to tenant exposure and the strength of the UK property market. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis and collection performance is closely monitored. Quarterly property valuations are used to monitor the valuation performance of the Company's property assets against the IPD benchmark.

A more comprehensive discussion of risks, risk management and key performance indicators is included in the Annual Report of the ultimate controlling party, Hammerson plc which does not form part of this report.

4 MEMBERS DRAWINGS AND SUBSCRIPTION AND REPAYMENT OF CAPITAL

The allocation of profits to the Members during the year is based on the profits of the LLP after taking into account the applicable Business Plan, the Budget, any obligations under any debt financing documents, any tax liabilities which may be incurred in connection with the distribution and the reserves to be maintained by the Partnership. The Members do not take any drawings.

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

REPORT OF THE DESIGNATED MEMBERS

Year ended 31 December 2011

5 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

6 PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director of the Designated Members for the LLP at the date of approval of this report have confirmed that

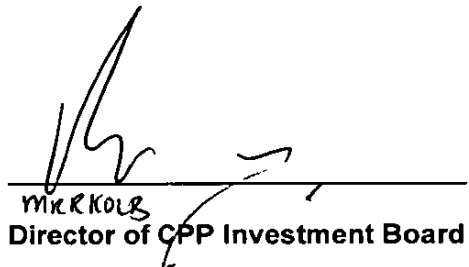
- (a) so far as he is aware, there is no relevant audit information of which the LLP's auditor is unaware, and
- (b) he has taken all the steps that he ought to have taken as a Director of the Designated Member for the LLP in order to make himself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006

Approved by the Designated Members and signed on their behalf by



Mr P W Bole
Director of Hammerson UK Properties plc
Date: 18 June 2012



Mr R Kolb
Director of CPP Investment Board

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

MEMBERS' RESPONSIBILITIES STATEMENT

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss for that period. In preparing these financial statements, the Members 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 Partnership will continue in business

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE 10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

We have audited the financial statements of 10 Gresham Street Limited Liability Partnership ("LLP") for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in members' funds, the cash flow statement, the analysis of movement in net debt, the reconciliation of net cash flow to movement in net debt and the related notes 1 to 13. 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 qualifying Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the members' responsibilities statement, the members 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 LLP's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, 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 qualifying LLP's affairs as at 31 December 2011 and of its profit for the year ended 31 December 2011,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Partnership Responsibilities Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE 10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP (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 as applicable to limited liability partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us, or
- the LLP's financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

Ian Waller

Ian Waller (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date *29 June 2012*

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2011**

		Year ended 31 December 2011 £'000	Period from 27 July to 31 December 2010 £'000
	Notes		
Gross rental income		11,517	4,732
Rents payable and other property outgoings		(607)	(223)
Net rental income		10,910	4,509
Administration expenses	3	(529)	(220)
Operating profit on ordinary activities before net finance (costs)/income		10,381	4,289
Net finance (costs)/income	4	(9)	4
Profit for the financial period before members' interests	10	10,372	4,293

All amounts derive from continuing activities

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP


BALANCE SHEET

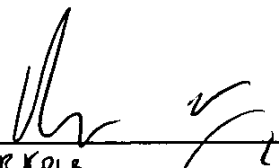
As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Tangible fixed assets			
Investment properties	6	194,750	180,850
Current assets			
Debtors	7	2,990	1,362
Cash		<u>1,918</u>	<u>2,929</u>
Total current assets		4,908	4,291
Current liabilities			
Creditors amounts falling due within one year	8	<u>(3,989)</u>	<u>(3,644)</u>
Net current assets		<u>919</u>	<u>647</u>
Net assets		<u>195,669</u>	<u>181,497</u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as liability	10	183,290	183,290
Other amounts	10	765	493
Members' other interests			
Members' capital classified as equity	9	10	10
Revaluation reserve	10	<u>11,604</u>	<u>(2,296)</u>
		<u>195,669</u>	<u>181,497</u>

The Designated Members in accordance with the Limited Liability Partnership Agreement approved the financial statements on and authorised them for issue on

Signed on behalf of the Designated Members


 MR PWB COLE
 Director of Hammerson UK Properties plc
 Date: 18 June 2012


 MR R KOLB
 Director of CPP Investment Board

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2011

	Year ended 31 December 2011 £'000	Period from 27 July to 31 December 2010 £'000
Profit for the financial period	10,372	4,293
Unrealised surplus/(deficit) on revaluation of properties	13,900	(2,296)
Total recognised gains and losses for the period	24,272	1,997

RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDSFor the year ended 31 December 2011

	Year ended 31 December 2011 £'000	Period from 27 July to 31 December 2010 £'000
Profit for the financial period	10,372	4,293
Distributions to members	(10,100)	(3,800)
Members' funds advanced during the period	-	183,290
Unrealised surplus/(deficit) on revaluation of properties	13,900	(2,296)
New units issued	-	10
Net increase in members' funds	14,172	181,497
Members' funds at beginning of period	181,497	-
Members' funds at end of period	195,669	181,497

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

CASH FLOW STATEMENT

For the year ended 31 December 2011

	Year ended 31 December 2011 £'000	Period from 27 July to 31 December 2010 £'000
Operating profit	10,381	4,289
Increase in debtors	(1,628)	(1,362)
Increase in creditors	345	3,644
Net cash inflow from operating activities	9,098	6,571
Returns on investment and servicing of finance		
Interest received	2	4
Interest paid	(11)	-
Net cash (outflow)/inflow from returns on investment and servicing of finance	(9)	4
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(183,146)
Distribution to partners	(10,100)	(3,800)
Cash outflow before use of liquid resources and financing	(1,011)	(180,371)
New units issued	-	10
Financing		
Members' funds advanced	-	183,290
(Decrease)/Increase in cash in the period	(1,011)	2,929

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

ANALYSIS OF MOVEMENT IN NET DEBT

For the year ended 31 December 2011

	Cash at bank £'000	Members' loans £'000	Net debt £'000
Balance as at 1 January 2011	2,929	(183,290)	(180,361)
Movement in year	<u>(1,011)</u>	<u>-</u>	<u>(1,011)</u>
Balance as at 31 December 2011	<u>1,918</u>	<u>(183,290)</u>	<u>(181,372)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

For the year ended 31 December 2011

	2011 £'000	2010 £'000
(Decrease)/Increase in cash in the period	(1,011)	2,929
Members' loans	-	(183,290)
Change in net debt resulting from cash flow	<u>(1,011)</u>	<u>(180,361)</u>
Net debt at 1 January 2011	<u>(180,361)</u>	<u>-</u>
Net debt at 31 December 2011	<u>(181,372)</u>	<u>(180,361)</u>

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2011

1. ACCOUNTING POLICIES

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

(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 and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued March 2010), with the exception of the depreciation of investment properties as explained below

(b) Going concern

The current economic conditions have created a number of uncertainties which are likely to affect the LLP's future performance and these are explained in the Business Review and Future Prospects section of the Designated Member's report on page 1

The Designated Members have reviewed the current and projected financial position of the LLP, making reasonable assumptions about the future trading performance. After making enquiries, the Designated Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Designated Members continue to adopt the going concern basis in preparing the annual report and financial statements

(c) 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.

(d) 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.

All costs directly associated with the purchase and construction of a property are capitalised.

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

(e) 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 Designated Members of the LLP 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 Designated Members of the LLP consider that this policy results in the accounts giving a true and fair view.

2. LIMITED LIABILITY PARTNERSHIP AGREEMENT ('The Agreement')

- (a) The Agreement dated 3 August 2010 states that the purpose of the LLP is to carry out property investment.
- (b) During the year, CPPIB Gresham Street Unit Trust and Hammerson Gresham Street Unit Trust, acting as the Limited Liability Partners, had interests of 70% and 30% respectively in the assets and liabilities of the LLP.

3. ADMINISTRATION EXPENSES

The Designated Members of the LLP did not receive any remuneration for services to the LLP during the current year or preceding financial period. The services of the Designated Members of the LLP are of a non-executive nature.

The LLP had no employees in either the current year or preceding financial period.

	Year ended 31 December 2011 £'000	Period from 27 July to 31 December 2010 £'000
Management fee payable to Hammerson UK		
Properties plc	502	200
Valuation fees	23	12
Audit fees	6	8
Insurance administration credit	(2)	-
	<hr/> 529	<hr/> 220

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2011

4. NET FINANCE (COSTS)/INCOME

	Year ended 31 December 2011 £'000	Period from 27 July to 31 December 2010 £'000
Interest received	2	4
Interest paid	(11)	-
	<u>(9)</u>	<u>4</u>

5. DISTRIBUTIONS

	Year ended 31 December 2011 £'000	Period from 27 July to 31 December 2010 £'000
CPPIB Gresham Street Unit Trust (note 2)	7,070	2,660
Hammerson Gresham Street Unit Trust (note 2)	3,030	1,140
	<u>10,100</u>	<u>3,800</u>

6. INVESTMENT PROPERTIES

(a) The movements in the year on properties were

	Long leasehold £'000
At 1 January 2011	180,850
Surplus arising on revaluation	<u>13,900</u>
At 31 December 2011	<u>194,750</u>

(b) The LLP's property is stated at market value at 31 December 2011, 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 and with IVA1 of the International Valuation Standards. The surplus arising on revaluation has been transferred to the revaluation reserve.

(c) The historical cost of investment properties at 31 December 2011 was £183,146,000 (2010 £183,146,000)

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

NOTES TO THE ACCOUNTS **Year ended 31 December 2011**

7. DEBTORS

	2011	2010
	£'000	£'000
Trade debtors	2,351	723
Other debtors and prepayments	639	639
	2,990	1,362

All amounts shown under debtors fall due for payment within one year

8. CREDITORS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade creditors	722	238
Amounts owed to Hammerson UK Properties plc	151	235
Other creditors	615	443
Accruals and deferred income	2,501	2,728
	3,989	3,644

Amounts owed to Hammerson UK Properties plc are repayable on demand and are non-interest bearing

9. MEMBERS' CAPITAL CLASSIFIED AS EQUITY

	2011	2010
	£	£
Members		
CPPIB Gresham Street Unit Trust	7,000	7,000
Hammerson Gresham Street Unit Trust	3,000	3,000
	10,000	10,000

The Members' capital contribution is in proportion to each Member's interest. Under the Limited Liability Partnership Agreement, no further capital is required to be injected and no interest is payable on the capital.

10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

NOTES TO THE ACCOUNTS Year ended 31 December 2011

10. MEMBERS' OTHER INTERESTS

	Loans and other debts due to members £'000	Other reserves £'000	Revaluation reserve £'000	Total £'000
At 1 January 2011	183,290	493	(2,296)	181,487
Profit for the financial year	-	10,372	-	10,372
Distributions to members	-	(10,100)	-	(10,100)
Surplus on revaluation of properties	-	-	13,900	13,900
At 31 December 2011	183,290	765	11,604	195,659

Members' other reserves rank after unsecured creditors and loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up

11. ADVANCES, CREDIT AND GUARANTEES

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

12. RELATED PARTY DISCLOSURE

Other than disclosed in notes 3, 5, 8 and 9 there were no material related party transactions during the year

13. ULTIMATE CONTROLLING PARTIES

The immediate controlling parties of the Limited Liability Partnership are listed in note 2 and the Designated Members are Hammerson UK Properties plc and the CPP Investment Board respectively. The ultimate controlling parties are Hammerson plc and Canada Pension Plan, which are registered in England and Wales and Canada respectively.

The consolidated financial statements of the ultimate controlling parties are available from

Hammerson plc
The Company Secretarial Dept
10 Grosvenor Street
London
W1K 4BJ

Canada Pension Plan
One Queen Street East
P O Box 100
Toronto, Ontario
M5C 2W5
Canada