

Partnership registration OC356762

**10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Period from incorporation on  
27 July 2010 to 31 December 2010

WEDNESDAY



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## **10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**

### **REPORT OF THE DESIGNATED MEMBERS**

Period ended 31 December 2010

The Designated Members submit their report and the financial statements for 10 Gresham Street Limited Liability Partnership (the "LLP") for the period ended 31 December 2010

#### **1 INCORPORATION**

The LLP was incorporated on 27 July 2010

#### **2 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. The LLP acquired its interest in the 10 Gresham Street property on 3 August 2010.

#### **3 RESULTS AND DISTRIBUTION**

The LLP made a profit for the financial period of £4,293,000 before Members' interests. Distributions of £3,800,000 were paid during the financial period.

#### **4 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 2010 and concluded that it was appropriate. More information is provided in note 1 to the financial statements.

#### **5 DESIGNATED MEMBERS**

Hammerson UK Properties plc and CPP Investment Board were appointed Designated Members on 27 July 2010.

#### **6 MEMBERS DRAWINGS AND SUBSCRIPTION AND REPAYMENT OF CAPITAL**

The allocation of profits to the Members during the period is based on the profits of the Limited Liability Partnership 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.

#### **7 AUDITORS**

The auditors, Deloitte LLP were appointed on 3 August 2010.

Deloitte 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.

Deloitte LLP have indicated their willingness to continue in office.

**10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**

**REPORT OF THE DESIGNATED MEMBERS**

Period ended 31 December 2010

**8 PROVISION OF INFORMATION TO AUDITORS**

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 auditors are 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 auditors are aware of that information

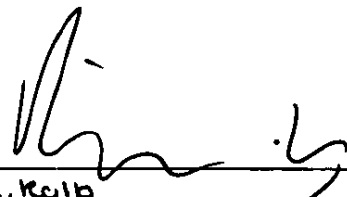
This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006

Approved by the Designated Members and signed on their behalf by



P. W. Cole

Director of Hammerson UK Properties plc



R. K. W. B.

Director of CPP Investment Board

Date **24 MAY 2011**

## **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 judgments and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP 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.

## **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 period ended 31 December 2010 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 in 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 LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applicable to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditors' 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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditors**

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 (APB'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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the LLP's affairs as at 31 December 2010 and of its profit for the period from incorporation on 27 July 2010 to 31 December 2010,
- 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.

**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 Krieger ✓

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

Date 31 Aug 2011

## **10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**

### **PROFIT AND LOSS ACCOUNT**

**For the period ended 31 December 2010**

|   | <b>Notes</b> | <b>Period from<br/>27 July to<br/>31 December<br/>2010<br/>£'000</b> |
|---|--------------|--|
| Gross rental income   |              | <b>4,732</b>   |
| Rents payable and other property outgoings                        |              | <b><u>(223)</u></b>  |
| Net rental income   |              | <b>4,509</b>   |
| Administration expenses   | <b>3</b>     | <b><u>(220)</u></b>  |
| Operating profit on ordinary activities before net finance income |              | <b>4,289</b>   |
| Net finance income  | <b>4</b>     | <b><u>4</u></b>  |
| Profit for the financial period before members' interests         | <b>10</b>    | <b><u>4,293</u></b>  |
| All amounts derive from continuing activities                     |              |  |

# 10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

## BALANCE SHEET


As at 31 December 2010

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

The Designated Member in accordance with the Limited Liability Partnership Agreement approved the financial statements on **24 MAY 2011** and authorised them for issue on **24 MAY 2011**.

Signed on behalf of the Designated Member

  
**P. W. Cole**  
 Director of Hammerson UK Properties plc

  
**R. Kolb**  
 Director of CPP Investment Board



**10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the period ended 31 December 2010

|  | Period from<br>27 July to<br>31 December<br>2010<br>£'000 |
|--|---|
| Profit for the financial period                  | 4,293   |
| Unrealised deficit on revaluation of properties  | <u>(2,296)</u>  |
| Total recognised gains and losses for the period | <u>1,997</u>  |

**RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS**

For the period ended 31 December 2010

|   | Period from<br>27 July to<br>31 December<br>2010<br>£'000 |
|---|---|
| Profit for the financial period                         | 4,293   |
| Distributions to members                                | (3,800)   |
| Members' funds advanced during the period               | 183,290   |
| Unrealised deficit arising on revaluation of properties | (2,296)   |
| New units issued  | <u>10</u>   |
| Net increase in members' funds                          | 181,497   |
| Members' funds at 27 July 2010                          | <u>-</u>  |
| Members' funds at 31 December 2010                      | <u>181,497</u>  |

## **10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**

### **CASH FLOW STATEMENT**

**For the period ended 31 December 2010**

|  | <b>Period from<br/>27 July to<br/>31 December<br/>2010<br/>£'000</b> |
|--|--|
| Operating profit   | <b>4,289</b>   |
| Increase in debtors  | <b>(1,362)</b>   |
| Increase in creditors  | <b>3,644</b>   |
|  | <hr/>  |
| Net cash inflow from operating activities                              | <b>6,571</b>   |
| Net cash inflow from returns on investment and servicing of<br>finance | <b>4</b>   |
| Capital expenditure and financial investment                           |  |
| Purchase of tangible fixed assets                                      | <b>(183,146)</b>   |
| Distribution to Designated Members                                     | <b>(3,800)</b>   |
|  | <hr/>  |
| Cash outflow before use of liquid resources and financing              | <b>(180,371)</b>   |
| New units issued   | <b>10</b>  |
| Financing  |  |
| Members' funds advanced  | <b>183,290</b>   |
|  | <hr/>  |
| Increase in cash in the period   | <b>2,929</b>   |
|  | <hr/>  |

## **10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP**

### **ANALYSIS OF MOVEMENT IN NET DEBT**

For the period ended 31 December 2010

|                                | <b>Cash at<br/>bank<br/>£'000</b> | <b>Members'<br/>loans<br/>£'000</b> | <b>Net debt<br/>£'000</b> |
|--------------------------------|-----------------------------------|-------------------------------------|---------------------------|
| Balance as at 27 July 2010     | -                                 | -                                   | -                         |
| Members' loans                 | -                                 | (183,290)                           | (183,290)                 |
| Movement in year               | 2,929                             | -                                   | 2,929                     |
| Balance as at 31 December 2010 | <u>2,929</u>                      | <u>(183,290)</u>                    | <u>(180,361)</u>          |

### **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

For the period ended 31 December 2010

|   | <b>2010<br/>£'000</b> |
|---|-----------------------|
| Increase in cash in the year                | 2,929                 |
| Members' loans                              | (183,290)             |
| Change in net debt resulting from cash flow | <u>(180,361)</u>      |
| Net debt at 27 July 2010                    | <u>-</u>              |
| Net debt at 31 December 2010                | <u>(180,361)</u>      |

## 10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

### NOTES TO THE ACCOUNTS Period ended 31 December 2010

#### 1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the 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 Member has reviewed the current and projected financial position of the LLP, making reasonable assumptions about the future trading performance. After making enquiries, the Designated Member has a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Designated Member continues 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

## 10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

### NOTES TO THE ACCOUNTS

Period ended 31 December 2010

#### 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 period, 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 period. The services of the Designated Members of the LLP are of a non-executive nature.

The LLP had no employees in the current financial period.

|   | Period from<br>27 July to<br>31 December<br>2010<br>£'000 |
|---|---|
| Management fee payable to Hammerson UK Properties plc | 200   |
| Valuation fees  | 12  |
| Audit fees  | 8   |
|   | <hr/>   |
|   | 220   |

## 10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

### NOTES TO THE ACCOUNTS Period ended 31 December 2010

#### 4. NET FINANCE INCOME

Period from  
27 July to  
31 December  
2010  
£'000

|                   |          |
|-------------------|----------|
| Interest received | <u>4</u> |
|-------------------|----------|

#### 5. DISTRIBUTIONS

Period from  
27 July to  
31 December  
2010  
£'000

|  |              |
|--|--------------|
| CPPIB Gresham Street Unit Trust (note 2)     | 2,660        |
| Hammerson Gresham Street Unit Trust (note 2) | <u>1,140</u> |
|  | <u>3,800</u> |

#### 6. INVESTMENT PROPERTIES

- (a) The movements in the period on properties were

Long  
leasehold  
£'000

|                                |                |
|--------------------------------|----------------|
| Value at date of acquisition   | 183,146        |
| Deficit arising on revaluation | <u>(2,296)</u> |

|                     |                |
|---------------------|----------------|
| At 31 December 2010 | <u>180,850</u> |
|---------------------|----------------|

- (b) The LLP acquired its interest in 10 Gresham Street on 3 August 2010 for £175,000,000 plus associated costs
- (c) The LLP's property is stated at market value at 31 December 2010, 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 deficit arising on revaluation has been transferred to the revaluation reserve.
- (d) The historical cost of investment properties at 31 December 2010 was £183,146,000

## 10 GRESHAM STREET LIMITED LIABILITY PARTNERSHIP

### NOTES TO THE ACCOUNTS

Period ended 31 December 2010

#### 7. DEBTORS

|                               | 2010<br>£'000 |
|-------------------------------|---------------|
| Trade debtors                 | 723           |
| Other debtors and prepayments | 639           |
|                               | <hr/>         |
|                               | 1,362         |

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

#### 8. CREDITORS FALLING DUE WITHIN ONE YEAR

|   | 2010<br>£'000 |
|---|---------------|
| Trade creditors                             | 238           |
| Amounts owed to Hammerson UK Properties plc | 235           |
| Other creditors                             | 443           |
| Accruals and deferred income                | 2,728         |
|   | <hr/>         |
|   | 3,644         |

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

#### 9. MEMBERS' CAPITAL CLASSIFIED AS EQUITY

|                                     | 2010<br>£ |
|-------------------------------------|-----------|
| Designated Members                  |           |
| CPPIB Gresham Street Unit Trust     | 7,000     |
| Hammerson Gresham Street Unit Trust | 3,000     |
|                                     | <hr/>     |
|                                     | 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 Period ended 31 December 2010

#### 10. MEMBERS' OTHER INTERESTS

|                                      | Revaluation<br>reserve<br>£000 | Other<br>reserves<br>£'000 | Loans and<br>other debts<br>due to<br>members<br>£'000 | Total<br>£'000 |
|--------------------------------------|--------------------------------|----------------------------|--|----------------|
| At 27 July 2010                      | -                              | -                          | -  | -              |
| Deficit on revaluation of properties | (2,296)                        | -                          | -  | (2,296)        |
| Members' funds advanced              | -                              | -                          | 183,290  | 183,290        |
| Profit for the financial period      | -                              | 4,293                      | -  | 4,293          |
| Distributions to members             | -                              | (3,800)                    | -  | (3,800)        |
| At 31 December 2010                  | <b>(2,296)</b>                 | <b>493</b>                 | <b>183,290</b>   | <b>181,497</b> |

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 have granted no credits, advances or guarantees of any kind to its Directors during the period

#### 12. RELATED PARTY DISCLOSURE

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

#### 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  
Company Secretary  
10 Grosvenor Street  
London W1K 4BJ

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