

Company Number 298351

HAMMERSON UK PROPERTIES plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2010

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HAMMERSON UK PROPERTIES plc

REPORT OF THE DIRECTORS **Year ended 31 December 2010**

1 PRINCIPAL ACTIVITIES

The principal activity of the Company is property investment in the United Kingdom, both directly and through its investment in property owning subsidiaries. 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 £403,656,000 (2009 £33,098,000). The Directors do not recommend the payment of a dividend for the year (2009 £nil).

3 BUSINESS REVIEW AND FUTURE PROSPECTS

It is expected that the Company will continue to invest in properties and property owning subsidiaries for the foreseeable future.

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 31 December 2010, and have concluded that it is appropriate. More information is provided in note 1 to the financial statements.

The Directors consider the following measures to be the key performance indicators for the Company: investment income and net asset value.

During 2010, the Company's investment income for the year was £613,350,000 (2009 £1,114,866,000). At 31 December 2010, the Company had net assets of £1,462,607,000 (2009 £544,605,000).

The key risk to the Company relates to the value of its investments in property owning subsidiary undertakings. The key performance indicators for these subsidiaries are net rental income and property values and the key risks they face 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. The Directors monitor the UK property market through the analysis of market forecasts and the performance of the property assets is compared against target returns. Further risks are discussed in the Annual Report of the ultimate controlling party, Hammerson plc, which does not form part of this report.

4 DIRECTORS

- (a) Mr D J Atkins, Mr A J Berger-North, Mr P W B Cole, Mr N A S Hardie, Mr L F Hutchings, Mr M C Jepson and Mr A J G Thomson 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 interest in contracts entered into by the Company.

5 SECRETARY

Mr S J Haydon was Secretary of the Company throughout the year.

HAMMERSON UK PROPERTIES plc

REPORT OF THE DIRECTORS

Year ended 31 December 2010

6 FIXED ASSETS

Details of the Company's investment properties and fixed asset investments are given in notes 10 and 11 to the accounts

During 2010 the Company's fixed asset investments suffered an impairment of £209,853,000 (2009 £1,013,216,000) This reflected decreases in the underlying valuation of these investments However, the Company does not revalue its investments in subsidiaries At 31 December 2010, the unrecognised underlying valuation surplus of the Company's investments in subsidiaries was £31,834,000 (2009 £64,762,000)

7 CREDITOR PAYMENT POLICY

It is the Company's policy that the terms of payment to suppliers are agreed in advance of the supply of any goods and services and payments are made in accordance with those terms and conditions provided that the supplier has also complied with them At 31 December 2010 the Company had nil days' (2009 nil days') purchases outstanding

8 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

9 ISSUED SHARE CAPITAL

On 13 December 2010 the number of ordinary shares of 25p each in issue was increased from 31,500,000 to 2,031,500,000, increasing the issued share capital by £500,000,000 from £7,875,000 to £507,875,000

10 AUDITORS

Deloitte LLP have indicated their willingness to continue in office in accordance with the provisions of the Companies Act 2006 and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting

HAMMERSON UK PROPERTIES plc

REPORT OF THE DIRECTORS
Year ended 31 December 2010

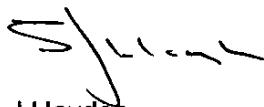
11 PROVISION OF INFORMATION TO AUDITORS

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 auditors are 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 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

By order of the Board



S J Haydon
Secretary

Date **24 JUN 2011**

Registered Office
10 Grosvenor Street
London, W1K 4BJ
Registered in England and Wales No 298351

HAMMERSON UK PROPERTIES plc

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 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 UK PROPERTIES plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSON UK PROPERTIES plc

We have audited the financial statements of Hammerson UK Properties plc for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 21. 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 members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Company and the Company's members, 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 (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 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.

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 2010 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 UK PROPERTIES plc

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSON UK PROPERTIES plc
(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



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

HAMMERSON UK PROPERTIES plc**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2010**

	Notes	2010 £'000	2009 £'000
Gross rental income	2	458	572
Rents payable and other property outgoings		<u>(369)</u>	<u>(212)</u>
Net rental income		89	360
Administration expenses	3	(14,537)	(11,812)
Other operating income	4	8,815	6,437
<u>Exceptional items</u>			
Impairment of investments	5 (a)	(209,853)	(1,013,216)
Other exceptional items	5 (b)	<u>(1,061)</u>	<u>31,212</u>
Operating loss		(210,914)	(987,019)
<u>Exceptional items</u>			
Loss on sale of shares in subsidiaries	6 (a)	(2,860)	(10,544)
Profit on sale of other fixed asset investments	6 (b)	<u>44,731</u>	<u>-</u>
Loss on ordinary activities before net finance costs		(174,676)	(997,563)
Net finance costs	7	(35,018)	(84,205)
Investment income	8	<u>613,350</u>	<u>1,114,866</u>
Profit on ordinary activities before taxation		403,656	33,098
Taxation	9 (a)	<u>-</u>	<u>-</u>
Profit for the financial year	17	<u>403,656</u>	<u>33,098</u>

All amounts relate to continuing activities

HAMMERSON UK PROPERTIES plc

BALANCE SHEET

As at 31 December 2010

	Notes	£'000	2010 £'000	£'000	2009 £'000
Tangible fixed assets					
Investment properties	10		15,169		14,402
Investments	11		1,733,196		1,901,801
Debtors amounts falling due after more than one year	12		-		30,138
			1,748,365		1,946,341
Current assets					
Debtors amounts falling due within one year	13	13,156		260,230	
Cash and deposits		95		-	
Total current assets		13,251		260,230	
Current liabilities					
Creditors amounts falling due within one year	14	(299,009)		(1,661,966)	
Net current liabilities			(285,758)		(1,401,736)
Net assets			1,462,607		544,605
Capital and reserves					
Called up share capital	15		507,875		7,875
Share premium account	16		54,043		54,043
Revaluation reserve	17		65,325		50,979
Profit and loss account	17		835,364		431,708
Shareholders' funds			1,462,607		544,605

These financial statements were approved by the Board of Directors on **24 JUN 2011** and authorised for issue on **24 JUN 2011**

Signed on behalf of the Board of Directors

Handwritten signature

N A Sharda

Director

Company number: 298351

HAMMERSON UK PROPERTIES plc**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2010

	2010 £'000	2009 £'000
Profit for the financial year	403,656	33,098
Unrealised surplus/(deficit) on revaluation of properties	767	(1,797)
Unrealised surplus on revaluation of investments	13,579	2,861
Total recognised gains and losses for the year	418,002	34,162

NOTE OF HISTORICAL COST PROFITS AND LOSSESFor the year ended 31 December 2010

	2010 £'000	2009 £'000
Profit for the financial year	403,656	33,098
Realisation of property revaluation gains of previous years	-	422
Historical cost profit on ordinary activities before taxation	403,656	33,520
Historical cost profit for the financial year after taxation	403,656	33,520

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDSFor the year ended 31 December 2010

	2010 £'000	2009 £'000
Profit for the financial year	403,656	33,098
New shares issued	500,000	-
Unrealised surplus/(deficit) on revaluation of properties	767	(1,797)
Unrealised surplus on revaluation of investments	13,579	2,861
Net increase in shareholders' funds	918,002	34,162
Shareholders' funds at 1 January	544,605	510,443
Shareholders' funds at 31 December	1,462,607	544,605

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

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 and other fixed asset investments in accordance with all applicable United Kingdom accounting standards, 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 Company's future performance and these are explained in the Business Review and Future Prospects section on page 1. The financial position of the Company is as set out in the Balance Sheet

The Company has net current liabilities as at 31 December 2010 and is reliant on the support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due. The Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. After making enquiries and taking account of the factors noted above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

(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) 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

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

(e) Net finance costs

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

(f) Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable at the balance sheet date, together with any adjustment in respect of previous years

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

(g) Profits on sale of properties

Profits on sale of properties are taken into account on completion of contract, and are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure

(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 unless changes are considered permanent where they are taken to the profit and loss account

(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.

(j) Fixed assets investments

Fixed asset investments are valued at the balance sheet date at market value. Investments in the Company's subsidiaries are stated at cost less provision for impairment.

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS **Year ended 31 December 2010**

2. GROSS RENTAL INCOME

Gross rental income and profit before taxation are attributable to the principal activity of the Company. All gross rental income is derived from one class of business within the United Kingdom.

3. ADMINISTRATION EXPENSES

	2010 £'000	2009 £'000
Management fee payable to fellow group undertaking	14,508	11,811
Other administration expenses	29	1
	<u>14,537</u>	<u>11,812</u>

The average number of employees during the year, excluding Directors, was nil (2009: nil).

The Directors did not receive any remuneration for services to the Company in either the current or the preceding financial year. The services of the Directors are of a non-executive nature, and their emoluments are deemed wholly attributable to their services to other group companies. Accordingly, no Directors' emoluments are disclosed.

Another group company has paid the auditors' 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 £4,725 (2009: £4,725).

4. OTHER OPERATING INCOME

	2010 £'000	2009 £'000
Management fees receivable	<u>8,815</u>	<u>6,437</u>

5. EXCEPTIONAL ITEMS (Before operating loss)

(a) IMPAIRMENT OF INVESTMENTS

	2010 £'000	2009 £'000
Impairment of investments in subsidiaries (see note 11)	(209,811)	(1,012,909)
Impairment of other fixed asset investments (see note 11)	<u>(42)</u>	<u>(307)</u>
Increase in impairment of investments	<u>(209,853)</u>	<u>(1,013,216)</u>

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS **Year ended 31 December 2010**

5. EXCEPTIONAL ITEMS (Before operating loss) (continued)

(b) OTHER EXCEPTIONAL ITEMS

	2010 £'000	2009 £'000
(Increase)/ Decrease in impairment of loans to subsidiary undertakings (see note 13)	<u>(1,061)</u>	<u>31,212</u>

6. EXCEPTIONAL ITEMS (After operating loss)

(a) LOSS ON SALE OF SHARES IN SUBSIDIARIES

	2010 £'000	2009 £'000
Gross proceeds on sale	36,778	12,222
Subsidiary sold		
Historical cost	(113,000)	(18,000)
Impairment provision released	74,885	-
	(38,115)	(18,000)
Subsidiaries struck off		
Historical cost	(291,805)	-
Impairment provision released	291,705	-
	(100)	-
Carry value of investments disposed (see note 11)	<u>(38,215)</u>	<u>(18,000)</u>
Selling expenses	<u>(1,423)</u>	<u>(4,766)</u>
Loss on sale of shares in subsidiaries	<u>(2,860)</u>	<u>(10,544)</u>

(b) PROFIT ON SALE OF OTHER FIXED ASSET INVESTMENTS

	2010 £'000	2009 £'000
Gross proceeds on sale	51,142	1,266
Historical cost of fixed asset investments sold	(5,348)	(844)
Impairment realised	105	-
Valuation surplus realised	-	(422)
Carry value of other fixed asset investments sold (see note 11)	(5,243)	(1,266)
Selling expenses	<u>(1,168)</u>	<u>-</u>
Profit on sale of other fixed asset investments	<u>44,731</u>	<u>-</u>

HAMMERSON UK PROPERTIES plc**NOTES TO THE ACCOUNTS**
Year ended 31 December 2010**7 NET FINANCE COSTS**

	2010 £'000	2009 £'000
Interest receivable from subsidiary undertakings	2,050	110
Other interest receivable	1,389	774
Interest payable to ultimate parent company	(38,451)	(85,089)
Other interest payable	(6)	-
	<u>(35,018)</u>	<u>(84,205)</u>

8. INVESTMENT INCOME

	2010 £'000	2009 £'000
Dividends received from Value Retail Investors LP	3,018	1,954
Special distribution received from Value Retail Investors LP	3,676	9,767
Distributions receivable from unit trust investments	1,176	52
Dividends received from subsidiary undertakings	605,480	1,103,093
	<u>613,350</u>	<u>1,114,866</u>

9. TAXATION**(a) Tax charge**

	2010 £'000	2009 £'000
UK corporation tax	<u>-</u>	<u>-</u>

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS Year ended 31 December 2010

9. TAXATION (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit for the year is different from the standard rate of corporation tax of 28% (2009 28%) The differences are reconciled below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	403,656	33,098
Profit at UK corporation tax rate of 28%	113,024	9,267
Effects of		
Tax-exempt losses (UK REIT)	1,111	1,383
Capital allowances on non-exempt business	-	(16)
(Profit)/Loss on sale of fixed asset investments	(11,724)	2,952
Impairment of investments	58,759	274,962
Impairment of subsidiary loans	297	-
Dividend income not taxable	(169,534)	(308,866)
Other income from fixed asset investments	(2,204)	(3,296)
Losses surrendered as group relief	10,271	23,614
Current tax charge for the year	-	-

10. INVESTMENT PROPERTIES

(a) The movements in the year on properties were

	Freehold £'000	Long leasehold £'000	Total £'000
At 1 January 2010	8,128	6,274	14,402
Surplus arising on revaluation	65	702	767
At 31 December 2010	8,193	6,976	15,169

- (b) Properties are 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 (the Standards) and with IVA 1 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 2010 was £17,751,000 (2009 £17,751,000).

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS Year ended 31 December 2010

11. FIXED ASSET INVESTMENTS

	Shares in group companies at cost less provision for impairment £'000	Other fixed asset investments at valuation £'000	Total £'000
At 1 January 2010	1,804,561	97,240	1,901,801
Additions at cost	15,000	56,127	71,127
Disposals	(38,215)	(5,243)	(43,458)
Impairment of investments	(209,811)	(42)	(209,853)
Surplus arising on revaluation	-	13,579	13,579
At 31 December 2010	1,571,535	161,661	1,733,196

The additions in shares in group companies during the year relate to the acquisition of subscriber shares in a newly formed subsidiary company

Other fixed asset investment additions includes £55,023,000 being the total cost of subscribing to 99.91% of the units issued by the Hammerson Gresham Street Unit Trust in August 2010

Disposals of shares in group companies of £38,215,000 includes £38,115,000 being the carrying value of Hammerson Harbour Exchange Limited, which was sold in September 2010 for £36,778,000. The remaining £100,000 relates to the net carrying value of subsidiaries struck off during the year.

Other fixed asset investment disposals of £5,243,000 includes £5,000,000 relating to the Company's disposal in December 2010 of its 25% interest in Bishops Square Holdings Limited. The Company's 25% interest was sold for a profit of £44,974,000, which is included within note 6(b), after taking account of the release of an indemnity of £17,000,000 relating to the sale of the Company's 75% interest in 2009.

During the year, the investment in group companies was impaired by £209,811,000 (2009: £1,012,909,000) and other fixed asset investments were impaired by £42,000 (2009: £307,000).

In the opinion of the Directors, the aggregate value of investments in subsidiary undertakings at 31 December 2010 is not less than their carrying value in the balance sheet. Further details of investments in subsidiaries are shown in note 19.

Other fixed asset investments include an effective 33.5% interest in Value Retail Investors Limited Partnership I, which has an interest in a designer outlet centre in Bicester, in the United Kingdom. The investment is included at its market value at 31 December 2010 of £55,310,000 (2009: £41,729,000), and the property element of this valuation has been reviewed by Donaldsons, Chartered Surveyors. The valuation has been prepared in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The surplus arising on revaluation has been transferred to the revaluation reserve. The remainder of the balance as at 31 December 2010 relates primarily to investments in Value Retail plc and related companies.

These investments have not been accounted for as associates or joint arrangements as the Company exercises no significant influence over their management.

HAMMERSON UK PROPERTIES plc**NOTES TO THE ACCOUNTS**
Year ended 31 December 2010**12. DEBTORS: FALLING DUE AFTER MORE THAN ONE YEAR**

	2010	2009
	£'000	£'000
Loans to associates	<u>-</u>	<u>30,138</u>

At 31 December 2009, loans to associates of £30,138,000 comprised £9,138,000 loaned to Bishops Square Holdings Limited which was non-interest bearing and a mezzanine loan of £21,000,000 to Bishops Square Investments Limited, which bore interest at 6.27%. These loans were repaid in full during the year following the Company's disposal of its 25% interest in Bishops Square Holdings Limited.

13. DEBTORS: FALLING DUE WITHIN ONE YEAR

	2010	2009
	£'000	£'000
Trade debtors	184	354
Amounts owed by subsidiary undertakings	957	252,131
Amounts owed by fellow group undertakings	9,077	2,734
Other debtors	2,932	5,005
Prepayments	6	6
	<u>13,156</u>	<u>260,230</u>

All amounts shown under debtors fall due for payment within one year. Amounts owed by subsidiary undertakings includes £nil (2009: £97,446,000) which are interest bearing at variable rates based on LIBOR. All other amounts owed by subsidiary undertakings and fellow group undertakings are non-interest bearing. The amounts owed by subsidiary undertakings are impaired as at 31 December 2010 by £1,717,000 (2009: £656,000).

14. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2010	2009
	£'000	£'000
Trade creditors	796	794
Amounts owed to ultimate parent company	224,050	1,199,098
Amounts owed to subsidiary undertakings	66,276	457,424
Amounts owed to fellow group undertakings	7,129	2,682
Other creditors	250	235
Accruals	508	1,733
	<u>299,009</u>	<u>1,661,966</u>

Interest is charged on the amounts owed to the ultimate parent company at variable rates based on LIBOR. The amounts owed to the subsidiary undertakings and fellow group undertakings are repayable on demand and are non-interest bearing.

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS Year ended 31 December 2010

15. SHARE CAPITAL

	2010 £'000	2009 £'000
Allotted, called up fully paid:		
2,031,500,000 (2009 31,500,000) ordinary shares of 25p each	<u>507,875</u>	<u>7,875</u>

On 13 December 2010 the number of ordinary shares of 25p each in issue was increased from 31,500,000 to 2,031,500,000, increasing the issued share capital by £500,000,000 from £7,875,000 to £507,875,000. The shares were issued to the parent company in exchange for intercompany debt.

16. SHARE PREMIUM ACCOUNT

	£'000
At 1 January 2010 and 31 December 2010	<u>54,043</u>

17. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2010	50,979	431,708
Surplus arising on revaluation of investment properties (note 10)	767	-
Surplus arising on revaluation of fixed asset investments (note 11)	13,579	-
Profit for the financial year	<u>-</u>	<u>403,656</u>
At 31 December 2010	<u>65,325</u>	<u>835,364</u>

18. CONTINGENT LIABILITIES

At 31 December 2010 there are contingent liabilities of £2.0 million (2009 £2.0 million) relating to guarantees given by the Company and a further £0.3 million (2009 £0.5 million) relating to claims against the Company arising in the normal course of business.

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS Year ended 31 December 2010

19. PRINCIPAL SUBSIDIARY COMPANIES

The Company's principal subsidiaries incorporated in Great Britain (unless otherwise stated) and operating in the United Kingdom are

Hammerson (99 Bishopsgate) Limited
Hammerson (125 OBS LP) Limited (registered in Jersey)
Hammerson (Brent Cross) Limited
Hammerson (Bristol Investments) Limited
Hammerson Bull Ring Limited
Hammerson Investment (No 28) Limited
Hammerson (Leicester) Limited
Hammerson Moor House (LP) Limited
Hammerson Oracle Investments Limited
Hammerson Peterborough (No 1) Limited
Hammerson Peterborough (No 2) Limited
Hammerson Retail Parks Holdings Limited
West Quay Shopping Centre Limited

All principal subsidiary companies are wholly owned subsidiaries and are engaged in the investment in, development of, trading in or management of, property. As permitted by section 410 of the Companies Act 2006, a complete listing of all of the Company's undertakings has not been provided. A complete list of the Company's undertakings will be filed with the Annual Return.

20. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Hammerson plc group. During the year, the Company received the following amounts in project and asset management fees relating to joint arrangements:

	2010 £'000	2009 £'000
The Oracle Limited Partnership	3,141	711
The Highcross Limited Partnership	1,328	2,068
West Quay Limited Partnership	991	1,058
Retail Property Holdings Limited	974	-
The Queensgate Limited Partnership	650	797
125 OBS Limited Partnership	558	573
The Bull Ring Limited Partnership	378	320
Bristol Alliance Limited Partnership	258	371
10 Gresham Street LLP	200	-
Hammerson (Paddington) Limited	174	174
Moor House Limited Partnership	100	130
The Grosvenor Street Limited Partnership	26	26
Bishopsgate Goodsynd Regeneration Limited	25	25
The Martineau Galleries Limited Partnership	12	12
The Martineau Limited Partnership	-	(10)
	8,815	6,255

At 31 December 2010 amounts due to the Company relating to these joint arrangements was £162,000 (2009 £306,000). In the opinion of the Directors there are no other related party transactions to be disclosed in the current or preceding financial year.

HAMMERSON UK PROPERTIES plc

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2010, 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 the financial statements. At 31 December 2010, the Company's immediate parent company was Hammerson International Holdings Limited.

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.