

Company Number: 3768306

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2002



HAMMERSON BIRMINGHAM PROPERTIES LIMITED

Board of Directors

Mr. R.J.G. Richards
Mr. G.H. Wright

Secretary and Registered Office

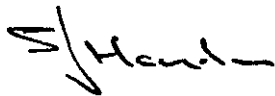
Mr. S.J. Haydon
100 Park Lane
London W1K 7AR

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 100 Park Lane, London W1K 7AR on 30 June 2003 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 2002.
2. To reappoint Deloitte & Touche as auditors of the Company.
3. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



S.J. Haydon
Secretary
30 June 2003

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 3768306

Notes:

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. That proxy need not also be a member of the Company. Any instrument appointing a proxy must be deposited at the Company's Registered Office by not later than 48 hours before the time fixed for the meeting.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2002

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are property development and investment in the United Kingdom.

2. RESULTS AND DIVIDEND

The Company made a profit during the year of £15,000 (2001: £11,000). No dividend was paid or proposed during the year (2001: £ Nil).

3. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company holds a third of each of Martineau (GP) Limited, Martineau Galleries (GP) Limited and Bull Ring (GP) Limited, which are the general partners of the Martineau Limited Partnership, the Martineau Galleries Limited Partnership and the Bull Ring Limited Partnership respectively, the principal businesses of which are to develop and hold for investment Martineau Galleries Shopping Centre and the Bull Ring Shopping Centre in Birmingham. The directors anticipate that there will be no change to current levels of activity in the foreseeable future.

4. DIRECTORS

- (a) Mr. R.J.G. Richards and Mr. G.H. Wright 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) On 31 December 2002 Mr. R.J.G. Richards was a director of the Company's ultimate parent company, Hammerson plc, in whose financial statements his interests in the shares of that company are given. On 31 December 2002, Mr. G.H. Wright was a director of the Company's immediate parent company, Hammerson UK Properties plc, in whose financial statements his interests in the shares of the Company's ultimate parent company, Hammerson plc, are given.
- (d) None of the directors have any interests in the shares of the Company or any other group company except as noted above.
- (e) No director has any interest in contracts entered into by the Company.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT OF THE DIRECTORS
Year ended 31 December 2002

5. SECRETARY

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

6. AUDITORS

Deloitte & Touche have indicated their willingness to continue in office in accordance with the provisions of the Companies Act 1985 and a resolution proposing their reappointment will be put to the members at the Annual General Meeting.

By order of the Board



S.J. Haydon
Secretary
30 June 2003

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 3768306

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The directors ensure that in preparing financial statements, suitable accounting policies have been applied consistently, reasonable and prudent judgements and estimates made, applicable accounting standards have been followed, and that it is appropriate to use the going concern basis.

The directors are responsible for maintaining adequate accounting records so as to enable them to comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON BIRMINGHAM PROPERTIES LIMITED

We have audited the financial statements of Hammerson Birmingham Properties Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses, the reconciliation of movements in shareholders' funds, the statement of accounting policies given in note 1 and the related notes 2 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London
30 June 2003
31 July 2003

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Gross rental income		21	15
Rents payable and other property outgoings		(7)	(4)
		-----	-----
Operating profit	1(d)	14	11
		-----	-----
Profit on ordinary activities before interest		14	11
Interest received and similar income		1	-
		-----	-----
Retained profit on ordinary activities before and after taxation	10	15	11
		=====	=====

All activities for the year derive from continuing operations.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

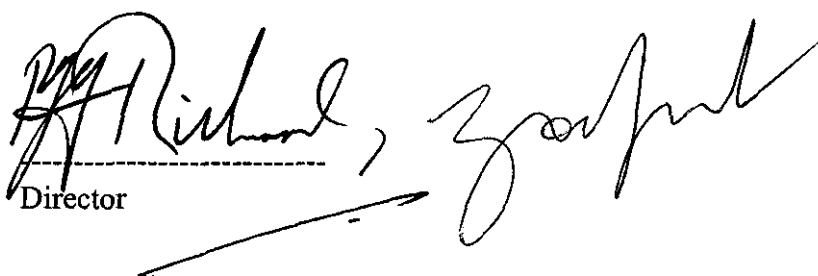
BALANCE SHEET

as at 31 December 2002

	Note	2002		2001	
		£'000	£'000	£'000	£'000
Fixed assets					
Land and buildings	4		936		618
Investments	5		2		2
			-----		-----
Current assets			938		620
Investments	6	5		5	
Debtors	7	163		139	
Cash at bank and in hand		18		16	
		-----		-----	
		186		160	
Creditors: amounts falling due within one year	8	(860)		(652)	
		-----		-----	
Net current liabilities			(674)		(492)
			-----		-----
Net assets			264		128
			=====		=====
Capital and reserves					
Called up share capital	9	-		-	
Revaluation reserve	10	232		111	
Profit and loss account	10	32		17	
			-----		-----
Equity shareholder's funds			264		128
			=====		=====

The financial statements were approved by the Board of Directors on 30 June 2003.

Signed on behalf of the Board of Directors


 Director

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2002

	2002 £'000	2001 £'000
Retained profit for the financial year	15	11
Surplus arising on revaluation	121	31
	-----	-----
Total recognised gains and losses for the year	136	42
Prior period adjustment	-	80
	-----	-----
	136	122
	=====	=====

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Year ended 31 December 2002

	2002 £'000	2001 £'000
Retained profit for the financial year	15	11
Surplus arising on revaluation	121	31
	-----	-----
Net increase in shareholder's funds	136	42
Shareholder's funds at 1 January	128	86
	-----	-----
Shareholder's funds at 31 December	264	128
	=====	=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with all applicable United Kingdom accounting standards and are in compliance with the Companies Act 1985.

(b) Consolidation

The financial statements of the Company present information about it as an individual undertaking and not about its group. The Company is exempt from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Hammerson plc, a company registered in England and Wales.

(c) Joint arrangements

The financial statements include the financial statements of the Company together with the Company's share of results, assets and liabilities arising from joint arrangements.

(d) Net rental income

Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. Where a lease incentive does not enhance the property, it is amortised over the year to the earlier of the first rent review, the first break option, or the end of the term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of lease commencement to the date of the first rent review.

Differences between property operating expenditure incurred and that recovered from tenants through services charges are included in net rental income.

(e) Investments

Investments are held at cost less provision for impairment.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

(f) Valuation of properties

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits attributable to the group arising from revaluation are taken to the revaluation reserve. Properties held for resale are stated at the lower of cost and net realisable value.

Where properties held for resale are transferred to or from the investment portfolio, they are transferred at market value.

(g) Depreciation

In accordance with Statement of Standard Accounting Practice No 19 "Accounting for investment properties", no depreciation is provided in respect of freehold properties or leasehold properties with over 20 years to expiry. This is a departure from the requirements of the Companies Act 1985 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.

2. ADMINISTRATION EXPENSES

The directors did not receive any remuneration for services to the Company in the current or preceding financial years.

The Company had no employees in both the current and preceding financial years.

The auditors' remuneration has been paid by another group company in both the current and preceding financial years.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

3. TAXATION

Tax reconciliation

	2002	2001
	£'000	£'000
Profit on ordinary activities before tax	15	11
	-----	-----
Profit multiplied by UK corporation tax rate of 30%	4	3
Effects of :		
Capital allowances	(4)	(3)
	-----	-----
Current tax charge for the period	-	-
	=====	=====

There is no tax charge on current and preceding years profits as the joint arrangements in which the Company participated benefited for capital allowances.

4. LAND AND BUILDINGS

(a) The movements in the year on investment property were:

**Long
leasehold**

£'000

At 1 January 2002	618
Additions at cost	197
Surplus arising on revaluation	121

At 31 December 2002	936
	=====

(b) The Company's property is stated at market value at 31 December 2002, valued by professionally qualified external valuers. The valuation has been prepared by DTZ Debenham Tie Leung, Chartered Surveyors, 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.

(c) Should the property be disposed of at the valuation in note 3 no tax liability is anticipated to arise (2001: £ nil).

(d) The cost of investment properties at 31 December 2002 was £704,000 (2001: £507,000).

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. FIXED ASSET INVESTMENTS

On 21 July 1999 the Company acquired 33.33% of the issued ordinary share capital of each of Bull Ring (GP) Limited, Martineau (GP) Limited and Martineau Galleries (GP) Limited. The investments are included in the accounts at the cost of £600 each.

6. CURRENT ASSET INVESTMENTS

	2002 £'000	2001 £'000
Investments – listed on recognised stock exchanges in Great Britain	5	5
	<hr/>	<hr/>
Market value of listed investments at 31 December 2002	5	5
	<hr/>	<hr/>

7. DEBTORS

	2002 £'000	2001 £'000
Other debtors	163	139
	<hr/>	<hr/>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Amount owed to ultimate parent company	14	16
Amounts owed to fellow subsidiary companies	1	11
Other creditors	841	601
Accruals	4	24
	<hr/>	<hr/>
	860	652
	<hr/>	<hr/>

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

10. RESERVES

	Profit and loss account £'000	Revaluation reserve £'000
Balance at 1 January 2002	17	111
Profit for the year	15	-
Surplus arising on revaluation	-	121
	<hr/>	<hr/>
Balance at 31 December 2002	32	232
	<hr/>	<hr/>

11. CASH FLOW AND RELATED PARTY DISCLOSURE

As the Company is a wholly owned subsidiary it has taken exemption under the terms of Financial Reporting Standard 1 "Cash flow statements" (revised 1996) from preparing a cash flow statement, as it is included in the consolidated financial statements of Hammerson plc, which are publicly available. The Company is also exempt under the terms of Financial Reporting Standard 8 "Related party disclosures" from disclosing related party transactions with entities that are part of the Hammerson plc group.

In the opinion of the directors there are no other related party transactions to be disclosed during the current or preceding financial years.

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Hammerson UK Properties plc. Copies of its financial statements are available from that company's registered office, 100 Park Lane, London W1K 7AR.

The ultimate parent company and controlling party is Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the largest and smallest group to consolidate these financial statements. Copies of its financial statements are available from that company's registered office, 100 Park Lane, London W1K 7AR.