

Company Number: 3768310

**HAMMERSON MLP LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2004



## HAMMERSON MLP LIMITED

### REPORT OF THE DIRECTORS

Year ended 31 December 2004

#### 1. PRINCIPAL ACTIVITIES

The principal activity of the Company is property development and investment in the United Kingdom.

#### 2. RESULTS AND DIVIDEND

The retained loss for the financial year was £588,000 (2003: profit £304,000). No dividend was paid during the year (2003: nil).

#### 3. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company is a limited partner of the Martineau Limited Partnership, the principal business of which is to develop and hold for investment the Martineau Place portfolio in Birmingham.

#### 4. DIRECTORS

- (a) Mr. J.D. Aitchison, Mr. N.A.S. Hardie and Mr. S.R. Melliss were directors of the Company throughout the year.
- (b) Mr D.J. Atkins was appointed as a director of the company on 1 January 2005.
- (c) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (d) At 31 December 2004 Mr. S.R. Melliss was a directors 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 2004, Mr. N.A.S. Hardie was a director of the Company's immediate parent company, Hammerson UK Properties plc, in whose financial statements his interests in the Company's ultimate parent company Hammerson plc are given.

The interests Mr J.D. Aitchison in the ultimate parent company, Hammerson plc, are as follows:

	Ordinary shares of 25p each	Options over ordinary shares of 25p each (executive share option schemes)	Options over ordinary shares of 25p each (savings related share option scheme)	Options over ordinary shares of 25p each (deferred share plan)	Ordinary shares of 25p each	Options over ordinary shares of 25p each (executive share option scheme)	Options over ordinary shares of 25p each (savings related share option schemes)	Options over ordinary shares of 25p each (deferred share plan)
	31.12.04	31.12.04	31.12.04	31.12.04	01.01.04	01.01.04	01.01.04	01.01.04
Mr. J.D. Aitchison	2,536	Nil	5,662	32,870*	1,352	Nil	5,662	31,708*

\* maximum number of shares over which options may be exercised dependent on the level of achievement of financial performance targets over a three year period.

## HAMMERSON MLP LIMITED

### REPORT OF THE DIRECTORS Year ended 31 December 2004

4. DIRECTORS (continued)

- (d) None of the directors has any interests in the shares of the Company or any other group company except as noted above.
- (e) No director has any interests in contracts entered into by the Company.

5. SECRETARY

Mr. S.R. Melliss was Secretary of the Company throughout the year.

6. AUDITORS

The Company has elected to dispense with the obligation to appoint auditors annually and accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

By order of the Board



.....  
S.R. Melliss  
Secretary

25 OCT 2005

Registered Office:

100 Park Lane  
London W1K 7AR  
Registered in England and Wales No. 3768310

## **HAMMERSON MLP LIMITED**

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

United Kingdom company law requires the directors 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.

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 accounting standards have been followed; 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 proper accounting records which 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 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER OF HAMMERSON MLP LIMITED**

We have audited the financial statements of Hammerson MLP Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholder's funds and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, 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 member 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 member, 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.

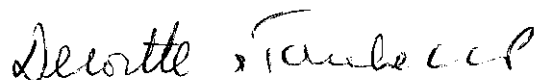
### **Basis of audit opinion**

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 judgments 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

27 October 2005

**HAMMERSON MLP LIMITED****PROFIT AND LOSS ACCOUNT**Year ended 31 December 2004

	<b>Note</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
Gross rental income		1,228	1,854
Rents payable and other property outgoings		(251)	(175)
		-----	-----
Operating Profit	1(c)	977	1,679
Loss on disposal of investment property	3	(1,553)	-
		-----	-----
(Loss)/profit on ordinary activities before finance costs		(576)	1,679
Net cost of finance	4	(183)	(1,238)
		-----	-----
(Loss)/Profit on ordinary activities before taxation		(759)	441
Taxation	5	171	(137)
		-----	-----
(Loss)/Profit on ordinary activities after taxation and retained (loss)/profit for the year	10	(588)	304
		=====	=====

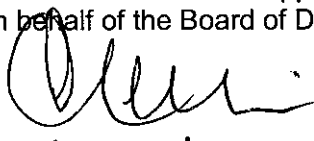
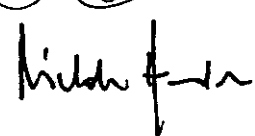
All results derive from continuing operations.

**HAMMERSON MLP LIMITED**  
**BALANCE SHEET**  
**At 31 December 2004**

	Note	2004 £'000	2003 £'000
Tangible fixed assets			
Land and buildings	6	-	32,133
Current assets			
Debtors	7	590	886
Cash at bank and in hand		2,475	908
		<u>3,065</u>	<u>1,794</u>
Creditors: amounts falling due within one year	8	(1,043)	(31,146)
Net current assets/(liabilities)		<u>2,022</u>	<u>(29,352)</u>
Total assets less current liabilities		2,022	2,781
Provisions for liabilities and charges:			
Deferred tax	5(c)	-	(171)
Net assets		<u>2,022</u>	<u>2,610</u>
Capital and reserves			
Called up share capital	9	-	-
Revaluation reserve	10	-	984
Profit and loss account	10	2,022	1,626
Equity shareholder's funds		<u>2,022</u>	<u>2,610</u>

The financial statements were approved by the Board of Directors  
Signed on behalf of the Board of Directors

**25 OCT 2005**

)  
)  
) Director



**HAMMERSON MLP LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2004

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Retained (loss)/profit for the financial year	(588)	304
Deficit arising on revaluation	-	(4,283)
	-----	-----
Total recognised losses in the year	(588)	(3,979)
	=====	=====

**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS**For the year ended 31 December 2004

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Retained profit for the financial year	(588)	304
(Deficit)/Surplus arising on revaluation	-	(4,283)
	-----	-----
Net (decrease)/increase in equity shareholder's funds	(588)	(3,979)
Equity shareholder's funds at 1 January	2,610	6,589
	-----	-----
Equity shareholder's funds at 31 December	2,022	2,610
	=====	=====

## **HAMMERSON MLP LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **1. ACCOUNTING POLICIES**

##### **(a) Basis of accounting**

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and law. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

##### **(b) Joint arrangements**

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

##### **(c) Net rental income**

Rent increases arising from rent reviews are taken into account when values of reviews have been agreed with tenants. Where a lease incentive does not enhance the property, it is amortised over the period to the earlier of the first rent review, the first break option, or the end of the end of the lease 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) Cost of properties**

An amount equivalent to the net development outgoings, including interest, attributable to properties held for development or resale is added to the cost of such properties. A property is regarded as being in the course of development until ready for its intended use.

##### **(e) Valuation of properties**

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits 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.

## HAMMERSON MLP LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2004

(f) 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 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.

(g) Deferred tax

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

## 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 the current or preceding financial years.

A controlling party in both the current and preceding financial years has paid the auditors' remuneration.

## 3. LOSS ON SALE OF INVESTMENT PROPERTY

	2004 £'000	2003 £'000
Gross proceeds on sale	31,023	-
Historical cost of properties sold	(31,272)	-
	-----	-----
Historical loss	(249)	-
Valuation surplus realised	(984)	-
	-----	-----
Deficit over carrying value	(1,233)	-
Selling expenses	(320)	-
	-----	-----
Loss on sale of investment properties	(1,553)	-
	=====	=====

**HAMMERSON MLP LIMITED****NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004****4. COST OF FINANCE**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	86	22
Interest payable to ultimate parent company	(269)	(1,260)
	-----	-----
	(183)	(1,238)
	=====	=====

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

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax (credit)/ charge	(171)	137
	-----	-----
Tax (credit)/charge on profits on ordinary activities	(171)	137
	=====	=====

**(b) Factors affecting current tax charge**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 30% (2003 : 30%). The differences are reconciled below :

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit on ordinary activities before tax	(759)	441
	-----	-----
Profit multiplied by UK corporation tax rate of 30% (2002:30%)	(228)	132
Effects of:		
Loss on disposal of investment property	510	-
Capital allowances	(111)	-
Group relief	(150)	(95)
Other items	(21)	(37)
	-----	-----
Current tax charge for the period	-	-
	=====	=====

It is anticipated that for the foreseeable future the Company will not bear current tax, as it is the policy of the Hammerson group to surrender group relief without payment.

**HAMMERSON MLP LIMITED****NOTES TO THE ACCOUNTS**  
Year ended 31 December 2004**5. TAXATION (continued)****(c) Deferred tax**

	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Deferred tax provision:		
Capital allowances	- =====	171 =====
Movement in period:		
Opening deferred tax provision	171	34
(Credit)/charge in profit and loss account	(171) -----	137 -----
Closing deferred tax provision	- =====	171 =====

## HAMMERSON MLP LIMITED

### NOTE TO THE ACCOUNTS Year ended 31 December 2004

#### 6. LAND AND BUILDINGS

(a) The movements in the year on investment property were:	Long leasehold £'000
At 1 January 2004	32,133
Additions at cost	271
Disposal at valuation	(32,404)
At 31 December 2004	----- - =====

The Company's property is stated at market value at 31 December 2003, valued by professionally qualified external valuers. DTZ Debenham Tie Leung, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, has prepared the valuation.

- (b) The cost of investment property at 31 December 2003 was £31,149,000.

**HAMMERSON MLP LIMITED****NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004****7. DEBTORS**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	198	832
Amounts owed by ultimate parent company	337	-
Other debtors	55	54
	-----	-----
	590	886
	=====	=====

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Amount owed to ultimate parent company	-	29,743
Other creditors	198	168
Accruals	845	1,235
	-----	-----
	1,043	31,146
	=====	=====

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

**9. CALLED UP SHARE CAPITAL**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
100 ordinary shares of £1 each	100	100
	=====	=====
<b>Called up, allotted and fully paid:</b>		
2 ordinary shares of £1 each	2	2
	=====	=====

## **HAMMERSON MLP LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **10. RESERVES**

	<b>Profit and loss account</b>	<b>Revaluation reserve</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 January 2004	1,626	984
Transfer on disposal of investment property	984	(984)
Retained loss for the year	(588)	-
Balance at 31 December 2004	<u>2,022</u>	<u>-</u>
	=====	=====

#### **11. CASHFLOW AND RELATED PARTY DISCLOSURE**

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 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 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 year or preceding period.

#### **12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The immediate parent Company is Hammerson UK Properties plc, which is incorporated in Great Britain. Copies of the financial statements are available from the 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 smallest and largest group to consolidate these financial statements. Copies of the financial statements are available from the Company's registered office, 100 Park Lane, London W1K 7AR.