

Company Number: 3768310

HAMMERSON MLP LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2002



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HAMMERSON MLP LIMITED

Board of Directors

Mr. J.D. Aitchison

Mr. N.A.S. Hardie

Mr. S.R. Melliss

Secretary and Registered Office

Mr. S.R. Melliss

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 [] 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.R. Melliss
Secretary

31 July 2003

Registered Office:

100 Park Lane

London W1K 7AR

Registered in England and Wales No. 3768310

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 not later than 48 hours before the time fixed for the meeting.

HAMMERSON MLP LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2002

1. PRINCIPAL ACTIVITIES

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

2. RESULTS AND DIVIDEND

The retained profit for the financial year was £1,760,000 (2001: Loss £11,000). No dividend was paid or proposed during the year (2001: £ Nil).

3. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company is a limited partner of the Martineau Galleries Limited Partnership, the principal business of which is to develop and hold for investment the Martineau Galleries 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) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (c) At 31 December 2002 Mr. S.R. Melliss 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.

The interests of the remaining directors 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)
	31.12.02	31.12.02	31.12.02	31.12.02	01.01.02	01.01.02	01.01.02	01.01.02
Mr. J.D. Aitchison	NIL	23,780	5,662	29,557*	NIL	36,695	5,662	18,567*
Mr. N.A.S. Hardie	2,825	29,426	1,975	34,132*	NIL	50,228	2,825	22,314*

HAMMERSON MLP LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2002

4. DIRECTORS (continued)

* 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.

- (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

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 sole member at the Annual General Meeting.

By order of the Board



S.R. Melliss
Secretary
31 July 2003

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 3768311

HAMMERSON MLP 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 the 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 SOLE MEMBER OF HAMMERSON MLP LIMITED

We have audited the financial statements of Hammerson MLP Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the statement of accounting policies given in note 1 and the related notes 2 to 11. 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 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 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.

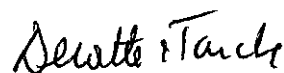
Basis of audit opinion

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
31 July 2003

HAMMERSON MLP LIMITED**PROFIT AND LOSS ACCOUNT**Year ended 31 December 2002

	Note	2002	2001*
		£'000	Restated £'000
Gross rental income		1,848	-
Rents payable and other property outgoings		(117)	-
		-----	-----
Net rental income	1(b)	1,731	-
Net cost of finance	3	37	-
		-----	-----
Profit on ordinary activities before taxation		1,768	-
Taxation	4	(8)	(11)
		-----	-----
Profit on ordinary activities after taxation	9	<u>1,760</u>	<u>(11)</u>

* Restated for Financial Reporting Standard 19 "Deferred tax" (see note 1(f)).

All activities derive from continuing operations.

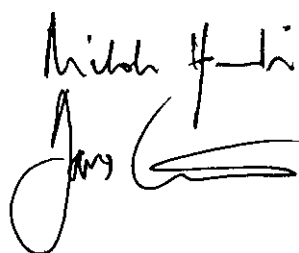
HAMMERSON MLP LIMITED
BALANCE SHEET
At 31 December 2002

	Note	2002		2001*
		£'000	£'000	Restated £'000
Tangible fixed assets				
Land and buildings	5		35,998	32,967
Current assets				
Debtors	6	1,200		757
Cash at bank and in hand		701		441
		-----		-----
		1,901		1,198
Creditors: amounts falling due within one year	7	(31,276)		(29,405)
		-----		-----
Net current liabilities			(29,375)	(28,207)
			-----	-----
Total assets less current liabilities			6,623	4,760
Provisions for liabilities and charges:				
Deferred tax	4(d)		(34)	(26)
			-----	-----
Net assets			6,589	4,734
			=====	=====
Capital and reserves				
Called up share capital	8		-	-
Revaluation reserve	9		5,267	5,172
Profit and loss account	9		1,322	(438)
			-----	-----
Equity shareholder's funds			6,589	4,734
			=====	=====

* Restated for Financial Reporting Standard 19 "Deferred tax" (see note 1(f)).

The financial statements were approved by the Board of Directors 31 July 2003

Signed on behalf of the Board of Directors



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Directors

HAMMERSON MLP LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2002

	2002	2001
	£'000	Restated*
		£'000
Retained profit/(loss) for the financial year	1,760	(11)
Surplus arising on revaluation	95	1,371
	-----	-----
Total recognised gains and losses recognised in the year	1,855	1,360
		=====
Prior year adjustment (see note 4(c))	26	

Total recognised gains and losses recognised since last annual report	1,881	
	=====	

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For year ended 31 December 2002

	2002	2001*
	£'000	Restated
		£'000
Retained profit/(loss) for the financial year	1,760	(11)
Surplus arising on revaluation	95	1,371
	-----	-----
Net increase in shareholder's funds	1,855	1,360
Shareholder's funds at 1 January	4,734	3,374
	-----	-----
Shareholder's funds at 31 December	6,589	4,734
	=====	=====

* Restated for Financial Reporting Standard 19 "Deferred tax" (see note 1(f)).

HAMMERSON MLP 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 in accordance with applicable United Kingdom accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

The Company's ultimate parent undertaking has confirmed that it will continue to provide financial support for the foreseeable future and, accordingly, the directors have prepared the financial statements on the going concern basis.

(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) 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.

(d) 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 2002

(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 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.

(f) Deferred tax

In accordance with Financial Reporting Standard 19 "Deferred tax" is now provided in respect of all timing differences that may give rise to an obligation to pay more or less tax in the future. Comparative figures have been restated for the adoption of Financial Reporting Standard 19 the effect of which is to increase provisions for liabilities and to reduce shareholders funds by £26,000 at 31 December 2001 and by £34,000 at 31 December 2002.

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.

The auditors' remuneration has been paid by a controlling party in both the current and preceding financial years.

HAMMERSON MLP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

3. COST OF FINANCE

	2002	2001
	£'000	£'000
Other interest receivable	37	-
Interest payable to ultimate parent company	(1,364)	(1,519)
Interest capitalised	1,364	1,519
	-----	-----
	37	-
	=====	=====

4. TAXATION

(a) Analysis of charge in period

	2002	2001*
	£'000	Restated £'000
Deferred tax charge	8	11
	-----	-----
Tax charge on profits on ordinary activities	8	11
	=====	=====

(b) Tax reconciliation

	2002	2001*
	£'000	Restated £'000
Profit/(Loss) on ordinary activities before tax	1,768	-
	-----	-----
Profit/(Loss) multiplied by UK corporation tax rate of 30%	530	-
Effects of:		
Interest capitalised	(409)	(302)
Other items	(8)	3
Group relief surrendered without payment	(113)	299
	-----	-----
Current tax charge for the period	-	-
	=====	=====

* Restated due to Financial Reporting Standard 19 "Deferred tax" adoption.

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 relief without payment.

HAMMERSON MLP LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

4. TAXATION (continued)

(c) Deferred Tax

	2002 £'000	2001 Restated* £'000
Deferred tax provision :		
Capital allowances	34	26
	=====	=====
Movement in period:		
Opening deferred tax provision	26	
Charge in profit and loss account	8	

Closing deferred tax provision	34	
	=====	

The deferred tax provisions will not crystallise to the extent that capital allowances are retained on property disposals. Note 1(f) gives details of the impact of the adoption of the Financial Reporting Standard 19 "Deferred tax" on previous reported figures.

(d) Contingent tax

Should the property be sold at book value a tax liability of approximately £4,200,000 (2001: £3,100,000) would arise.

HAMMERSON MLP LIMITED

NOTE TO THE ACCOUNTS

Year ended 31 December 2002

5. LAND AND BUILDINGS

(a) The movements in the year on investment property were:	Long leasehold £'000
At 1 January 2002	32,967
Additions at cost	1,572
Interest payable capitalised	1,364
Surplus arising on revaluation	95
At 31 December 2002	----- 35,998 =====

At 31 December 2002 the total amount of interest included in development properties was £4,259,154 (2001: £2,894,886) and is calculated based on the ultimate parent company's average cost of borrowings.

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.

(b) The cost of investment property at 31 December 2002 was £30,731,000 (2001: £27,795,000).

(c) Capital commitments

	2002 £'000	2001 £'000
Contracted for, but not provided.	665 =====	1,208 =====

HAMMERSON MLP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

6. DEBTORS

	2002	2001
	£'000	£'000
Trade debtors	653	576
Amounts owed by immediate parent company	400	-
Other debtors	147	181
	-----	-----
	1,200	757
	=====	=====

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001*
	£'000	Restated £'000
Amount owed to ultimate parent company	30,300	28,960
Other creditors	73	4
Accruals	903	441
	-----	-----
	31,276	29,405
	=====	=====

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

8. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
	=====	=====
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	=====	=====

HAMMERSON MLP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. RESERVES

	Profit and loss account Restated* £'000	Revaluation reserve £'000
Balance at 1 January 2002	(438)	5,172
Surplus arising on revaluation	-	95
Retained profit for the year	1,760	-
	-----	-----
Balance at 31 December 2002	1,322	5,267
	=====	=====

* Restated due to Financial Reporting Standard 19 adoption.

10. 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 (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.

11. 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.