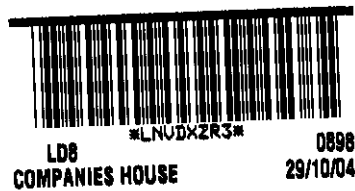


Company Number: 3768310

**HAMMERSON MLP LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2003



## HAMMERSON MLP LIMITED

Board of Directors

Mr. J.D. Aitchison  
Mr. N.A.S. Hardie  
Mr. S.R. Melliss

Secretary and Registered Office

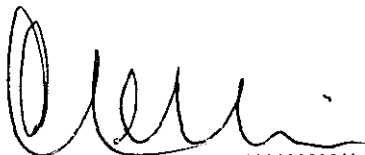
Mr. S.R. Melliss  
100 Park Lane  
London W1K 7AR

### 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 29 October 2004 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 2003.
2. To reappoint Deloitte & Touche LLP as auditors of the Company.
3. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



Director

29 October 2004

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 2003

### 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 £304,000 (2002: £1,760,000). No dividend was paid or proposed during the year (2002: £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) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (c) At 31 December 2003 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)
	31.12.03	31.12.03	31.12.03	31.12.03	01.01.03	01.01.03	01.01.03	01.01.03
Mr. J.D. Aitchison	1,352	NIL	5,662	31,708*	NIL	23,780	5,662	29,557*
Mr. N.A.S. Hardie	4,627	21,497	1,975	34,235*	2,825	29,426	1,975	34,132*

\* 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 2003

#### 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

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26(s) of the Companies Act 1989.

Deloitte & Touche LLP have indicated their willingness to continue in office in accordance with the provisions of the Companies Act 1985 and a resolution proposing their re-appointment will be put to the sole member at the Annual General Meeting.

By order of the Board



.....  
Director  
29 October 2004

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 2003 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 and the related notes 1 to 11. 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

29 October 2004

**HAMMERSON MLP LIMITED****PROFIT AND LOSS ACCOUNT**Year ended 31 December 2003

	<b>Note</b>	<b>2003 £'000</b>	<b>2002 £'000</b>
Gross rental income		1,854	1,848
Rents payable and other property outgoings		(175)	(117)
		-----	-----
Net rental income	1(c)	1,679	1,731
Net cost of finance	3	(1,238)	37
		-----	-----
Profit on ordinary activities before taxation		441	1,768
Taxation	4	(137)	(8)
		-----	-----
Profit on ordinary activities after taxation and retained profit for the year	9	304	1,760
		=====	=====

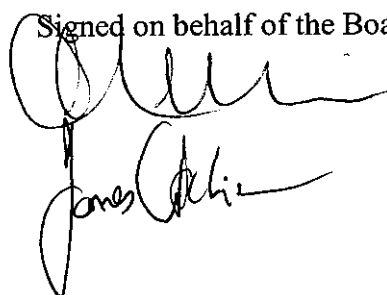
All activities derive from continuing operations.

**HAMMERSON MLP LIMITED**  
**BALANCE SHEET**  
At 31 December 2003

	Note	2003		2002	
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Land and buildings	5		32,133		35,998
Current assets					
Debtors	6	886		1,200	
Cash at bank and in hand		908		701	
		-----		-----	
		1,794		1,901	
Creditors: amounts falling due within one year	7	(31,146)		(31,276)	
		-----		-----	
Net current liabilities			(29,352)		(29,375)
			-----		-----
Total assets less current liabilities			2,781		6,623
Provisions for liabilities and charges:					
Deferred tax	4(c)		(171)		(34)
			-----		-----
Net assets			2,610		6,589
			=====		=====
Capital and reserves					
Called up share capital	8		-		-
Revaluation reserve	9		984		5,267
Profit and loss account	9		1,626		1,322
			-----		-----
Equity shareholder's funds			2,610		6,589
			=====		=====

The financial statements were approved by the Board of Directors 29 October 2004.

Signed on behalf of the Board of Directors



)  
)  
)

Director



**HAMMERSON MLP LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2003

	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
Retained profit for the financial year	304	1,760
(Deficit)/Surplus arising on revaluation	(4,283)	95
	-----	-----
Total recognised gains and losses in the year	<u>(3,979)</u>	<u>1,855</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**For the year ended 31 December 2003

	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
Retained profit for the financial year	304	1,760
(Deficit)/Surplus arising on revaluation	(4,283)	95
	-----	-----
Net (decrease)/increase in shareholder's funds	(3,979)	1,855
Shareholder's funds at 1 January	6,589	4,734
	-----	-----
Shareholder's funds at 31 December	<u>2,610</u>	<u>6,589</u>

## **HAMMERSON MLP LIMITED**

### **NOTES TO THE ACCOUNTS**

Year ended 31 December 2003

#### **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.

##### **(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 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.

##### **(d) 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 2003

(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.

## HAMMERSON MLP LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2003

#### 3. COST OF FINANCE

	2003 £'000	2002 £'000
Other interest receivable	22	37
Interest payable to ultimate parent company	(1,260)	(1,364)
Interest capitalised	-	1,364
	-----	-----
	(1,238)	37
	=====	=====

#### 4. TAXATION

##### (a) Analysis of charge in period

	2003 £'000	2002 £'000
Deferred tax charge	137	8
	-----	-----
Tax charge on profits on ordinary activities	137	8
	=====	=====

##### (b) Tax reconciliation

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	441	1,768
	-----	-----
Profit multiplied by UK corporation tax rate of 30% (2002:30%)	132	530
Effects of:		
Interest capitalised	-	(409)
Other items	(37)	(8)
Group relief claimed without payment	(95)	(113)
	-----	-----
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 2003

#### 4. TAXATION (continued)

##### (c) Deferred tax

	2003 £'000	2002 £'000
Deferred tax provision:		
Capital allowances	171	34
Movement in period:		
Opening deferred tax provision	34	
Charge in profit and loss account	137	
Closing deferred tax provision	171	

The deferred tax provisions will not crystallise to the extent that capital allowances are retained on property disposals.

##### (d) Contingent tax

Should the property be sold at book value a tax liability of approximately £600,000 (2002: £4,200,000) would arise.

# **HAMMERSON MLP LIMITED**

## **NOTE TO THE ACCOUNTS**

Year ended 31 December 2003

### **5. LAND AND BUILDINGS**

(a) The movements in the year on investment property were:	<b>Long leasehold £'000</b>
At 1 January 2003	35,998
Additions at cost	418
Deficit arising on revaluation	(4,283)
	-----
At 31 December 2003	<u>32,133</u>

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. The deficit arising on revaluation has been transferred to the revaluation reserve.

(b) The cost of investment property at 31 December 2003 was £31,149,000 (2002: £30,731,000).

(c) Capital commitments

	<b>2003 £'000</b>	<b>2002 £'000</b>
Contracted for, but not provided.	<u>-</u>	<u>665</u>

# **HAMMERSON MLP LIMITED**

## **NOTES TO THE ACCOUNTS**

Year ended 31 December 2003

### **6. DEBTORS**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	832	653
Amounts owed by immediate parent company	-	400
Other debtors	54	147
	<u>886</u>	<u>1,200</u>

### **7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Amount owed to ultimate parent company	29,743	30,300
Other creditors	168	73
Accruals	1,235	903
	<u>31,146</u>	<u>31,276</u>

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

### **8. CALLED UP SHARE CAPITAL**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Called up, allotted and fully paid:</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## HAMMERSON MLP LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2003

#### 9. RESERVES

	Profit and loss account	Revaluation reserve
	£'000	£'000
Balance at 1 January 2003	1,322	5,267
Deficit arising on revaluation	-	(4,283)
Retained profit for the year	304	-
Balance at 31 December 2003	<u>1,626</u>	<u>984</u>

#### 10. 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.

#### 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.