

Company Number: 4125224

HAMMERSON INVESTMENTS (NO. 16) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2002



HAMMERSON INVESTMENTS (NO. 16) LIMITED

Board of Directors

Mr. M.J. Baker
Mr. J.A. Bywater
Mr. P.W.B. Cole
Mr. N.A.S. Hardie
Mr. I.F.S. Harris
Mr. G.H. Wright

Secretary and Registered Office

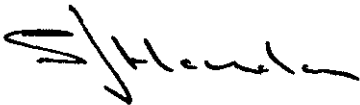
Mr. S.J. Haydon
100 Park Lane
London W1K 7AR

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 31 July 2003 for the following purposes:

1. To receive the Report and Financial Statements for the year ended 31 December 2002.
2. To re-appoint 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
31 July 2003

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 4125224

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 INVESTMENTS (NO. 16) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2002

1. PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The Company continues to hold an interest in a joint venture with the Corporation of London which is redeveloping a site at Spitalfields Market, London E1. The directors anticipate that the joint venture will continue to pursue the Spitalfields redevelopment in the foreseeable future.

2. RESULTS AND DIVIDEND

The Company made a loss of £391,000 during the year (preceding period: loss £93,000). No dividend was paid or proposed during the current year or preceding period.

3. DIRECTORS

- (a) Mr. M.J. Baker, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. N.A.S. Hardie, Mr. I.F.S. Harris 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. J.A. Bywater and Mr. P.W.B. Cole were directors of the Company's ultimate parent company, Hammerson plc, in whose financial statements their interests in that company are given. On 31 December 2002 Mr. M.J. Baker, Mr. I.F.S. Harris, Mr. N.A.S. Hardie and Mr. G.H. Wright were directors of the Company's immediate parent company, Hammerson UK Properties plc, in whose financial statements their 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 interests in contracts entered into by the Company.

4. SECRETARY

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

HAMMERSON INVESTMENTS (NO. 16) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2002

5. 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 re-appointment will be put to the sole member at the Annual General Meeting.

By order of the Board



S.J. Haydon
Secretary
31 July 2003

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 4125224

HAMMERSON INVESTMENTS (NO. 16) 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 period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for the financial period.

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

The directors are responsible for maintaining proper 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 INVESTMENTS (NO. 16) LIMITED

We have audited the financial statements of Hammerson Investments (No. 16) Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, 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 sole member, 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 sole 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 sole member 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.

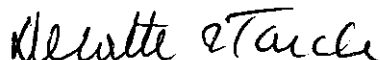
Basis of audit opinion

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 loss 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 INVESTMENTS (NO. 16) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	Period from 14 December 2000 to 31 December 2001 £'000
Cost of finance (net)	3	(391)	(93)
Retained loss for the financial year	8	<u>(391)</u>	<u>(93)</u>

All activities derive from continuing operations.

There are no other recognised gains and losses in either year and therefore no separate statement of total recognised gains and losses has been presented.

HAMMERSON INVESTMENTS (NO. 16) LIMITED

BALANCE SHEET

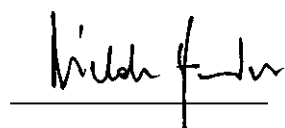
At 31 December 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Investments	5	10,888	10,873
CURRENT LIABILITIES			
Creditors: Falling due within one year	6	(11,372)	(10,966)
NET CURRENT LIABILITIES		<u>(11,372)</u>	<u>(10,966)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(484)</u>	<u>(93)</u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	(484)	(93)
EQUITY SHAREHOLDER'S DEFICIT		<u>(484)</u>	<u>(93)</u>

There have been no other movements in shareholder's deficit during the period other than as stated above, therefore no separate statement of the movement in shareholder's deficit has been presented.

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

Signed on behalf of the Board of Directors.





HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and preceding period.

a) **Basis of accounting**

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and in compliance with the Companies Act 1985. Consolidated financial statements have not been prepared as the Company itself is a wholly owned subsidiary of Hammerson UK Properties plc. Accordingly, the accounts present information about the individual entity and not as a group.

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) **Fixed asset investments**

Fixed asset investments are stated at the lower of cost, less any provision for impairment.

2. ADMINISTRATION EXPENSES

The Company has not paid any directors' emoluments during the current year or preceding period. 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.

The Company did not pay any remuneration, including expenses, to the Company's auditors. All audit fees were paid by another group company.

The Company has had no employees during the current year or preceding period.

3. COST OF FINANCE (NET)

	2002 £'000	2001 £'000
Interest payable to ultimate parent company	389	93
Other interest payable	2	-
	<u>391</u>	<u>93</u>

HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

4 TAXATION

	2002 £'000	2001 £'000
Current tax		
UK corporation tax on losses for the year	<u>-</u>	<u>-</u>
Tax reconciliation		
Loss on ordinary activities before tax	<u>(391)</u>	<u>(93)</u>
Loss multiplied by UK corporation tax rate of 30%	(117)	(28)
Group relief	117	28
Current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax changes

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.

5. FIXED ASSET INVESTMENTS

	£'000
Balance at 1 January 2002	10,873
Additions at cost	15
Balance at 31 December 2002	<u>10,888</u>

The investment represents a 33.33% holding in the ordinary share capital of Spitalfields Holdings Limited, a company incorporated in Great Britain. Spitalfields Holdings Limited principal activities are the of holding and managing its investments in subsidiary undertakings.

The Company also has a 33.33% interest in a corporate partnership, Spitalfields Development Group ("SDG"), however it is only entitled to a 1% share in the future profits and losses of the partnership. For SDG's accounting period 1 January 2002 to 31 December 2002 the Company's profit share was £151,000 (2001: £293,000). SDG's principal activity is property development.

These investments are carried at cost plus associated acquisition costs. In the opinion of the directors, at 31 December 2002 the aggregate value of these investments is not less than their carrying value in the balance sheet.

HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

6. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2002	2001
	£'000	£'000
Amounts owed to ultimate parent company	10,031	8,173
Other creditors	1,341	2,793
	<u>11,372</u>	<u>10,966</u>

The loan from the ultimate parent company is unsecured, repayable on demand and is interest bearing at variable rates based on LIBOR.

At the current and previous balance sheet dates other creditors represented the deferred consideration payable in relation to the acquisition of the Company's investments in Spitalfields Holdings Limited and Spitalfields Development Group. The balance of £1,341,000 was paid in February 2003.

7. CALLED UP SHARE CAPITAL

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

8. PROFIT AND LOSS ACCOUNT

	£'000
Accumulated loss at 1 January 2002	(93)
Retained loss for the year	<u>(391)</u>
Accumulated loss at 31 December 2002	<u>(484)</u>

HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. 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.

10. CONTINGENT LIABILITIES

The Company has a contingent liability for the partnership's debts and liabilities. Each partner in Spitalfields Development Group ("SDG") is committed without limit to provide whatever funding is necessary to complete the development. However, as the partnership and the Company are ultimately wholly controlled by Hammerson plc this liability would be limited should a decision be made not to proceed with the development.

At 31 December 2002 the Company's share of this liability was £nil (2001: £nil).

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is Hammerson UK Properties plc, which is incorporated in Great Britain.

The ultimate parent undertaking 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 Hammerson plc consolidated financial statements can be obtained from:

Company Secretary
100 Park Lane
London
W1K 7AR