

Company Number: 4125224

HAMMERSON INVESTMENTS (NO. 16) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2004



HAMMERSON INVESTMENTS (NO. 16) LIMITED

REPORT OF THE DIRECTORS Year ended 31 December 2004

1. PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

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

2. RESULTS AND DIVIDEND

The Company made a loss of £461,000 during the year (2003: Loss £491,000). No dividend was paid or proposed during the current or preceding year.

3. DIRECTORS

- (a) Mr. M.J. Baker, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. N.A.S. Hardie, 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 2004, 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 2004, Mr. M.J. Baker, 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.

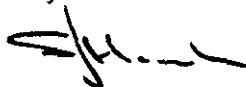
4. SECRETARY

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

5. AUDITORS

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

By order of the Board



S.J. Haydon
Secretary
14 July 2005

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

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 INVESTMENTS (NO. 16) LIMITED

We have audited the financial statements of Hammerson Investments (No. 16) Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet 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, 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 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 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.

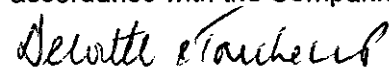
Basis of audit opinion

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 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
21 July 2005

HAMMERSON INVESTMENTS (NO. 16) LIMITED**PROFIT AND LOSS ACCOUNT**Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Cost of finance (net)	3	(461)	(491)
Loss on ordinary activities before and after taxation and retained for the financial year	8	<u>(461)</u>	<u>(491)</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.

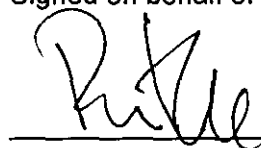
BALANCE SHEETAt 31 December 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Investments	5	10,888	10,888
CURRENT LIABILITIES			
Creditors: Falling due within one year	6	(12,324)	(11,863)
NET CURRENT LIABILITIES		<u>(12,324)</u>	<u>(11,863)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,436)</u>	<u>(975)</u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	(1,436)	(975)
EQUITY SHAREHOLDER'S DEFICIT		<u>(1,436)</u>	<u>(975)</u>

There have been no other movements in shareholder's deficit during the year 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 14 July 2005.

Signed on behalf of the Board of Directors:



HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

1. ACCOUNTING POLICIES

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

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.

b) **Consolidation**

The Company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of Hammerson plc, a company incorporated in Great Britain, and as such these financial statements present information about the Company and not its group.

c) **Fixed Asset Investments**

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

2. ADMINISTRATION EXPENSES

The Company has not paid any directors' emoluments during the current or preceding years. 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 in the current or preceding years. All audit fees were paid by another group company.

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

3. COST OF FINANCE (NET)

	2004 £'000	2003 £'000
Interest payable to ultimate parent company	461	483
Other interest payable	-	8
	<u>461</u>	<u>491</u>

HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

4 TAXATION

	2004 £'000	2003 £'000
a) Tax charge		
UK corporation tax on losses for the year	-	-
b) Factors affecting current tax charge		
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are reconciled below:		
Loss on ordinary activities before tax	(461)	(491)
Loss multiplied by UK corporation tax rate of 30%	(138)	(147)
Share of SDG partnership profits	44	-
Group relief surrendered	94	147
Current tax	-	-

c) 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 and 31 December 2004	10,888

The investment includes a 33.33% holding in the ordinary share capital of Spitalfields Holdings Limited, a company incorporated in Great Britain. Spitalfields Holdings Limited's principal activities are 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. Based on SDG's 12 months accounting period from 1 January 2004 to 31 December 2004 the Company's interest in SDG was estimated to have a net asset value of £607,000 (2003: £460,000). 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 2004 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 2004

6. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed to ultimate parent company	12,324	11,863
	<u>12,324</u>	<u>11,863</u>

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

7. CALLED UP SHARE CAPITAL

	2004 £	2003 £
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 2004	(975)
Retained loss for the year	<u>(461)</u>
Accumulated loss at 31 December 2004	<u>(1,436)</u>

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.

HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

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 2004 the Company's share of this liability was £nil (2003: £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's consolidated financial statements can be obtained from:

Company Secretary
100 Park Lane
London
W1K 7AR