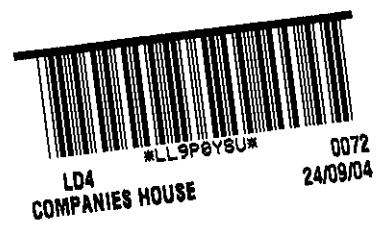


Company Number: 4125224

HAMMERSON INVESTMENTS (NO. 16) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2003



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. G.H. Wright

Secretary and Registered Office

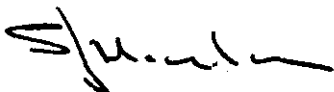
Mr. S.J. Haydon
100 Park Lane
London W1K 7AR

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 16 September 2004 for the following purposes:

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



S.J. Haydon
Secretary
16 September 2004

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 2003

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 Spitalfields Market, 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 £491,000 during the year (2002: Loss £391,000). 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) Mr. I.F.S. Harris resigned as a director of the Company on 21 November 2003.
- (c) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (d) On 31 December 2003, 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 2003, 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.
- (e) None of the directors have any interests in the shares of the Company or any other group company except as noted above.
- (f) 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 2003

5. 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(5) of the Companies Act 1989.

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 Annual General Meeting.

By order of the Board



S.J. Haydon
Secretary
16 September 2004

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 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 2003 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.

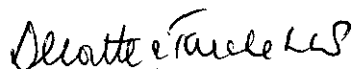
Basis of audit opinion

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 2003 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

16 September 2004
20 September

HAMMERSON INVESTMENTS (NO. 16) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Cost of finance (net)	3	(491)	(391)
Retained loss for the financial year	8	<u>(491)</u>	<u>(391)</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

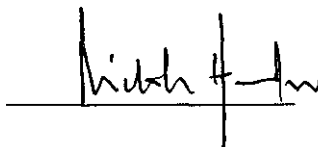
At 31 December 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Investments	5	10,888	10,888
CURRENT LIABILITIES			
Creditors: Falling due within one year	6	(11,863)	(11,372)
NET CURRENT LIABILITIES		<u>(11,863)</u>	<u>(11,372)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(975)</u>	<u>(484)</u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	(975)	(484)
EQUITY SHAREHOLDER'S DEFICIT		<u>(975)</u>	<u>(484)</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 16 September 2004.

Signed on behalf of the Board of Directors:



HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

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.

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) 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. 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)

	2003 £'000	2002 £'000
Interest payable to ultimate parent company	483	389
Other interest payable	8	2
	<hr/> 491	<hr/> 391

HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

4 TAXATION

	2003 £'000	2002 £'000
a) Current tax		
UK corporation tax on losses for the year	<u>-</u>	<u>-</u>
b) Tax reconciliation		
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below:		
Loss on ordinary activities before tax	(491)	(391)
Loss multiplied by UK corporation tax rate of 30%	(147)	(117)
Group relief	147	117
Current tax	<u>-</u>	<u>-</u>

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 2003 and 31 December 2003	<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'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 2003 to 31 December 2003 the Company's interest in SDG was estimated to have a net asset value of £460,000 (2002: £413,000). 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 2003 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 2003

6. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Amounts owed to ultimate parent company	11,863	10,031
Other creditors	-	1,341
	<u>11,863</u>	<u>11,372</u>

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

At 31 December 2002, 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

	2003 £	2002 £
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 2003	(484)
Retained loss for the year	<u>(491)</u>
Accumulated loss at 31 December 2003	<u>(975)</u>

HAMMERSON INVESTMENTS (NO. 16) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

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 2003 the Company's share of this liability was £nil (2002: £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