

Company Number 4489358

CHRISTCHURCH UK LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2006



CHRISTCHURCH UK LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2006

1 PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and development in the United Kingdom

2 RESULTS AND DIVIDEND

The profit for the year was £21,000 (2005 loss £6,000) No dividend was paid or proposed during the year or preceding period

3 REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company will continue to hold the development land at Christchurch for its investment value for the foreseeable future

4 DIRECTORS

- a) Mr J A Bywater, Mr P W B Cole and Mr N A S Hardie were directors of the Company throughout the year
- b) Mr M J Baker and Mr G H Wright resigned as directors of the Company on 30 June 2006
- c) Mr J A Bywater resigned as a director of the Company on 31 March 2007
- d) Mr D J Atkins, Mr J M Emery and Mr A J G Thomson were appointed as directors of the Company on 1 January 2007
- e) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation
- f) None of the directors has any direct interest in the shares of the Company The interests of Mr J A Bywater and Mr P W B Cole in the shares of the ultimate parent company, Hammerson plc and group companies, are given in the financial statements of that company On 31 December 2006 Mr N A S Hardie was a director of a fellow group company, Hammerson UK Properties plc, in whose financial statements his interests in the shares of the Company's ultimate parent company, Hammerson plc, and other group companies are given
- g) None of the directors have any interest in the shares of the Company or any other group company, except as noted above
- h) No director has any interest in contracts entered into by the Company

5 SECRETARY

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

CHRISTCHURCH UK LIMITED

REPORT OF THE DIRECTORS
Year ended 31 December 2006

6 CHANGE OF REGISTERED OFFICE

The Company's registered office was changed on 23 June 2006 from 100 Park Lane, London W1K 7AR

7 AUDITORS

The Company has elected to dispense with the obligations to appoint auditors annually and accordingly, BDO Stoy Hayward LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985

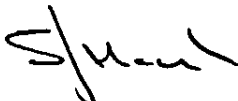
BDO Stoy Hayward LLP have indicated their willingness to continue in office

8 PROVISION OF INFORMATION TO AUDITORS

In accordance with Section 234ZA of the Companies Act 1985, those persons who are directors of the Company at the date of approval of this report have confirmed that,

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies



S J Haydon
Secretary

- 8 AUG 2007

Registered Office
10 Grosvenor Street
London, W1K 4BJ
Registered in England and Wales No 4489358

CHRISTCHURCH UK LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 that year

In preparing those 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 to 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 AUDITOR'S REPORT TO THE SHAREHOLDER OF CHRISTCHURCH UK LIMITED

We have audited the financial statements of Christchurch UK Limited for the year ended 31 December 2006, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 - 9. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

CHRISTCHURCH UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF CHRISTCHURCH UK LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements and have been properly prepared in accordance with the Companies Act 1985, and,
- the information given in the Directors' Report is consistent with the financial statements

BDO Stoy Hayward
BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Epsom

Date *8 August 2007*

CHRISTCHURCH UK LIMITED**PROFIT AND LOSS ACCOUNT**Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Gross rental income		28	-
Rents payable and other property outgoings		(2)	(6)
Net rental income	1(b)	26	(6)
Operating profit/(loss)		26	(6)
Profit/(loss) on ordinary activities before taxation		26	(6)
Taxation	3	(5)	-
Profit/(loss) on ordinary activities after taxation		21	(6)
Retained loss brought forward		(16)	(10)
Retained profit/(loss) carried forward		5	(16)
		=====	=====

There have been no recognised gains and losses or changes in shareholder's funds other than the results shown above, for the current or preceding years. Consequently, no separate statement of total recognised gains and losses or reconciliation of movements in shareholder's funds is presented.

All amounts derive from continuing operations

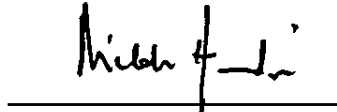
CHRISTCHURCH UK LIMITED**BALANCE SHEET**

As at 31 December 2006

	Note	2006 £'000	2005 £'000
Tangible fixed assets			
Land and buildings	4	236	236
Creditors: amounts falling due within one year	5	(198)	(221)
Net current liabilities		(198)	(221)
Creditors: amounts falling due after one year			
UK REIT entry charge		(2)	-
Net assets		36	15
Capital and reserves			
Called up share capital	6	-	-
Revaluation reserve	7	31	31
Profit and loss account	7	5	(16)
Shareholder's funds		36	15

These financial statements were approved by the Board of Directors on - 8 AUG 2007

Signed on behalf of the Board of Directors



CHRISTCHURCH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of investment properties and in accordance with all 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) Net rental income

Rent increases arising from rent reviews are taken into account when such 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 the 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.

(c) Profits on sale of properties

Profits on sale of properties are taken into account on the completion of contract. Profits arising from the sale of trading properties acquired with a view to resale are included in the profit and loss account as part of the operating profit of the Company. Profits or losses arising from the sale of investment properties are calculated by reference to book value and treated as non-operating exceptional items.

(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 substantially let and income producing or until income exceeds outgoings.

(e) Deferred taxation

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.

(f) Valuation of properties

Properties held for long-term retention are valued at the balance sheet date at market value. Surpluses and deficits arising from revaluation are taken to revaluation reserve.

CHRISTCHURCH UK LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2006

1 ACCOUNTING POLICIES (continued)

(g) Depreciation

In accordance with Statement of Standard Accounting Practice 19 "Accounting for investment properties", 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.

2 ADMINISTRATION EXPENSES

The directors did not receive any remuneration for services to the Company in either the current or previous financial period.

The Company had no employees in either the current or previous financial period.

The auditors' remuneration has been paid by another group company in both the current and previous financial period. Fees for the audit of the Company were £1,300 (2005: £1,250).

3 TAXATION

(a) Analysis of tax charge

	2006 £'000	2005 £'000
Current tax		
Entry charge payable on election for UK REIT status	5	-
	=====	=====

CHRISTCHURCH UK LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2006

3 TAXATION (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit of ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below

	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities before tax	26	(6)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30%	8	(2)
Effect of		
Group relief	(8)	2
Entry charge payable on election for UK REIT status	5	-
Current tax charge for the year	5	-

(c) UK REIT status

In December 2006 the Hammerson group made an election to enter the UK REIT regime. As a consequence of this, from 1 January 2007 subsidiaries owning properties which are held for investment will be exempted from UK corporation tax on the net profits of their property rental business. Gains on the disposal of such properties will also be exempted provided the property is not sold within three years of development.

As a REIT, Hammerson plc is required to pay property income distributions equal to at least 90% of the group's net exempted income. Exempted gains are not subject to a distribution requirement.

On entering the UK REIT regime, Hammerson group companies will pay an entry charge equal to 2% of the value of properties held for investment as at 1 January 2007, payable in four instalments from July 2007.

The 2006 accounts provide for this tax (split between creditors due within and after one year). In view of the exemption from tax on gains on property disposals, contingent tax is no longer disclosed where there is no intention to sell the property within three years of development.

CHRISTCHURCH UK LIMITED**NOTES TO THE ACCOUNTS****As at 31 December 2006****4 LAND AND BUILDINGS**

- (a) The movements in the year on investment property on valuation were

	Leasehold land £'000
At 1 January 2006	236
Surplus on revaluation	-
Additions at cost	-

At 31 December 2006	236
	=====

- (b) The Company's property is stated at open market value at 31 December 2006, valued by the directors

- (c) The cost of investment property at 31 December 2006 was £204,983 (2005. £204,983).

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Amounts owed to ultimate parent company	195	220
Amounts owed to fellow group undertakings	-	1
UK REIT entry charge payable	3	-
	-----	-----
	198	221
	=====	=====

6 CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
	=====	=====
Called up, allotted and fully paid:		
1 Ordinary shares of £1 each	1	1
	=====	=====

7 RESERVES

	Profit and loss account £'000	Revaluation reserve £'000
Balance at 1 January 2006	(16)	31
Profit retained for the period	21	-
	-----	-----
Balance at 31 December 2006	5	31
	=====	=====

CHRISTCHURCH UK LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2006

8 ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The immediate parent company is Hammerson Investments (No 23) Limited. 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 its financial statements are available from that company's registered office, 10 Grosvenor Street, London W1K 4BJ.

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) "Cash flow statements" from preparing a cash flow statement, as it is included in the consolidated financial statements of Hammerson plc, which are publicly available.

The Company meets the exemption requirements of FRS 8 "Related Party Disclosures", in that 90% or more of its voting rights are controlled by Hammerson plc. The Company has therefore not separately disclosed transactions with other Group companies and investments of the Group qualifying as related parties.