

Company Number 3561897

**HAMMERSON LONDON WALL (GP) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2007

SATURDAY



A04

\*A82WT1JT\*

19/07/2008

COMPANIES HOUSE

105

22/07/08 420.

## **HAMMERSON LONDON WALL (GP) LIMITED**

### **REPORT OF THE DIRECTORS** **Year ended 31 December 2007**

#### **1 PRINCIPAL ACTIVITIES**

The principal activity of the Company is to act as a general partner for The London Wall Limited Partnership whose principal activity is property development and investment in the United Kingdom. On 12 March 2008 the partnership's property was sold and hence the directors anticipate that the partnership, and hence Company, will cease to trade in the foreseeable future.

#### **2 RESULTS AND DIVIDEND**

The profit for the year after tax was £31,000 (2006 Restated £18,000 profit). The directors do not recommend the payment of a dividend (2006 £nil).

#### **3 REVIEW OF ACTIVITIES AND FUTURE PROPECTS**

It is expected that the Company will continue to be the general partner in The London Wall Limited Partnership. Since 31 December 2007, The London Wall Limited Partnership sold its property and it is the directors' intention for the partnership, and hence the Company, to cease trading in the foreseeable future.

The Company, as a small company, is exempt from the requirement to report an Enhanced Business Review as required by s246 (4) of the Companies Act 1985.

#### **4 DIRECTORS**

- (a) Mr D J Atkins, Mr P W B Cole, Mr J M Emery, Mr N A S Hardie and Mr A J G Thomson were directors of the Company throughout the year.
- (b) Mr J A Bywater resigned as a director of the Company on 31 March 2007.
- (c) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (d) No director has any interest in contracts entered into by the Company.
- (e) This directors' report does not contain a statement as to director's, interests, debentures options over shares in the company, the ultimate parent company, or any other body corporate in the same group following the repeal of paragraphs 2, 219 and 2B of schedule 7 to the Companies Act 1985. These paragraphs ceased to be in force on 6 April 2007 in relation to accounts approved following that date by the Companies Act 2006 (commencement No 2, consequential amendments, transitional provisions and savings) order 2007 (SI 2007/1093).

#### **5 SECRETARY**

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

## HAMMERSON LONDON WALL (GP) LIMITED

### REPORT OF THE DIRECTORS

Year ended 31 December 2007

#### 6 INDEMNITY

The Company's ultimate parent company Hammerson plc has made qualifying third party indemnity provisions for the benefit of the Company's directors which were in place throughout the year and which remain in place at the date of this report

#### 7 AUDITORS

Deloitte & Touche LLP were appointed as auditors of the Company during the year. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche 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. Deloitte & Touche have indicated their willingness to continue in office.

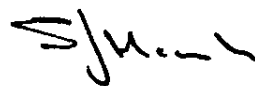
#### 8 PROVISION OF INFORMATION TO AUDITORS

In accordance with Section 234ZA of the Companies Act 1985, each of 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.

By order of the Board



S J Haydon  
Secretary

15 JUL 2008

Registered Office  
10 Grosvenor Street  
London, W1K 4BJ  
Registered in England No 3561897

## **HAMMERSON LONDON WALL (GP) LIMITED**

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

The directors are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. 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 UK 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 that 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 LONDON WALL (GP) LIMITED**

We have audited the financial statements of Hammerson London Wall (GP) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholder's funds and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's sole 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 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, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions 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.

### **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.

**INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER OF HAMMERSON LONDON  
WALL (GP) LIMITED (CONTINUED)**

**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 2007 and of its profit for the year then ended,
- the financial statements 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

**Emphasis of matter - Financial statements prepared on a basis other than that of a going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London  
United Kingdom

*15 July 08*

**HAMMERSON LONDON WALL (GP) LIMITED****PROFIT AND LOSS ACCOUNT**Year ended 31 December 2007

	Notes	2007 Discontinued £'000	2006 Discontinued Restated* £'000
Gross rental income		36	31
Net rents payable and other property outgoings		(4)	(4)
		-----	-----
Net rental income		32	27
Administration expenses		(1)	(1)
		-----	-----
Profit on ordinary activities before taxation	2	31	26
Taxation	3	-	(8)
		-----	-----
Profit for the financial year	9	31	18
		=====	=====

\* Restated for change in accounting policies (see note 1(a))

Following the sale of The London Wall Limited Partnership's property on 12 March 2008 all amounts derive from discontinued operations

# HAMMERSON LONDON WALL (GP) LIMITED

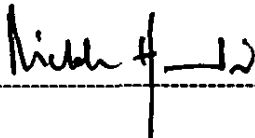
## BALANCE SHEET 31 December 2007

	Notes	2007		2006 Restated*	
		£'000	£'000	£'000	£'000
<b>Tangible fixed assets</b>					
Land and buildings	4		689		746
<b>Current assets</b>					
Debtors	5	7		3	
Cash and deposits		8		5	
		-----		-----	
		15		8	
<b>Creditors: amounts falling due within one year</b>	6	(29)		(15)	
		-----		-----	
<b>Net current (liabilities)</b>			(14)		(7)
			-----		-----
<b>Total assets less current liabilities</b>			675		739
<b>Creditors: amounts falling due after more than one year</b>	7		(418)		(448)
			-----		-----
<b>Net assets</b>			257		291
			=====		=====
<b>Capital and reserves</b>					
Called up share capital	8		-		-
Revaluation reserve	9		224		289
Profit and loss account	9		33		2
			-----		-----
<b>Shareholder's funds</b>			257		291
			=====		=====

\* Restated for change in accounting policies (see note 1(a))

The financial statements were approved by the Board of Directors on **15 JUL 2008**

Signed on behalf of the Board of Directors

  
-----



## **HAMMERSON LONDON WALL (GP) LIMITED**

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 31 December 2007

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>Restated*</b>
		<b>£'000</b>
Profit for financial year	31	18
Unrealised (deficit)/surplus on revaluation of properties	(65)	125
	<u>-----</u>	<u>-----</u>
Total recognised (losses)gains for the year	<b>(34)</b>	<b>143</b>
	<u>=====</u>	<u>=====</u>

\* The prior year restatement explained in note 1(a) has no impact on the total gains and losses recognised since the last annual report and financial statements

### **RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

For the year ended 31 December 2007

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>Restated*</b>
		<b>£'000</b>
Retained profit for the financial year	31	18
Unrealised (deficit)/surplus on revaluation of properties	(65)	125
	<u>-----</u>	<u>-----</u>
Net increase in shareholder's surplus	<b>(34)</b>	<b>143</b>
Shareholder's funds at 1 January	291	148
	<u>-----</u>	<u>-----</u>
Shareholder's funds at 31 December	<b>257</b>	<b>291</b>
	<u>=====</u>	<u>=====</u>

\* Restated for change in accounting policies (see note 1(a))

## HAMMERSON LONDON WALL (GP) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 1 ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding years, except as explained in note 1(a) and below.

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments 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.

Since 31 December 2007, The London Wall Limited Partnership sold its property and it is the directors' intention for the partnership, and hence the Company, to cease trading in the foreseeable future. The financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet date.

##### (a) Changes in accounting policy

Comparative figures have been restated to reflect two changes in accounting policies, which the directors consider gives a more appropriate presentation of the Company's operations.

i. Lease incentives and costs associated with entering into tenant leases are added to the cost of property and amortised over the period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term. Previously, lease incentives were amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease.

ii. Marketing costs are expensed in the profit and loss account as incurred. Previously, marketing costs were capitalised to the cost of property where they were deemed to enhance the value of that property.

As a result, comparative figures for the year ended 31 December 2006 have been adjusted as follows:

	Net rental income	Profit and Loss account	Revaluation reserve
	£'000	£'000	£'000
As previously reported	17	(11)	302
Effect of the change in accounting policies	10	13	(13)
As restated	27	2	289

Following the changes in the accounting policy explained above, the operating profit for the year ended 31 December 2007 is increased by £10,000 and there is no effect on shareholder's funds at 31 December 2007.

## HAMMERSON LONDON WALL (GP) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 1 ACCOUNTING POLICIES (continued)

##### (b) Joint arrangements

The financial statements include the financial statements of the Company together with the Company's share of assets, liabilities and cash flows arising from joint arrangements. Hammerson London Wall (GP) Limited, acting as a general partner, has an interest of 0.5% in the profits and assets of The London Wall Limited Partnership.

##### (c) Net rental income

Rent increases arising from rent reviews due during the year 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 or 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 service 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.

##### (f) 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. Deferred taxation is not discounted.

##### (g) Depreciation

In accordance with Statement of Standard Accounting Practice No 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.

## HAMMERSON LONDON WALL (GP) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 2 OPERATING PROFIT

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 either the current or preceding year

Another group company has paid the auditors' remuneration in both the current and preceding years

The audit fee allocated to the audit of the Company for 2007 is £1,995 (2006 £1,900) The fees have been paid by another group company in both the current and preceding years

#### 3 TAXATION

<u>Tax charge</u>	<b>2007 £'000</b>	<b>2006 £'000</b>
Current tax		
Entry charge payable on election for UK REIT status	-	15
Deferred tax	-	(7)
	-----	-----
	-	8
	=====	=====

The Company's ultimate parent company, Hammerson plc, elected to be taxed as a UK Real Estate Investment Trust ("UK REIT") from 1 January 2007, and as a consequence, group companies are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties

Group companies remain subject to UK corporation tax on other items but, as the group has surplus tax losses, the group's policy is for these taxable profits and losses to be fully offset by group relief surrendered without payment, so that individual subsidiaries do not bear tax

The Company therefore had no tax charge in the year and this is expected to continue for the foreseeable future The profits covered by group relief for the year ended 31 December 2007 are nil (2006 £10,000)

The prior year current tax charge represented the provision for the UK REIT entry charge and the deferred tax credit was the related release of deferred tax

## HAMMERSON LONDON WALL (GP) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 4 LAND AND BUILDINGS

- (a) The movements in the year on investment property were
- |                                    | Long leasehold<br>£'000 |
|------------------------------------|-------------------------|
| At 1 January 2007                  | 746                     |
| Additions at cost                  | 8                       |
| Deficit on revaluation of property | (65)                    |
|                                    | -----                   |
| At 31 December 2007                | 689                     |
|                                    | =====                   |
- (b) The Company's property is stated at market value at 31 December 2007, valued by professionally qualified external valuers. The valuation has been prepared by DTZ Debenham Tie Leung, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The deficit arising on revaluation has been transferred to the revaluation reserve.
- (c) The cost of investment property at 31 December 2007 was £452,000 (2006 £444,000)

#### 5 DEBTORS

	2007 £'000	2006 £'000
Trade debtors	6	3
Other debtors	1	-
	-----	-----
	7	3
	=====	=====

#### 6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Trade creditors	11	7
Amounts owed to immediate parent company	7	-
UK REIT entry charge	8	7
Other creditors and accruals	3	1
	-----	-----
	29	15
	=====	=====

# **HAMMERSON LONDON WALL (GP) LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2007**

### **7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2007 £'000	2006 £'000
Amounts owed to the limited partners of the London Wall Limited Partnership	418	440
UK REIT entry charge	-	8
	-----	-----
	418	448
	=====	=====

Amounts owed to the limited partners are interest-free and are repayable in the event that the Partnership, of which the Company is a general partner, is wound up. They are not repayable by instalments.

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

	2007 £	2006 £
<b>Authorised:</b>		
1,000 shares of £1 each	1,000	1,000
	=====	=====
<b>Called up, allotted and fully paid.</b>		
1 ordinary share of £1	1	1
	=====	=====

### **9 MOVEMENTS ON RESERVES**

	Profit and loss account £'000	Revaluation reserve £'000
Balance at 1 January 2007 as previously stated	(11)	302
Restatement (see note 1(a))	13	(13)
	-----	-----
At 1 January 2007 as restated	2	289
Profit retained for the year	31	-
Deficit arising on revaluation	-	(65)
	-----	-----
Balance at 31 December 2007	33	224
	=====	=====

## **HAMMERSON LONDON WALL (GP) LIMITED**

### **NOTES TO THE ACCOUNTS**

Year ended 31 December 2007

#### **10 RELATED PARTY DISCLOSURE AND CASH FLOW STATEMENT**

As the Company is a wholly owned subsidiary, it has taken exemption under the terms of Financial Reporting Standard 1 "Cash flow statements" (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 "Related party disclosures" 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 or preceding years, other than as disclosed in note 6 and 7.

#### **11 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The immediate parent company is Hammerson UK Properties plc. The ultimate parent company and controlling party is Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the largest and smallest 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.

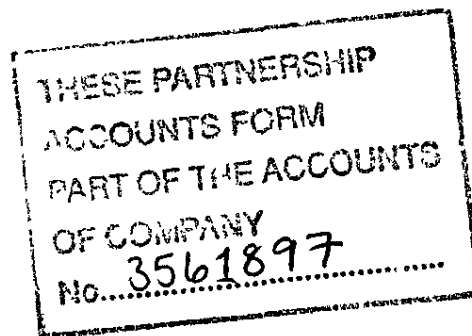
#### **12 POST BALANCE SHEET EVENTS**

On 12 March 2008, The London Wall Limited Partnership disposed of its property for net proceeds of £134 million to a company controlled by Hansainvest, a German insurance company. The directors expect the Partnership, and hence Company, to cease trading in the foreseeable future.

**THE LONDON WALL LIMITED PARTNERSHIP**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2007





## **THE LONDON WALL LIMITED PARTNERSHIP**

### **REPORT OF THE GENERAL PARTNERS**

Year ended 31 December 2007

The general partners submit their report and the Partnership financial statements for the year ended 31 December 2007

#### **1 PRINCIPAL ACTIVITY**

The principal activity of the partnership was to develop and hold for investment No 1 London Wall, London EC2. On 12 March 2008 the partnership's property was sold and the partners anticipate that whilst the partnership will continue to exist it will cease to trade in the foreseeable future.

#### **2 BUSINESS REVIEW AND FUTURE PROSPECTS**

The general partners consider the following measures to be the key performance indicators for the company: Net rental income, total return and property valuation.

During 2007 the Partnership's investment property produced net rental income of £6,459,000 (2006 Restated £5,313,000). The increase in net rental income was due to the property being partly vacant during 2006.

At 31 December 2007 the Partnership's investment property was valued at £137,700,000 (2006 £149,150,000), and suffered a revaluation deficit in the year of £12,987,000 (2006 Surplus £25,115,000). The investment property achieved a total return of (4.6)% in 2007 (2006 25.5%).

The key risks facing the Partnership relate to the financial strength of its tenants and UK property market valuations. Tenant covenants are reviewed before leases are agreed and on an ongoing basis. Quarterly property valuations are used to monitor the valuation performance of the Partnership's property asset against the IPD benchmark.

#### **3 RESULTS**

The profit for the year after tax was £6,274,000 (2006 Restated £5,083,000).

#### **4 AUDITORS**

The Partnership has elected to dispense with the obligation to appoint auditors annually and accordingly, Deloitte & Touche 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.

## THE LONDON WALL LIMITED PARTNERSHIP

### REPORT OF THE GENERAL PARTNERS

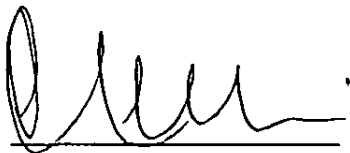
Year ended 31 December 2007

#### 5 PROVISION OF INFORMATION TO AUDITORS

In accordance with Section 234ZA of the Companies Act 1985, each of the Partners 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 Partner's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Partners in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information

Approved by Kajima City Developments Limited and Hammerson London Wall (GP) Limited general partners, and signed on their behalf



The limited partners are Kajima London Wall Limited and Hammerson London Wall Investments Limited

**28 JUL 2008**

## **THE LONDON WALL LIMITED PARTNERSHIP**

### **STATEMENT OF THE GENERAL PARTNER'S RESPONSIBILITIES**

The London Wall Limited Partnership ('the Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 1993 (SI 1820/1993) require certain qualifying partnerships to prepare and have audited annual accounts and reports as required for a company by the Companies Act 1985. The Partnership is a qualifying partnership as all its members are limited companies.

Hammerson London Wall (GP) Limited and Kajima City Developments Limited, acting as the general partners, are responsible under the Limited Partnership Agreement for preparing the Report and Financial Statements in accordance with applicable law and regulations.

The general partners are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the general partners are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The general partners are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with SI 1820/1993 (Regulation 4). They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE LONDON WALL LIMITED PARTNERSHIP**

We have audited the financial statements (the "financial statements") of The London Wall Limited Partnership for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, reconciliation of movements in partners' funds, the cash flow statement, the analysis of movement in net debt, the reconciliation of net cash flow to movement in net debt and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the partnership, as a body, in accordance with section 235 of the Companies Act 1985 as applicable to qualifying partnerships. Our audit work has been undertaken so that we might state to the partnership's members 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 members of the partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of the general partner and auditors*

The general partner's responsibilities for preparing 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 general partner's 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 in accordance with the Companies Act 1985 as applied to qualifying partnerships by the Partnerships and Unlimited Companies (Regulations) 1993. We also report to you whether in our opinion the information given in the general partner's report is consistent with the financial statements.

In addition we report to you if, in our opinion, the partnership 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 members' remuneration and other transactions is not disclosed.

We read the general partner's report and consider the implications for our report if we become aware of any apparent misstatements within it.

### *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 general partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership'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.

**INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE LONDON WALL LIMITED  
PARTNERSHIP (CONTINUED)**

*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 partnership's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 as applied to qualifying partnerships, and
- the information given in the general partner's report is consistent with the financial statements

**Emphasis of matter - Financial statements prepared on a basis other than that of a going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London  
United Kingdom

# THE LONDON WALL LIMITED PARTNERSHIP

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2007

	Notes	2007 Discontinued £'000	2006 Discontinued Restated* £'000
Gross rental income		7,147	6,229
Rents payable and other property outgoings		(688)	(916)
Net rental income		6,459	5,313
Administration expenses	3	(214)	(237)
Operating profit on ordinary activities before interest		6,245	5,076
Net interest receivable	4	29	7
Profit for the financial year before partners' interests		6,274	5,083
		=====	=====
Profit for the financial year to be offset against future profits before discretionary division amongst partners		6,274	5,083
		=====	=====

\* Restated for change in accounting policies (see note 1(a))

Following the sale of the partnership's property on 12 March 2008 all amounts derive from discontinued operations

# THE LONDON WALL LIMITED PARTNERSHIP

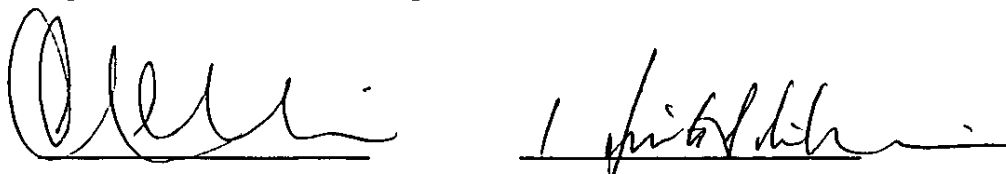
## BALANCE SHEET 31 December 2007

	Notes	2007 £'000	2006 Restated* £'000
<b>Tangible fixed assets.</b>			
Land and buildings	5	137,700	149,150
<b>Current assets:</b>			
Debtors	6	1,468	518
Cash and deposits		1,509	976
<b>Total current assets</b>		2,977	1,494
Creditors amounts falling due within one year	7	(2,641)	(1,545)
<b>Net current assets/(liabilities)</b>		336	(51)
<b>Total assets less current liabilities</b>		138,036	149,099
Creditors amounts falling due after more than one year	8	(83,553)	(87,903)
<b>Net assets attributable to partners</b>		54,483	61,196
<b>Represented by:</b>			
<b>Loans and other debts due to partners within one year</b>			
Partners' capital classified as a liability under FRS 25	9	100	100
Partners' other interests	10	54,383	61,096
		54,483	61,196

\* Restated for change in accounting policies (see note 1(a))

The management committee in accordance with the Deed of Partnership approved the financial statements on **28 JUL 2008**

Signed on behalf of the management committee



## THE LONDON WALL LIMITED PARTNERSHIP

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2007

	2007	2006
	£'000	Restated* £'000
Profit for the financial year	6,274	5,083
(Deficit)/surplus on revaluation of properties	(12,987)	25,115
	=====	=====
Total recognised (losses)/gains for the year	(6,713)	30,198
	=====	=====

\* The prior year restatement explained in note 1(a) has no impact on the total gains and losses recognised since the last annual report and financial statements

### RECONCILIATION OF MOVEMENTS IN PARTNERS' FUNDS

For year ended 31 December 2007

	2007	2006
	£'000	Restated* £'000
Partners' surplus at 1 January	61,196	30,998
Profit for the financial year	6,274	5,083
(Deficit)/surplus on revaluation of properties	(12,987)	25,115
	=====	=====
Partners' surplus at 31 December	54,483	61,196
	=====	=====

\* Restated for change in accounting policies (see note 1(a))



# **THE LONDON WALL LIMITED PARTNERSHIP**

## **CASH FLOW STATEMENT** **Year ended 31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>Restated* £'000</b>
Operating profit	6,245	5,076
Less non-cash movements	(1,563)	(4,905)
(Increase)/decrease in debtors	(950)	320
Increase in creditors	1,096	717
	<hr/>	<hr/>
Cash inflow from operating activities	4,828	1,208
Cash inflow from returns on investment and servicing of finance		
Interest received	30	7
Interest paid	(1)	-
Financial investment and capital expenditure		
Capital expenditure	26	(802)
	<hr/>	<hr/>
Cash inflow before use of short term deposits and financing	4,883	413
Partners' funds (withdrawn)/advanced	(4,350)	313
	<hr/>	<hr/>
Increase in cash in the year	533	726
	<hr/>	<hr/>

\* Restated for change in accounting policies (see note 1(a))

# **THE LONDON WALL LIMITED PARTNERSHIP**

## **ANALYSIS OF MOVEMENT IN NET DEBT**

Year ended 31 December 2007

	<b>Cash at bank £'000</b>	<b>Borrowings due after one year £'000</b>	<b>Net debt £'000</b>
Balance as at 1 January 2007	976	(87,903)	(86,927)
Cash flow	533	4,350	4,883
Balance as at 31 December 2007	<u>1,509</u> =====	<u>(83,553)</u> =====	<u>(82,044)</u> =====

## **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

Year ended 31 December 2007

	<b>2007 £'000</b>	<b>2006 £'000</b>
Increase in cash in the year	533	726
Decrease/(Increase) in debt	4,350	(314)
Change in net debt resulting from cash flow	<u>4,883</u>	<u>412</u>
Net debt at 1 January	(86,927)	(87,339)
Net debt at 31 December	<u>(82,044)</u> =====	<u>(86,927)</u> =====

## THE LONDON WALL LIMITED PARTNERSHIP

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 1 ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding years, except as stated in note 1(a) and below

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments 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.

Since 31 December 2007, the Partnership sold its property and it is the general partners' intention for the Partnership to cease trading in the foreseeable future. The financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Partnership's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the Partnership except to the extent that such were committed at the balance sheet date.

#### (a) Changes in accounting policy

Comparative figures have been restated to reflect two changes in accounting policies, which the general partner considers gives a more appropriate presentation of the Partnership's operations.

i Lease incentives and costs associated with entering into tenant leases are added to the cost of property and amortised over the period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term. Previously, lease incentives were amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease.

ii Marketing costs are expensed in the profit and loss account as incurred. Previously, marketing costs were capitalised to the cost of property where they were deemed to enhance the value of that property.

As a result, comparative figures for the year ended 31 December 2006 have been adjusted as follows:

	Net rental income	Partners' current accounts	Revaluation reserve
	£'000	£'000	£'000
As previously reported	3,331	692	60,404
Effect of the change in accounting policies	1,982	2,692	(2,692)
As restated	5,313	3,384	57,712

Following the changes in the accounting policy explained above, the operating profit for the year ended 31 December 2007 is increased by £1,982,000 and there is no effect on shareholder's funds at 31 December 2007.

## THE LONDON WALL LIMITED PARTNERSHIP

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 1 ACCOUNTING POLICIES (continued)

##### (b) Net rental income

Rental income from properties leased out under an operating lease is recognised in the profit and loss account on a straight-line basis over the lease term. Contingent rents, such as turnover rents, rent reviews and indexation are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into tenant leases are added to the costs of property and are amortised over the period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term.

Property operating expenses are accounted for on an accruals basis and any property operating expenditure not recovered from tenants through service charges is charged to the profit and loss account.

##### (c) Land & buildings

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

All costs directly associated with the purchase and construction of a development property are capitalised. A property is regarded as being in the course of development until ready for its intended use.

##### (d) Depreciation

In accordance with Statement of Standard Accounting Practice No 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 LIMITED PARTNERSHIP AGREEMENT ('The Agreement')

- (a) The Agreement dated 11 August 1998 states that the purpose of the Partnership is to carry out property investment.
- (b) During the financial year Kajima City Developments Limited and Hammerson London Wall (GP) Limited, acting as the general partners, each had an interest of 0.5% in the profits and assets of the Partnership respectively. Kajima London Wall Limited and Hammerson London Wall Limited, acting as the limited partners, had interests of 49.5% each in the profits and assets of the Partnership.

# THE LONDON WALL LIMITED PARTNERSHIP

## NOTES TO THE ACCOUNTS Year ended 31 December 2007

### 3 ADMINISTRATION EXPENSES

	2007 £'000	2006 £'000
Management fee payable to Hammerson UK Properties plc	200	231
Auditors' remuneration for audit services	4	4
Other administration expenses	10	2
	<u>214</u>	<u>237</u>
	=====	=====

The Partnership had no employees in the current or preceding financial years

### 4 NET INTEREST RECEIVABLE

	2007 £'000	2006 £'000
Interest receivable	30	7
Interest payable	(1)	-
	<u>29</u>	<u>7</u>
	=====	=====

### 5 LAND AND BUILDINGS

(a)

	Long leasehold £'000
The movements in the year at valuation were	
At 1 January 2007	149,150
Additions at cost	1,537
Deficit on revaluation of property	(12,987)
	<u>137,700</u>
At 31 December 2007	=====

- (b) The partnership's property is stated at market value at 31 December 2007, 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 movement arising on revaluation has been transferred to the revaluation reserve.
- (c) The historical cost of investment properties at 31 December 2007 was £92,975,000 (2006 Restated £91,438,000)

# THE LONDON WALL LIMITED PARTNERSHIP

## NOTES TO THE ACCOUNTS Year ended 31 December 2007

### 6 DEBTORS

	2007 £'000	2006 £'000
Trade debtors	1,296	518
Prepayments	172	-
	-----	-----
	1,468	518
	=====	=====

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

	2007 £'000	2006 £'000
Trade creditors	667	490
Amounts owed to fellow group companies	66	59
Other creditors	331	165
Accruals and deferred income	1,577	831
	-----	-----
	2,641	1,545
	=====	=====

### 8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £'000	2006 £'000
Amounts owed to partners	83,553	87,903
	=====	=====

Amounts owed to partners are interest free and are repayable in the event that the Partnership is wound up. They are not repayable by instalments.

### 9. PARTNERS' CAPITAL CLASSIFIED AS A LIABILITY UNDER FRS 25

	2007 £'000	2006 £'000
General partners	1	1
Limited partners	99	99
	-----	-----
	100	100
	=====	=====

The partners' capital contribution is in proportion to each partner's interest. Under the Limited Partnership Agreement no further capital is required to be injected and no interest is payable on the capital.

## THE LONDON WALL LIMITED PARTNERSHIP

### NOTES TO THE ACCOUNTS Year ended 31 December 2007

#### 10 PARTNERS' OTHER INTERESTS

	Revaluation reserve £'000	Partners' current accounts £'000
Balance at 1 January 2007 as previously stated	60,404	692
Restatement (see note 1(a))	(2,692)	2,692
	-----	-----
At 1 January 2007 as restated	57,712	3,384
Retained profit for the year	-	6,274
Surplus arising on revaluation	(12,987)	-
	-----	-----
At 31 December 2007	44,725	9,658
	=====	=====

#### 11 RELATED PARTY TRANSACTIONS

Subject to notes 7, 8 and 9 there were no material related party transactions during the year. Fees paid for development management services to Hammerson UK Properties plc during the year were £200,000 (2006 £231,000).

#### 12 ULTIMATE CONTROLLING PARTIES

The partners are listed in note 2(b) to these accounts. The ultimate controlling parties are Kajima Corporation and Hammerson plc.

#### 13 POST BALANCE SHEET EVENTS

On 12 March 2008 the Partnership disposed of its property for net proceeds of £134 million to a company controlled by Hansainvest, a German insurance company. The general partners expect the Partnership to cease trading in the foreseeable future.