

Company Number: 3768306

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2004



HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT OF THE DIRECTORS **Year ended 31 December 2004**

1. PRINCIPAL ACTIVITIES

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

2. RESULTS AND DIVIDEND

The Company made a profit during the year of £40,000 (2003: £18,000). No dividend was paid or proposed during the year (2003: nil).

3. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company holds a third of each of Martineau (GP) Limited, Martineau Galleries (GP) Limited and Bull Ring (GP) Limited, which are the general partners of the Martineau Limited Partnership, the Martineau Galleries Limited Partnership and the Bull Ring Limited Partnership respectively, the principal businesses of which are to develop and hold for investment Martineau Galleries Shopping Centre, Martineau Place Shopping Centre and the Bull Ring Shopping Centre in Birmingham. The directors anticipate that there will be no change to current levels of activity in the foreseeable future.

4. DIRECTORS

- (a) Mr. R.J.G. Richards and Mr. G.H. Wright were directors of the Company throughout the year.
- (b) Mr. D.J. Atkins was appointed as a director of the Company on 1 January 2005.
- (c) On 31 December 2004 Mr. R.J.G. Richards was a director of the Company's ultimate parent company, Hammerson plc, in whose financial statements his interests in the shares of that company are given. On 31 December 2004 Mr D.J. Atkins 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 interest in contracts entered into by the Company.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT OF THE DIRECTORS
Year ended 31 December 2004

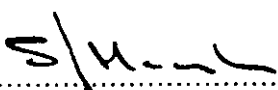
5. SECRETARY

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

6. AUDITORS

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.

By order of the Board


.....
S.J. Haydon
Secretary

Registered Office:

100 Park Lane
London W1K 7AR
Registered in England and Wales No. 3768306

HAMMERSON BIRMINGHAM PROPERTIES 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 controls, 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 BIRMINGHAM PROPERTIES LIMITED

We have audited the financial statements of Hammerson Birmingham Properties Limited, for the year ended 31 December 2004 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 13. 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 auditor's 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

2 December 2005

HAMMERSON BIRMINGHAM PROPERTIES LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Gross rental income		73	36
Rents payable and other property outgoings		(13)	(14)
		-----	-----
Operating profit	1(c)	60	22
Loss on disposal of investment property	3	(7)	-
		-----	-----
Profit on ordinary activities before interest		53	22
Bank interest receivable		1	-
		-----	-----
Profit on ordinary activities before tax		54	22
Taxation	4	(14)	(4)
		-----	-----
Retained profit on ordinary activities after taxation	11	40	18
		=====	=====

All results are derived from continuing operations.


HAMMERSON BIRMINGHAM PROPERTIES LIMITED

BALANCE SHEET as at 31 December 2004

		2004		2003	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Land and buildings	5		1,323		1,299
Investments	6a		-		2
			<u>1,323</u>		<u>1,301</u>
Current assets					
Investments	6b	5		5	
Debtors	7	148		166	
Cash at bank and in hand		37		30	
		<u>190</u>		<u>201</u>	
Creditors: amounts falling due within one year	8	<u>(867)</u>		<u>(1,021)</u>	
Net current liabilities			<u>(677)</u>		<u>(820)</u>
Total assets less current liabilities			646		481
Provisions for liabilities and charges	9		<u>(18)</u>		<u>(4)</u>
Net assets			<u>628</u>		<u>477</u>
			=====		=====
Capital and reserves					
Called up share capital	10		-		-
Revaluation reserve	11		519		427
Profit and loss account	11		109		50
			<u>628</u>		<u>477</u>
Equity shareholder's funds			=====		=====

The Board of Directors approved the financial statements on

Signed on behalf of the Board of Directors


Director



HAMMERSON BIRMINGHAM PROPERTIES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
Year ended 31 December 2004

	2004 £'000	2003 £'000
Retained profit for the financial year	40	18
Surplus arising on revaluation	111	195
	-----	-----
Total recognised gains for the year	151	213
	=====	=====

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS
Year ended 31 December 2004

	2004 £'000	2003 £'000
Retained profit for the financial year	40	18
Surplus arising on revaluation	111	195
	-----	-----
Net increase in equity shareholder's funds	151	213
Equity shareholder's funds at 1 January	477	264
	-----	-----
Equity shareholder's funds at 31 December	628	477
	=====	=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention as 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) Joint arrangements

The financial statements include the financial statements of the Company together with the Company's share of results, assets and liabilities arising from joint arrangements.

(c) Net rental income

All rental income arises in the United Kingdom. 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 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.

(d) Investments

Investments are held at cost less provision for impairment.

(e) Deferred tax

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.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

1. ACCOUNTING POLICIES (continued)

(f) Valuation of properties

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits attributable to the group 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.

(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.

2. ADMINISTRATION EXPENSES

The directors did not receive any remuneration for services to the Company, in either the current or preceding financial years.

The Company had no employees in either the current or preceding financial years.

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

3. LOSS ON SALE OF INVESTMENT PROPERTY

	2004 £'000	2003 £'000
Gross proceeds on sale	143	-
Historical cost of properties sold	(127)	-
	-----	-----
Historical cost profit	16	-
Valuation surplus realised	(19)	-
	-----	-----
Deficit over carrying value	(3)	-
Selling expenses	(4)	-
	-----	-----
Profit / (Loss) on sale of investment properties	(7)	-
	=====	=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

4. TAXATION

(a) Tax charge on profit on ordinary activities

	2004 £'000	2003 £'000
Deferred tax	14 =====	4 =====

(b) The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are reconciled below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	54 -----	22 -----
Profit multiplied by UK corporation tax rate of 30% (2003: 30%)	16	7
Effects of:		
Capital allowances	(14)	(4)
Other	(2) -----	(3) -----
Current tax charge for the period	- =====	- =====

The above profits represent the Company's one-third shareholding in the companies that act as general partner of the partnerships forming the Birmingham Alliance. For tax purposes these profits are taxable in the general partner companies and not in Hammerson Birmingham Properties Limited.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2004**

5. LAND AND BUILDINGS

- (a) The movements in the year on investment property were:
- | | Long
leasehold |
|--------------------------------|-------------------|
| | £'000 |
| At 1 January 2004 | 1,299 |
| Disposal at value | (146) |
| Additions at cost | 59 |
| Surplus arising on revaluation | 111 |
| | ----- |
| At 31 December 2004 | 1,323 |
| | ===== |
- (b) The Company's property is stated at market value at 31 December 2004, 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 surplus arising on revaluation has been transferred to the revaluation reserve.
- (c) Should the property be disposed of at the valuation above, no tax liability is anticipated to arise (2003: nil)
- (d) The historical cost of investment properties at 31 December 2004 was £804,000 (2003: £872,000).

6. INVESTMENTS

	2004 £'000	2003 £'000
(a) Fixed Asset Investments		
Investments in subsidiaries	-	2
	=====	=====
(b) Current Investments		
Investments – listed on recognised stock exchanges in Great Britain	5	5
	=====	=====
Market value of listed investments at 31 December 2004	5	5
	=====	=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2004**

7. DEBTORS

	2004	2003
	£'000	£'000
Other debtors	148	166
	=====	=====

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£'000	£'000
Amount owed to ultimate parent company	14	14
Amounts owed to fellow subsidiary companies	-	1
Other creditors	848	1,002
Accruals	5	4
	-----	-----
	867	1,021
	=====	=====

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2004	2003
	£'000	£'000
Deferred tax:		
At 1 January 2004	4	-
Charge for the year	14	4
	-----	-----
At 31 December 2004	18	4
	=====	=====

The deferred tax provision is made up as follows:

	2004	2003
	£'000	£'000
Accelerated capital allowances	18	4
	=====	=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

10. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised: 100 ordinary shares of £1 each	100 =====	100 =====
Called up, allotted and fully paid: 2 ordinary shares of £1 each	2 =====	2 =====

11. RESERVES

	Profit and loss account £'000	Revaluation reserve £'000
Balance at 1 January 2004	50	427
Profit for the year	40	-
Transfer on disposal of investment property	19	(19)
Surplus arising on revaluation	-	111
	-----	-----
Balance at 31 December 2004	109 =====	519 =====

12. 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 "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 financial years.

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Hammerson UK Properties plc. Copies of its financial statements are available from that company's registered office, 100 Park Lane, London W1K 7AR.

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, 100 Park Lane, London W1K 7AR.