

Company Number: 3768306

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2005



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COMPANIES HOUSE 19/10/2006

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2005

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 £28,000 (2004: £40,000). No dividend was paid or proposed during the year (2004: 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) No director had any interests in the share capital of the Company during or at the end of the year.
- (d) 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.

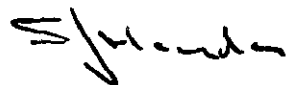
6. AUDITORS

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. Deloitte & Touche LLP have indicated their willingness to continue in office.

7. REGISTERED OFFICE

On 24 June 2006 the registered office was moved from 100 Park Lane, London W1K 7AR.

By order of the Board



S. J. Haydon
Secretary

16 OCT 2006

By order of the Board

Registered Office:
10 Grosvenor Street
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, 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 Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER OF HAMMERSON BIRMINGHAM PROPERTIES LIMITED

We have audited the financial statements of Hammerson Birmingham Properties Limited, for the year ended 31 December 2005 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 members, 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 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 company and the company's members 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions 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 or material inconsistencies with the financial statements.

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.

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 2005 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP,
Chartered Accountants and Registered Auditors,
London,
Date

Deloitte & Touche LLP
17 October 2006

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Gross rental income		70	73
Rents payable and other property outgoings		(14)	(13)
Operating profit	1(c)	56	60
Administration expenses	2	(13)	-
Loss on disposal of investment properties	3	(1)	(7)
Profit on ordinary activities before interest		42	53
Bank interest receivable		1	1
Profit on ordinary activities before tax		43	54
Taxation	4	(15)	(14)
Profit on ordinary activities after taxation and retained profit for the year	11	28	40

All amounts are derived from continuing operations.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED


BALANCE SHEET as at 31 December 2005

	Note	2005		2004	
		£'000	£'000	£'000	£'000
Fixed assets					
Land and buildings	5		1,455		1,323
			<u>1,455</u>		<u>1,323</u>
Current assets					
Investments	6	5		5	
Debtors	7	373		148	
Cash at bank and in hand		30		37	
		<u>408</u>		<u>190</u>	
Creditors: amounts falling due within one year	8	(1,056)		(867)	
		<u></u>		<u></u>	
Net current liabilities			(648)		(677)
Total assets less current liabilities			<u>807</u>		<u>646</u>
Provisions for liabilities and charges	9		(22)		(18)
Net assets			<u>785</u>		<u>628</u>
			<u>=====</u>		<u>=====</u>
Capital and reserves					
Called up share capital	10	-		-	
Revaluation reserve	11	647		519	
Profit and loss account	11	138		109	
			<u>785</u>		<u>628</u>
Equity shareholder's funds			<u>=====</u>		<u>=====</u>

The Board of Directors approved the financial statements on

16 OCT 2006

Signed on behalf of the Board of Directors



Director

Director

HAMMERSON BIRMINGHAM PROPERTIES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Year ended 31 December 2005

	2005 £'000	2004 £'000
Retained profit for the financial year	28	40
Surplus arising on revaluation	129	111
	-----	-----
Total recognised gains for the year	157	151
	=====	=====

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDSYear ended 31 December 2005

	2005 £'000	2004 £'000
Retained profit for the financial year	28	40
Surplus arising on revaluation	129	111
	-----	-----
Net increase in equity shareholder's funds	157	151
Equity shareholder's funds at 1 January	628	477
	-----	-----
Equity shareholder's funds at 31 December	785	628
	=====	=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

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 law and 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.

(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.

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2005

1. ACCOUNTING POLICIES (continued)

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

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

3. LOSS ON SALE OF INVESTMENT PROPERTY

	2005 £'000	2004 £'000
Gross proceeds on sale	5	143
Historical cost of properties sold	(5)	(127)
Historical cost profit	-	16
Valuation surplus realised	(1)	(19)
Deficit over carrying value	(1)	(3)
Selling expenses	-	(4)
Loss on sale of investment properties	(1)	(7)

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2005

4. TAXATION

(a) Tax charge on profit on ordinary activities

	2005 £'000	2004 £'000
UK corporation tax	11	-
Deferred tax	4	14
	-----	-----
Total tax charge	15	14
	=====	=====

(b) Factors affecting current tax charge

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% (2004: 30%). The differences are reconciled below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	43	54
	-----	-----
Profit multiplied by UK corporation tax rate of 30% (2004: 30%)	13	16
Effects of:		
Capital allowances	(4)	(14)
Disallowed expenses	3	-
Utilisation of losses	(2)	-
Other	1	(2)
	-----	-----
Current tax charge for the period	11	-
	=====	=====

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 2005**

5. LAND AND BUILDINGS

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

**Long
leasehold**

£'000

At 1 January 2005	1,323
Disposal at value	(6)
Additions at cost	9
Surplus arising on revaluation	129

At 31 December 2005	1,455
	=====

- (b) The Company's property is stated at market value at 31 December 2005, 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 (2004: nil)
- (d) The historical cost of investment properties at 31 December 2005 was £808,000 (2004: £804,000).

6. INVESTMENTS

**2005
£'000**

**2004
£'000**

Current asset investments

Shares in companies listed on recognised stock
exchanges in the United Kingdom

5
=====

5
=====

Market value of listed investments at 31 December 2005

5
=====

5
=====

7. DEBTORS

**2005
£'000**

**2004
£'000**

Amounts owed by fellow subsidiary companies
Other debtors

229
144

373
=====

-
148

148
=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2005**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£'000	£'000
Amount owed to ultimate parent company	243	14
Other creditors	790	848
Accruals	23	5
	-----	-----
	1,056	867
	=====	=====

9. PROVISIONS FOR LIABILITIES AND CHARGES

	2005	2004
	£'000	£'000
Deferred tax:		
At 1 January 2005	18	4
Charge for the year	4	14
	-----	-----
At 31 December 2005	22	18
	=====	=====

The deferred tax provision is made up as follows:

	2005	2004
	£'000	£'000
Accelerated capital allowances	22	18
	=====	=====

10. CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
	=====	=====
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	=====	=====

HAMMERSON BIRMINGHAM PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2005

11. RESERVES

	Profit and loss account £'000	Revaluation reserve £'000
Balance at 1 January 2005	109	519
Profit for the year	28	-
Transfer on disposal of investment property	1	(1)
Surplus arising on revaluation	-	129
	<hr/>	<hr/>
Balance at 31 December 2005	138	647
	=====	=====

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, 10 Grosvenor Street, London W1K 4BJ.