

Company Number: 4310036

**GRANTCHESTER PROPERTY
FINANCE LIMITED**

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2003



GRANTCHESTER PROPERTY FINANCE LIMITED

Board of Directors

Mr. D.J. Atkins
Mr. M.J. Baker
Mr. J.A. Bywater
Mr. P.W.B. Cole
Mr. N.A.S. Hardie
Mr. G.H. Wright

Secretary and Registered Office

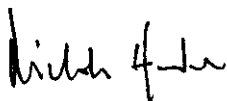
Mr. S.J. Haydon
100 Park Lane
London W1K 7AR

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 100 Park Lane, London W1K 7AR on 26th October 2004 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 2003.
2. To re-appoint Deloitte & Touche LLP as auditors of the Company.
3. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



Director
26th October 2004

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 4310036

Notes:

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his or her stead. That proxy need not also be a member of the Company. Any instrument appointing a proxy must be deposited at the Company's Registered Office by not later than 48 hours before the time fixed for the meeting.

GRANTCHESTER PROPERTY FINANCE LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2003

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a finance company in the United Kingdom.

2. RESULTS AND DIVIDENDS

The profit and loss account is set out on page 7 and shows the loss for the year. The directors do not recommend the payment of a dividend (2002: £nil).

The long term bank loan was repaid in March 2003 using funds provided by Hammerson plc, the Company's ultimate parent company.

3. REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year were satisfactory and the directors anticipate that the Company will become dormant in the future.

4. DIRECTORS

- a) Mr. M.J. Baker, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. N.A.S. Hardie, and Mr. G.H. Wright were directors of the Company throughout the year. Mr D.J. Atkins was appointed as a director of the Company on 28 March 2003. Mr I.F.S. Harris resigned as a director of the Company on 21 November 2003.
- b) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- c) No director had any interest in the share capital of the Company during or at the end of the year. The interests of Messrs Bywater and Cole in the share capital of the ultimate parent company, Hammerson plc, are disclosed in the financial statements of that company. The interests, if any, of the remaining directors in the share capital of Hammerson plc or any other group undertaking, are disclosed in the financial statements of Hammerson UK Properties plc, a fellow group undertaking. Other than set out above, no director had any interests in the share capital of any other group undertaking during or at the end of the year.
- d) No director has any interests in contracts entered into by the Company.

5. SECRETARY

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

GRANTCHESTER PROPERTY FINANCE LIMITED

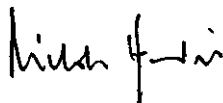
REPORT OF THE DIRECTORS (continued)
Year ended 31 December 2003

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.

By order of the Board



Director
26th October 2004

Registered Office:
100 Park Lane
London, W1K 7AR
Registered in England and Wales No. 4310036

GRANTCHESTER PROPERTY FINANCE 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 period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period.

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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GRANTCHESTER PROPERTY FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER OF GRANTCHESTER PROPERTY FINANCE LIMITED

We have audited the financial statements of Grantchester Property Finance Limited for year ended 31 December 2003 which comprise the profit and loss account, the balance sheets, the reconciliation of movement in shareholder's deficit 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 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 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 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 period and consider the implications for our report if we become aware of any apparent misstatements.

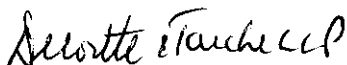
Basis of audit opinion

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 affairs of the Company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants
and Registered Auditors
London

27 October 2004

GRANTCHESTER PROPERTY FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

| | Note | Year ended 31 December 2003 £'000 | Period from 24 October 2001 to 31 December 2002 £'000 |
|--|------|--|--|
| Cost of finance (net) | 3 | (323) | (1,828) |
| Taxation on loss on ordinary activities | 4 | - ----- | - ----- |
| Retained loss on ordinary activities after taxation for the financial year/period | 10 | (323) ===== | (1,828) ===== |

There are no other recognised gains and losses for the year, therefore no separate statement of total recognised gains and losses has been prepared.

All amounts relate to continuing activities.

GRANTCHESTER PROPERTY FINANCE LIMITED

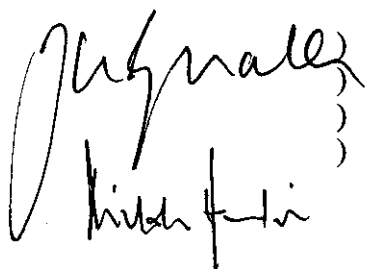
BALANCE SHEET

At 31 December 2003

| | Note | 2003 £'000 | 2002 £'000 |
|--|------|---------------|---------------|
| Fixed Assets | | | |
| Fixed asset investments | 5 | - | - |
| Current assets | | | |
| Debtors | 6 | - | 26,290 |
| Creditors: amounts falling due within one year | 7 | (2,151) | (293) |
| Net current (liabilities)/assets | | (2,151) | 25,997 |
| Total assets less current liabilities | | (2,151) | 25,997 |
| Creditors: amounts falling due after more than one year | 8 | - | (27,825) |
| Net liabilities | | (2,151) | (1,828) |
| Capital and reserves | | | |
| Called up share capital | 9 | - | - |
| Profit and loss account | 10 | (2,151) | (1,828) |
| Equity shareholder's deficit | | (2,151) | (1,828) |

The financial statements were approved by the Board on 26th October 2004

Signed on behalf of the Board of Directors



Directors

GRANTCHESTER PROPERTY FINANCE LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

Year ended 31 December 2003

| | Year ended 31 December 2003 £'000 | Period from 24 October 2001 to 31 December 2002 £'000 |
|------------------------------------|--|--|
| Loss for the financial year/period | (323) | (1,828) |
| Opening shareholder's deficit | (1,828) | - |
| | ----- | ----- |
| Closing shareholder's deficit | <u>(2,151)</u> | <u>(1,828)</u> |

GRANTCHESTER PROPERTY FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements are in compliance with the Companies Act 1985.

b) Basis of non-consolidation

Grantchester Property Finance Limited is exempt from preparing group accounts under section 228 of the Companies Act 1985 as it is itself a subsidiary undertaking and its ultimate parent company prepares consolidated accounts.

c) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment.

d) 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

GRANTCHESTER PROPERTY FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

2. ADMINISTRATION EXPENSES

The average number of employees during the period, excluding directors, was nil (2002: nil).

The directors did not receive any remuneration for services to the Company in both the current year and preceding financial period.

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

3. COST OF FINANCE (NET)

| | Year ended 31 December 2003 £'000 | Period from 24 October 2001 to 31 December 2002 £'000 |
|----------------------------------|--|--|
| Interest on bank borrowings | 149 | 1,790 |
| Amortisation of loan issue costs | 174 | 38 |
| | ----- | ----- |
| | <u>323</u> | <u>1,828</u> |

GRANTCHESTER PROPERTY FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

4. TAXATION

The tax assessed for the year varies from the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

| | Year ended 31 December 2003 £'000 | Period from 24 October 2001 to 31 December 2002 £'000 |
|--|--|--|
| Loss on ordinary activities before tax | <u>(323)</u> | <u>(1,828)</u> |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002: 30%) | 97 | 548 |
| Effect of: Group relief surrendered without payment | <u>(97)</u> | <u>(548)</u> |
| Current tax charge for year/period | <u>-</u> | <u>-</u> |

It is anticipated that for the foreseeable future the Company will not bear current tax, as it is the policy of the Hammerson group to surrender group relief without payment.

GRANTCHESTER PROPERTY FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

5. FIXED ASSET INVESTMENTS

**Investments
in subsidiary
undertakings
£**

Cost and net book value

At 1 January 2003 and at 31 December 2003

3

Subsidiary undertakings

Details of the Company's principal subsidiary undertakings as at the year end, which are wholly owned, are as follows:

| Name | Class of share capital held | Nature of business | Nature of holding |
|---|--------------------------------------|--------------------------|-------------------------|
| Grantchester Developments (Birmingham) Limited | Ordinary | Property investment | Direct |
| Grantchester Developments (Falkirk) Limited | Ordinary | Property investment | Direct |
| Grantchester Developments (Norwich) Limited | Ordinary | Property investment | Direct |
| Grantchester Developments (Norwich 2) Limited * | Ordinary | Property investment | Indirect |

*Wholly owned by Grantchester Developments (Norwich) Limited

All the subsidiary undertakings are incorporated in Great Britain.

GRANTCHESTER PROPERTY FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

6. DEBTORS

| | 2003 £'000 | 2002 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | - | 26,290 |

All amounts shown under debtors fall due for payment within one year.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2003 £'000 | 2002 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 2,151 | - |
| Accruals and deferred income | - | 293 |
| | 2,151 | 293 |

Hammerson plc have agreed to support the Company for the foreseeable future.

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

| | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|
| Bank loans | - | 27,825 |
| Maturity of debt: | | |
| In more than two years but not more than five years | - | 28,000 |
| Unamortised loan issue costs | - | (175) |
| | - | 27,825 |

The long term bank loan was repaid in March 2003 using funds provided by Hammerson plc, the Company's ultimate parent company.

GRANTCHESTER PROPERTY FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

9. SHARE CAPITAL

| | 2003 £ | 2002 £ |
|--|-----------|-----------|
| Equity share capital 1,000 ordinary shares of £1 each | | |
| Authorised | 1,000 | 1,000 |
| | ===== | ===== |
| Allotted, called up and fully paid | 1 | 1 |
| | ===== | ===== |

10. RESERVES

| | Profit and loss account £'000 |
|-----------------------------|--|
| At 1 January 2003 | (1,828) |
| Loss for the financial year | (323) |
| | ----- |
| At 31 December 2003 | (2,151) |
| | ===== |

11. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose details of all of its related party transactions with other group companies.

In the opinion of the directors there are no other related party transactions to be disclosed in the current year or preceding financial period.

GRANTCHESTER PROPERTY FINANCE LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2003, the Company's ultimate parent company was Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the smallest and largest group to consolidate these financial statements.

At 31 December 2003, the Company's immediate parent company was Grantchester Limited.

Copies of the consolidated financial statements of Hammerson plc are available from the Company Secretary, 100 Park Lane, London W1K 7AR.