

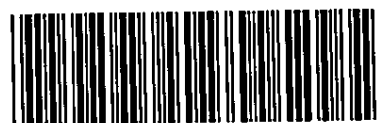
Company Number 5495284

HAMMERSON (DIDCOT II) LIMITED
(formerly LXB Properties (Didcot II) Limited)

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2006

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COMPANIES HOUSE

HAMMERSON (DIDCOT II) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2006

1 PRINCIPAL ACTIVITIES

The principal activity of the Company is that of property investment in the United Kingdom

2 RESULTS AND DIVIDENDS

The profit and loss account is set out on page 7 and shows the result for the year. No dividend was paid or prepared during the current or preceding financial years

3 REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year were satisfactory and the directors do not anticipate any significant changes in activity in the forthcoming year

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 CHANGE OF NAME

The name of the Company was changed from LXB Properties (Didcot II) Limited on 6 September 2006

5 DIRECTORS

- a) Mr T P Walton and Mr N B T Alford resigned as directors of the Company on 11 August 2006
- b) Mr D J Atkins, Mr J A Bywater, Mr P W B Cole and Mr N A S Hardie were appointed as directors of the Company on 11 August 2006
- c) Mr J M Emery and Mr A J G Thomson were appointed as directors of the Company on 1 January 2007
- d) Mr J A Bywater resigned as a director of the Company on 31 March 2007
- e) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation
- f) On 31 December 2006, Mr J A Bywater and Mr P W B Cole were directors of the Company's ultimate parent company, Hammerson plc, in whose financial statements their interests in the shares of the Company are given. On 31 December 2006 Mr D J Atkins and Mr N A S Hardie were directors of the Company's fellow group undertaking, Hammerson UK Properties plc, in whose financial statements their interests in the shares of the Company's ultimate parent company, Hammerson plc, are given
- g) None of the directors have any interests in the shares of the Company or any other group company except as noted above
- h) No director has any interests in contracts entered into by the Company

HAMMERSON (DIDCOT II) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2006

6 SECRETARY

- a) Mr I M Hollocks resigned as Secretary on 11 August 2006
- b) Mr S J Haydon was appointed as Secretary of the Company 11 August 2006

7 CHANGE OF REGISTERED OFFICE

Company's registered office was changed on 10 October 2006 from 6 Cavendish Place, London W1G 9NB

8 AUDITORS

The auditors, BDO Stoy Hayward LLP, resigned in 2006 and Deloitte & Touche LLP were appointed in their place

9 PROVISION OF INFORMATION TO AUDITORS

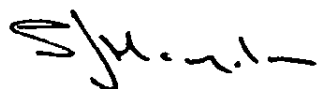
In accordance with Section 234ZA of the Companies Act 1985, each of the directors of the Company at the date of approval of this report have confirmed that,

- (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 confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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

12 DEC 2007

Registered Office
10 Grosvenor Street
London, W1K 4BJ
Registered in England and Wales No 5495284

HAMMERSON (DIDCOT II) 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 judgments 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 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 (DIDCOT II) LIMITED

We have audited the financial statements of Hammerson (Didcot) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements 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 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 judgments 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 (DIDCOT II)
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 2006 and of its loss 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

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

12 Dec 07

HAMMERSON (DIDCOT II) LIMITED**PROFIT AND LOSS ACCOUNT**Year ended 31 December 2006

| | Notes | 2006 £'000 | 2005 £'000 |
|--|-------|---------------|---------------|
| Gross rental income | | 156 | 48 |
| Rents payable and other property outgoings | | (4) | (1) |
| | | ----- | ----- |
| Net rental income and operating profit | 1(b) | 152 | 47 |
| Net cost of finance | 3 | (180) | (55) |
| | | ----- | ----- |
| Loss on ordinary activities before taxation | | (28) | (8) |
| Taxation | 4 | (50) | - |
| | | ----- | ----- |
| Loss on ordinary activities after taxation and retained loss for the financial year | 10 | (78) | (8) |
| | | ===== | ===== |

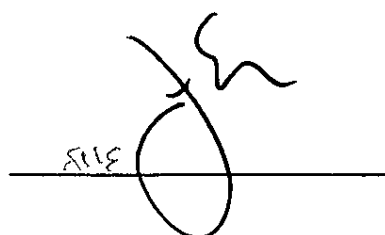
All amounts derive from continuing operations

HAMMERSON (DIDCOT II) LIMITED**BALANCE SHEET**At 31 December 2006

| | Notes | 2006 | | 2005 | |
|---|-------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Investment properties | 5 | | 2,503 | | 2,500 |
| Current assets | | | | | |
| Debtors | 6 | 80 | | 36 | |
| Creditors: amounts falling due within one year | 7 | (2,745) | | (2,647) | |
| Net current liabilities | | | (2,665) | | (2,611) |
| Total assets less current liabilities | | | (162) | | (109) |
| Creditors: amounts falling due after one year | 8 | | (25) | | - |
| Net assets | | | (187) | | (109) |
| | | | ===== | | ===== |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | - | | - |
| Revaluation reserve | 10 | | (101) | | (101) |
| Profit and loss account | 10 | | (86) | | (8) |
| Shareholder's deficit | | | (187) | | (109) |
| | | | ===== | | ===== |

The financial statements were approved by the Board on **12 DEC 2007**

Signed on behalf of the Board of Directors



HAMMERSON (DIDCOT II) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Year ended 31 December 2006

| | 2006 £'000 | 2005 £'000 |
|--|-----------------------------|-----------------------------|
| Loss for the financial year | (78) | (8) |
| Unrealised deficit on revaluation of investment properties | - | (101) |
| | ----- | ----- |
| Total recognised gains and losses for the financial year | (78) | (109) |
| | ===== | ===== |

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICITYear ended 31 December 2006

| | 2006 £'000 | 2005 £'000 |
|--|-----------------------------|-----------------------------|
| Loss for the financial year | (78) | (8) |
| Unrealised deficit on revaluation of investment properties | - | (101) |
| | ----- | ----- |
| Net movement in equity shareholder's deficit | (78) | (109) |
| Opening shareholder's deficit | (109) | - |
| | ----- | ----- |
| Closing shareholder's deficit | (187) | (109) |
| | ===== | ===== |

HAMMERSON (DIDCOT II) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

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 applicable United Kingdom law and accounting standards. The accounting policies have been consistently applied throughout the current and prior year. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

b) Net rental income

Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. Where a lease incentive does not enhance the property, it is amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease term. On new leases with rent-free periods, rental income is allocated evenly over the period from the date of 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 other property outgoings.

c) Valuation of properties

Completed investment properties are revalued by external professional valuers on the basis of market value, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, net of purchaser's costs. The aggregate surplus or deficit arising from revaluation is transferred to the revaluation reserve.

Substantially completed investment properties under development are stated at estimated market value on completion, as provided by external professional valuers, less estimated costs to complete. Other investment properties under development are stated at cost which, in the opinion of the directors, equates to market value.

Costs include capitalised interest and other outgoings, excluding overheads, less any attributable rental income.

Lease incentives which enhance the property are added to the cost of the property.

d) Depreciation

In accordance with Statement of Standard Accounting Practice No. 19 "Accounting for investment properties", no depreciation is provided in respect of freehold investment 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 of 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.

e) Deferred taxation

In accordance with Financial Reporting Standard 19 "Deferred tax", deferred tax is provided in respect of all timing differences that may give rise to an obligation to pay more or less tax in the future.

HAMMERSON (DIDCOT II) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

2 ADMINISTRATION EXPENSES

The average number of employees during the year, excluding directors, was nil (2005 nil)

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

The audit fee allocated to the audit of the Company for 2006 is £1,900 (2005 £1,000) The fees have been paid by another group company in both the current and preceding years

3. NET COST OF FINANCE

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Interest payable on loans from fellow group undertakings | 180 | 55 |
| | ----- | ----- |
| | 180 | 55 |
| | ===== | ===== |

4. TAXATION

| (a) <u>Tax charge on loss on ordinary activities</u> | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Current tax | | |
| Entry charge payable on election for UK REIT status | 50 | - |
| | ===== | ===== |

(b) Factors affecting current tax charge

The tax assessed for the year varies from the standard rate of corporation tax in the UK The differences are reconciled below

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Loss on ordinary activities before tax | (28) | (8) |
| | ===== | ===== |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 30%) | (8) | (2) |
| Effect of | | |
| Group relief | 8 | 2 |
| Entry charge payable on election for UK REIT status | 50 | - |
| | ----- | ----- |
| Current tax charge for year | 50 | - |
| | ===== | ===== |

HAMMERSON (DIDCOT II) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

4. TAXATION (continued)

(c) UK REIT status

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

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

On entering the UK REIT regime, Hammerson group companies will pay an entry charge equal to 2% of the value of properties held for investment as at 1 January 2007, payable in four instalments from July 2007. The 2006 accounts provide for this tax (split between creditors due within and after one year).

In view of the exemption from tax on gains on property disposals, contingent tax is no longer disclosed where there is no intention to sell the property within three years of development.

5 INVESTMENT PROPERTIES

| (a) The movements in the year on investment property were | Freehold £'000 |
|---|-------------------|
| At 1 January 2006 | 2,500 |
| Additions | 3 |
| | ----- |
| At 31 December 2006 | 2,503 |
| | ===== |

The Company's property is stated at market value at 31 December 2006, valued by professionally qualified external valuers, Donaldsons, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

- (b) The historical cost of investment property at 31 December 2006 was £2,604,000 (2005 £2,601,000)

6. DEBTORS

| | 2006 £'000 | 2005 £'000 |
|-------------------------------------|---------------|---------------|
| Trade debtors | 28 | 14 |
| Other debtors | - | 22 |
| Amounts due from group undertakings | 52 | - |
| | ----- | ----- |
| | 80 | 36 |
| | ===== | ===== |

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

HAMMERSON (DIDCOT II) LIMITED**NOTES TO THE ACCOUNTS**Year ended 31 December 2006**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2006 £'000 | 2005 £'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Amounts owed to group undertakings | 2,681 | 2,568 |
| Other creditors | 8 | - |
| Accruals and deferred income | 31 | 79 |
| UK REIT entry charge payable | 25 | - |
| | <u>2,745</u> | <u>2,647</u> |
| | ===== | ===== |

Amounts owed to the ultimate parent company bear interest at variable rates based on LIBOR

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2006 £'000 | 2005 £'000 |
|------------------------------|-----------------------------|-----------------------------|
| UK REIT entry charge payable | 25 | - |
| | <u>25</u> | <u>-</u> |
| | ===== | ===== |

9 SHARE CAPITAL

| | 2006 £ | 2005 £ |
|--|-------------------------|-------------------------|
| Equity share capital | | |
| Ordinary shares of £1 each | | |
| Authorised 50,000 ordinary shares of £1 each | 50,000 | 50,000 |
| | <u>50,000</u> | <u>50,000</u> |
| | ===== | ===== |
| Allotted, called up and fully paid 1 ordinary share of £1 each | 1 | 1 |
| | <u>1</u> | <u>1</u> |
| | ===== | ===== |

10 RESERVES

| | Revaluation reserve £'000 | Profit and loss account £'000 |
|-----------------------------|--|--|
| At 1 January 2006 | (101) | (8) |
| Revaluation surplus | - | - |
| Loss for the financial year | - | (78) |
| | <u>(101)</u> | <u>(86)</u> |
| At 31 December 2006 | <u>(101)</u> | <u>(86)</u> |
| | ===== | ===== |

HAMMERSON (DIDCOT II) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

11. 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 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 or preceding financial year

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2006, the Company's ultimate parent company and controlling party 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 2006, the Company's immediate parent company was Hammerson Retail Parks Holdings Limited

Copies of the consolidated financial statements of Hammerson plc are available from the Company Secretary, 10 Grosvenor Street, London W1K 4BJ