

Registered number 3744372

MARTINEAU (GP) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2001



MARTINEAU (GP) LIMITED

Report and financial statements for the year ended 31 December 2001

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Directors

R H De Barr
P J J Cleary
P W B Cole
J M Emery
J A W Dodds
G Field
C E Palmer
R J G Richards (alternate to P W B Cole)
N C Varnham
M B White
G H Wright

Secretary and registered office

Henderson Secretarial Services Limited
4 Broadgate
London EC2M 2DA

MARTINEAU (GP) LIMITED

Directors' report

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities

The Company acts as general partner in The Martineau Limited Partnership, a property investment partnership to re-develop Martineau Place, Birmingham. The limited partners are L S Centre Properties Limited, Hammerson MLP Limited and Pearl Assurance plc. No changes to the Company's activities are anticipated.

Results and dividends

The profit and loss account is set out on page 5.

The directors do not recommend the payment of a dividend (31 December 2000 - £nil).

Directors and their interests

The directors of the Company are set out on page 1, all of whom held office throughout the period except as follows:

Name	Date of Appointment	Date of Resignation
P W B Cole (as alternative to R J G Richards)		1 October 2001
P W B Cole	1 October 2001	
P J J Cleary	18 April 2001	
J A W Dodds		10 September 2001
K Redshaw		20 March 2001
R J Richards		1 October 2001
R J Richards (as alternate to P W B Cole)	1 October 2001	

During the year none of the directors had any interests in the shares of the Company, which require to be disclosed under the Companies Act 1985.

Registered Office

The company's registered office address is 4 Broadgate, London EC2M 2DA.

Martineau (GP) Limited

Directors' report (continued)

Elective resolutions

Elective resolutions are in force which were approved by the Company's shareholders on 9 May 2000 to dispense with the following requirements:

1. to re-appoint auditors annually;
2. to hold an Annual General Meeting; and
3. to lay the accounts before the Company in general meeting.

Statement of directors' responsibilities

The directors are required by UK company law to prepare accounts for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on a going concern basis.

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 accounts 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.

By order of the Board



S J Whiteside

For and on behalf of Henderson Secretarial Services Limited, Secretary

5 July 2002

**Independent Auditors' Report
to the Members of Martineau (GP) Limited**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of partners and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, The Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 explanation we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual report 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 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 at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
5 July 2002

MARTINEAU (GP) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001	2000
		£	£
Gross property income	2	<u>14,807</u>	<u>2,925</u>
Net rental income	2	12,580	1,968
Administration expenses	3	(417)	(681)
Income from fixed asset investments		422	536
Loss on disposal of investments		<u>-</u>	<u>(62)</u>
Operating profit		12,585	1,761
Interest receivable		480	603
Interest payable		<u>(76)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,989	2,364
Taxation	4	<u>(2,423)</u>	<u>(156)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		10,566	2,208
Balance brought forward		<u>1,890</u>	<u>(318)</u>
BALANCE CARRIED FORWARD		<u>12,456</u>	<u>1,890</u>

All income was derived from the United Kingdom from continuing operations. No operations were discontinued during the year.


There were no recognised gains and losses other than the profit on ordinary activities after taxation.

The notes on pages 8 to 11 form an integral part of these financial statements.

MARTINEAU (GP) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Land and Buildings	5	467,918	299,495
Goodwill		(432,219)	(432,219)
Investments			
Quoted in the United Kingdom	6	8,731	8,976
Unquoted		<u>2</u>	<u>2</u>
		8,733	8,978
CURRENT ASSETS			
Debtors	7	99,168	136,022
Investments: short term deposits		6,096	4,830
Cash at bank and in hand		<u>2,222</u>	<u>1,579</u>
Total current assets		107,486	142,431
CREDITORS: amounts falling due within one year	8	<u>(38,542)</u>	<u>(14,995)</u>
NET CURRENT ASSETS		68,944	127,436
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>113,376</u>	<u>3,690</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,800	1,800
Revaluation reserve	10	99,120	-
Profit and loss		12,456	1,890
		<u>113,376</u>	<u>3,690</u>


 R H De Barr
 Director

The financial statements on pages 5 to 11 were approved by the directors on 5 July 2002.

MARTINEAU (GP) LIMITED

**OTHER PRIMARY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001**

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	£	£
Profit on ordinary activities after taxation (page 5)	10,566	2,208
Retained profit for the financial year (page 5)	<u>10,566</u>	<u>2,208</u>
Unrealised surplus on revaluation of investment property	<u>99,120</u>	<u>-</u>
	109,686	2,208
Opening equity shareholders' funds	3,690	1,482
Closing equity shareholders' funds	<u><u>113,376</u></u>	<u><u>3,690</u></u>

MARTINEAU (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Proportional consolidation

The financial statements include the proportional consolidation of the Company's 0.46% interest in The Martineau Limited Partnership.

c) Profit and loss account

The profit on ordinary activities is arrived at after taking into account income and outgoings on all properties, including those under development.

Profits and losses on sales of fixed asset investments are calculated in accordance with FRS3 "Reporting Financial Performance", by comparing net sales proceeds with book values.

In accordance with the Accounting Standards Board's Urgent Issues Task Force Abstract 28 'Operating Lease Incentives', the cost of all lease incentives (such as rent-free periods or contributions to fitting out costs) is now offset against the total rent due and the net rental income is then spread evenly over the shorter of the period from the rent-free or rent commencement date, as appropriate, to the date of the next rent review or the lease end date.

d) Goodwill

The negative goodwill arising on the proportional consolidation of The Martineau Limited Partnership is not amortised. It is a gain that will be realised on the sale of the asset.

e) Properties

Properties in the course of development are held at the lower of cost and recoverable amount. A property is regarded as being in the course of development until substantially let and income producing or until income exceeds outgoings.

Additions to properties include costs of a capital nature only; interest and other costs in respect of developments and refurbishments are treated as revenue expenditure and written off as incurred.

f) Depreciation and amortisation

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of the leasehold property held on leases having more than 20 years unexpired. The departure from requirements of the Companies Act 1985 for all properties to be depreciated is, in the opinion of the Company, necessary for the financial statements to give a true and fair view in accordance with applicable standards, as the property is in the course of development and the Partners believe that there will be no diminution in the amount disclosed in the Balance Sheet.

MARTINEAU (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (CONTINUED)

g) Consolidation

The Company proportionately consolidates its interest in the The Martineau Limited Partnership rather than show the investment at cost.

2. NET RENTAL INCOME

	2001	2000
	£	£
Rental Income	13,127	2,132
Service charge and other recoveries	1,680	793
Gross property income	14,807	2,925
Ground rents payable	(2)	(2)
Other property outgoings	(2,225)	(955)
	(2,227)	(957)
	12,580	1,968

3. ADMINISTRATION EXPENSES

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

The Company had no employees in the financial year or preceding period.

The auditors' remuneration has been paid by The Martineau Limited Partnership.

MARTINEAU (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (CONTINUED)

4. TAXATION

	<u>2001</u>	<u>2000</u>
	£	£
Corporation tax on revenue profit for the year at 20% (2000: 20%)	2,598	473
Capital allowances	(110)	
Other items	<u>(65)</u>	<u>(317)</u>
	<u>2,423</u>	<u>156</u>

5. LAND AND BUILDINGS

	<u>2001</u>	<u>2000</u>
	£	£
At 1 January 2001:		
Leasehold property in the course of development at cost	299,495	222,376
Additions during the period	69,303	77,119
Unrealised surplus on valuation (Note 10)	<u>99,120</u>	<u>-</u>
At 31 December 2001: Net book amount/cost	<u>467,918</u>	<u>299,495</u>

6. INVESTMENTS

The market value of the quoted investments held at 31 December 2001 was £8,972 (2000: £10,513). In the directors' opinion, the value of the unquoted investments at that date was not less than cost.

7. DEBTORS

	<u>2001</u>	<u>2000</u>
	£	£
Loans to partners	80,744	133,874
Trade debtors	7,991	1,186
Capital debtors	246	-
Prepayments and accrued income	9,562	
Other debtors	<u>625</u>	<u>962</u>
	<u>99,168</u>	<u>136,022</u>

8. CREDITORS

	<u>2001</u>	<u>2000</u>
	£	£
Amounts owed to partners	10,089	10,548
Capital creditors	22,296	
Other creditors	58	
Accruals and deferred income	3,550	4,291
Taxation	<u>2,549</u>	<u>156</u>
	<u>38,542</u>	<u>14,995</u>

MARTINEAU (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2001 (CONTINUED)

9. CALLED UP SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
	£	£
Authorised, allotted and fully paid: 180,000 ordinary share of 1p each	1,800	1,800
	<u> </u>	<u> </u>

10. REVALUATION RESERVE

	<u>2001</u>	<u>2000</u>
	£	£
Unrealised surplus on revaluation of investment property (Note 5)	<u>99,120</u>	<u>-</u>

11. CASHFLOW STATEMENT EXEMPTION

The Company has elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" for companies incorporated under companies legislation and entitled to the exemptions available in the legislation for small companies.

12. RELATED PARTY TRANSACTIONS

Other than that referred to in Notes 7 and 8 the Company did not have any transactions with any of its related parties.

13. ULTIMATE CONTROLLING PARTIES

The Company is jointly owned by LS Birmingham Limited, Henderson (Martineau Phase 1) Limited and Hammerson Birmingham Properties Limited whose ultimate parent companies are Land Securities PLC, AMP Limited and Hammerson PLC respectively.