

**HAMMERSON (CRICKLEWOOD) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2006



## **HAMMERSON (CRICKLEWOOD) LIMITED**

### **REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2006

#### **1 PRINCIPAL ACTIVITIES**

The principal activity of the Company is property investment and development in the UK

#### **2 RESULTS AND DIVIDEND**

The profit for the year was £2,935,000 (2005 £17,000 profit) No dividend was paid or proposed during the current year or preceding period

#### **3 REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The Company will continue to hold its development land for its investment value for the foreseeable future

The Company, as a small company, is exempt from the requirement to report an Enhanced Business Review as permitted by s246 (4) of the Companies Act 1985

#### **4 DIRECTORS**

- (a) Mr D J Atkins, Mr J A Bywater, Mr P W B Cole and Mr N A S Hardie were directors of the Company throughout the year
- (b) Mr M J Baker and Mr G H Wright resigned as directors of the Company on 30 June 2006  
Mr J A Bywater resigned as a director of the Company on 31 March 2007
- (c) Mr J M Emery and Mr A J G Thomson were appointed as directors of the Company on 1 January 2007
- (d) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation
- (e) 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 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
- (f) 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 interests in contracts entered into by the Company

#### **5 SECRETARY**

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

#### **6 REGISTERED OFFICE**

On 23 June 2006 the registered office was moved from 100 Park Lane, London W1K 7AR

**HAMMERSON (CRICKLEWOOD) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
Year ended 31 December 2006

7 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

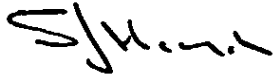
8 PROVISION OF INFORMATION TO AUDITORS

In accordance with Section 234ZA of the Companies Act 1985, each of those persons who are 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

By order of the Board



S J Haydon  
Secretary

Registered Office  
10 Grosvenor Street  
London, W1K 4BJ  
Registered in England and Wales No 4789711

10 SEP 2007

## **HAMMERSON (CRICKLEWOOD) LIMITED**

### **DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the 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,
- 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 (CRICKLEWOOD) LIMITED**

We have audited the financial statements of Hammerson (Cricklewood) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, statement of total recognised gains and losses, 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  
(CRICKLEWOOD) 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 profit 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 UK*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London  
10 SEPTEMBER 2007

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

|   | <b>Note</b> | <b>2006<br/>£'000</b>        | <b>2005<br/>£'000</b>     |
|---|-------------|------------------------------|---------------------------|
| Gross rental income   |             | 626                          | 447                       |
| Rents payable and other property outgoings  |             | (53)                         | (27)                      |
| Net rental income   | 1(b)        | <u>573</u>                   | <u>420</u>                |
| Administration expenses   |             | -                            | (5)                       |
| Operating profit  | 2           | <u>573</u>                   | <u>415</u>                |
| Profit on sale of investment properties   | 3           | 3,118                        | -                         |
| Net cost of finance   | 4           | (429)                        | (398)                     |
| Profit on ordinary activities before taxation   |             | <u>3,262</u>                 | <u>17</u>                 |
| Taxation  | 5           | (327)                        | -                         |
| Profit on ordinary activities after taxation and retained profit for the financial year | 10          | <u>2,935</u><br><u>=====</u> | <u>17</u><br><u>=====</u> |

All amounts are derived from continuing activities

**HAMMERSON (CRICKLEWOOD) LIMITED****BALANCE SHEET****As at 31 December 2006**

|   | <b>Note</b> | <b>2006<br/>£'000</b> | <b>2005<br/>£'000</b> |
|---|-------------|-----------------------|-----------------------|
| <b>Tangible fixed assets</b>                          |             |                       |                       |
| Land and buildings                                    | 6           | 16,350                | 9,300                 |
|   |             | -----                 | -----                 |
| <b>Current assets</b>                                 |             |                       |                       |
| Debtors   | 7           | 222                   | 260                   |
| <b>Creditors: amounts falling due within one year</b> | 8           | (10,229)              | (9,190)               |
|   |             | -----                 | -----                 |
| <b>Net current liabilities</b>                        |             | (10,007)              | (8,930)               |
|   |             |                       |                       |
| <b>Creditors, amounts falling due after one year</b>  |             |                       |                       |
| UK REIT entry charge payable                          |             | (164)                 | -                     |
|   |             | -----                 | -----                 |
| <b>Net assets/(liabilities)</b>                       |             | 6,179                 | 370                   |
|   |             | =====                 | =====                 |
| <b>Capital and reserves</b>                           |             |                       |                       |
| Called up share capital                               | 9           | -                     | -                     |
| Revaluation reserve                                   | 10          | 3,180                 | 306                   |
| Profit and loss account                               | 10          | 2,999                 | 64                    |
|   |             | -----                 | -----                 |
| <b>Equity shareholder's surplus</b>                   |             | 6,179                 | 370                   |
|   |             | =====                 | =====                 |

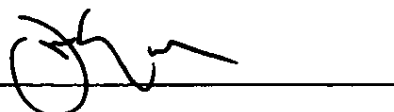
The financial statements were approved by the Board of Directors on **10 SEP 2007**

Signed on behalf of the Board of Directors

Director



Director





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

|                                      | <b>31 December<br/>2006<br/>£'000</b> | <b>31 December<br/>2005<br/>£'000</b> |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Retained profit for the period       | 2,935                                 | 17                                    |
| Surplus arising on revaluation       | 2,874                                 | 900                                   |
|                                      | -----                                 | -----                                 |
| Total recognised gain for the period | 5,809                                 | 917                                   |
|                                      | =====                                 | =====                                 |

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**  
**Year ended 31 December 2006**

|  | <b>2006<br/>£'000</b> | <b>2005<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Retained profit for the period                       | 2,935                 | 17                    |
| Surplus arising on revaluation                       | 2,874                 | 900                   |
|  | -----                 | -----                 |
| Net movement in shareholder's funds                  | 5,809                 | 917                   |
| Shareholder's funds/(deficit) at beginning of period | 370                   | (547)                 |
|  | -----                 | -----                 |
| Shareholder's funds at end of period                 | 6,179                 | 370                   |
|  | =====                 | =====                 |

## HAMMERSON (CRICKLEWOOD) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

#### 1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(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 the 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.

(c) Profits on sale of properties

Profits on sale of properties are taken into account on the completion of contract. Profits arising from the sale of trading properties acquired with a view to resale are included in the profit and loss account as part of the operating profit of the Company. Profits or losses arising from the sale of investment properties are calculated by reference to book value and treated as non operating exceptional items.

(d) Cost of properties

An amount equivalent to the net development outgoings, including interest, attributable to properties held for development or resale is added to the cost of such properties. A property is regarded as being in the course of development until substantially let and income producing or until income exceeds outgoings.

(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.

(f) Valuation of properties

Properties held for long-term retention are valued at the balance sheet date at market value. Surpluses and deficits arising from revaluation are taken to revaluation reserve.

# HAMMERSON (CRICKLEWOOD) LIMITED

NOTES TO THE ACCOUNTS  
Year ended 31 December 2006

## 1 ACCOUNTING POLICIES (continued)

### (g) Depreciation

In accordance with Statement of Standard Accounting Practice 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 OPERATING PROFIT

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

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

The audit fee allocated to the audit of the Company for 2006 is £1,900 (2005 £2,000). The fees have been paid by another group company in both the current and preceding years.

## 3 PROFIT ON SALE OF INVESTMENT PROPERTIES

|   | 31 December<br>2006<br>£'000 | 31 December<br>2005<br>£'000 |
|---|------------------------------|------------------------------|
| Gross proceeds on sale                  | 7,325                        | -                            |
| Historical cost of properties sold      | (4,150)                      | -                            |
|   | -----                        | -----                        |
| Historical cost profit                  | 3,175                        | -                            |
|   | -----                        | -----                        |
| Selling costs                           | (57)                         | -                            |
|   | -----                        | -----                        |
| Profit on sale of investment properties | 3,118                        | -                            |
|   | =====                        | =====                        |

## 4. NET COST OF FINANCE

|                                | 31 December<br>2006 | 31 December<br>2005 |
|--------------------------------|---------------------|---------------------|
| Inter-company interest payable | 429                 | 401                 |
| Interest receivable            | -                   | (3)                 |
|                                | -----               | -----               |
|                                | 429                 | 398                 |
|                                | =====               | =====               |

# HAMMERSON (CRICKLEWOOD) LIMITED

NOTES TO THE ACCOUNTS  
Year ended 31 December 2006

## 5 TAXATION

### (a) Tax charge on profit on ordinary activities

|   | 2006<br>£'000 | 2005<br>£'000 |
|---|---------------|---------------|
| Entry charge payable on election for UK REIT status | 327           | -             |
|   | =====         | =====         |

### (b) Factors affecting current tax charge

The tax assessed on the profit of ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are reconciled below

|  | 2006<br>£'000 | 2005<br>£'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax   | 3,262         | 17            |
|  | -----         | -----         |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% | 979           | 5             |
| Effect of  |               |               |
| Group relief   | (44)          | (5)           |
| Profit on sale of investment properties  | (935)         | -             |
| Entry charge payable on election for UK REIT status                                    | 327           | -             |
|  | -----         | -----         |
| Current tax charge   | 327           | -             |
|  | =====         | =====         |

The Company disposed of an investment property during the period, realising a chargeable gain after indexation of approximately £4,300,000 No provision for tax on this gain has been made because of the availability of capital losses within the UK group

### (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

## HAMMERSON (CRICKLEWOOD) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2006

#### 6 LAND AND BUILDINGS

- (a) The movements in the year on properties held for or in the course of development on valuation were

|                        | <b>Freehold land<br/>£'000</b> |
|------------------------|--------------------------------|
| At 1 January 2006      | 9,300                          |
| Additions at cost      | 8,326                          |
| Disposals              | (4,150)                        |
| Surplus on revaluation | 2,874                          |
|                        | -----                          |
| At 31 December 2006    | 16,350                         |
|                        | =====                          |

- (b) The Company's property is stated at market value at 31 December 2006, valued by professionally qualified external valuers. The valuation has been prepared by Donaldsons, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The surplus arising on revaluation has been transferred to the revaluation reserve.

- (c) The cost of property at 31 December 2006 was £13,170,000 (2005 £8,994,000)

#### 7 DEBTORS

|   | <b>2006<br/>£'000</b> | <b>2005<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Trade debtors                             | -                     | 129                   |
| Amounts owed by fellow group undertakings | 222                   | -                     |
| Other debtors                             | -                     | 131                   |
|   | -----                 | -----                 |
|   | 222                   | 260                   |
|   | =====                 | =====                 |

#### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|   | <b>2006<br/>£'000</b> | <b>2005<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Trade creditors                           | 80                    | 83                    |
| Amounts owed to ultimate parent company   | 9,951                 | 8,955                 |
| Amounts owed to fellow group undertakings | 15                    | 136                   |
| UK REIT entry charge payable              | 163                   | -                     |
| Other creditors                           | 20                    | 16                    |
|   | -----                 | -----                 |
|   | 10,229                | 9,190                 |
|   | =====                 | =====                 |

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

## HAMMERSON (CRICKLEWOOD) LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2006

#### 9 CALLED UP SHARE CAPITAL

|  | 2006<br>£    | 2005<br>£    |
|--|--------------|--------------|
| <b>Authorised:</b>                         |              |              |
| 100 Ordinary shares of £1 each             | 100<br>===== | 100<br>===== |
| <b>Called up, allotted and fully paid:</b> |              |              |
| 2 Ordinary shares of £2 each               | 2<br>=====   | 2<br>=====   |

#### 10 RESERVES

|                                | Profit and loss<br>account<br>£'000 | Revaluation<br>reserve<br>£'000 |
|--------------------------------|-------------------------------------|---------------------------------|
| Balance at 1 January 2006      | 64                                  | 306                             |
| Profit retained for the year   | 2,935                               | -                               |
| Surplus arising on revaluation | -                                   | 2,874                           |
|                                | -----                               | -----                           |
| Balance at 31 December 2006    | 2,999<br>=====                      | 3,180<br>=====                  |

#### 11 ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The immediate parent company is Hammerson UK Properties plc. The ultimate parent company and controlling party is Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the smallest and largest 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.

#### 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 (revised 1996) "Cash flow statements" from preparing a cash flow statement, as it is included in the consolidated financial statements of Hammerson plc, which are publicly available.

The Company meets the exemption requirements of FRS 8 "Related Party Disclosures", in that 90% or more of its voting rights are controlled by Hammerson plc. The Company has therefore not separately disclosed transactions with other Group companies and investments of the Group qualifying as related parties.