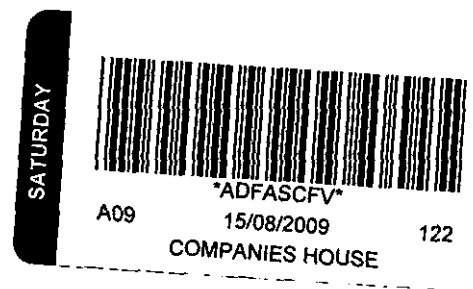


UNION SQUARE DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2008



UNION SQUARE DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS Year ended 31 December 2008

1. PRINCIPAL ACTIVITIES

The principal activity of the company is the development of retail and leisure properties. A development in Aberdeen is currently being progressed. The directors do not anticipate any significant change in the principal activity in the foreseeable future.

The Company, as a small company, is exempt from the requirement to produce an *Enhanced Business Review* as required by s246 (1)a of the Companies Act 1985.

2. RESULTS AND DIVIDEND

The loss for the year after tax was £3,184,000 (2007: £4,593,000 loss). The directors do not recommend the payment of a dividend (2007: £nil).

3. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 31 December 2008 and concluded that it was appropriate. More information is provided in note 1 to the financial statements.

4. DIRECTORS AND THEIR INTERESTS

- (a) Mr. D.J. Atkins, Mr. P.W.B. Cole, Mr. N.A.S. Hardie and Mr. A.J.G. Thomson were directors of the Company throughout the year.
- (b) Mr. J.M. Emery resigned as a director of the Company on 8 October 2008.
- (c) Mr. A.J. Berger-North, Mr. L.F. Hutchings and Mr. M.C. Jepson were appointed directors of the Company on 8 October 2008.
- (d) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (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 period.

6. REGISTERED OFFICE

The Registered office of the Company changed on 29 October 2008 to 151 St. Vincent Street, Glasgow G2 5NJ.

UNION SQUARE DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS (continued) Year ended 31 December 2008

7. INDEMNITY

In accordance with section 236 of the Companies Act 2006, the Company's ultimate parent company Hammerson plc has made qualifying third party indemnity provisions for the benefit of the Company's directors which were in place throughout the year and which remain in place at the date of this report.

8. AUDITORS

The Company has elected to dispense with the obligations to appoint auditors annually and accordingly, Deloitte LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 487(2) of the Companies Act 2006. Deloitte LLP have indicated their willingness to continue in office.

9. SHARE CAPITAL

On 5 June 2008 the authorised share capital of the Company increased from £1,000 to £150,000,000 by the creation of 74,999,500 ordinary A shares of £1 each and 74,999,500 ordinary B shares of £1 each.

On 5 June 2008 the issued share capital of the Company increased from £1,000 to £100,000,000 by the issue of 49,999,500 ordinary A shares of £1 each and 49,999,500 ordinary B shares of £1 each.

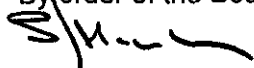
10. PROVISION OF INFORMATION TO AUDITORS

Each of the persons who is a director of the Company at the date of approval of this report has confirmed that:

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as director in order to make himself 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 Section 234ZA of the Companies Act 1985.

By order of the Board



S J Haydon
Secretary

Registered Office:
151 St Vincent Street,
Glasgow
G2 5NJ
Registered in Scotland No. SC195182

UNION SQUARE DEVELOPMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 judgements 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 UNION SQUARE DEVELOPMENTS LIMITED

We have audited the financial statements of Union Square Developments Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of total gains and losses, reconciliation of movements in shareholder's funds and the related notes 1 to 11. 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 UNION SQUARE
DEVELOPMENTS LIMITED**

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 2008 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 LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

11 August 2009

UNION SQUARE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2008

		Year ended 31 December 2008 £'000	17-month period ended 31 December 2007 £'000
Gross rental income		612	85
Property outgoings		(348)	(33)
Net rental income		264	52
Administration expenses	2	(427)	(327)
Operating loss on ordinary activities before interest		(163)	(275)
Net finance expense	3	(3,021)	(3,462)
Loss on ordinary activities before taxation		(3,184)	(3,737)
Tax charge on loss on ordinary activities	4	-	(856)
Loss for the financial period		(3,184)	(4,593)

All amounts derive from continuing operations.

UNION SQUARE DEVELOPMENTS LIMITED

BALANCE SHEET

As at 31 December 2008

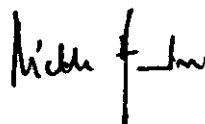
	Note	2008		2007	
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Investment properties	5		54,770		86,900
Current assets					
Debtors	6	16,036		7,612	
Creditors: amounts falling due within one year	7	(52,084)		(87,276)	
Net current liabilities			(36,048)		(79,664)
Net assets			18,722		7,236
			=====		=====
Called up share capital	8		100,000		1
Revaluation reserve	9		(73,364)		11,965
Profit and loss account	9		(7,914)		(4,730)
Shareholder's funds			18,722		7,236
			=====		=====

11 AUG 2009

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

Director



UNION SQUARE DEVELOPMENTS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
Year ended 31 December 2008

	Year ended 31 December 2008 £'000	17 month period ended 31 December 2007 £'000
Loss for the financial period	(3,184)	(4,593)
(Deficit)/surplus arising on revaluation of properties	(85,329)	11,965
Total recognised gains and losses for the period	<u>(88,513)</u> =====	<u>7,372</u> =====

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
Period ended 31 December 2008

	Year ended 31 December 2008 £'000	17 month period ended 31 December 2007 £'000
Loss for the financial period	(3,184)	(4,593)
(Deficit)/surplus arising on revaluation of properties	(85,329)	11,965
Net (decrease)/increase in shareholder's funds	<u>(88,513)</u>	<u>7,372</u>
Share capital issued during the period	99,999	-
Opening shareholder's funds/(deficit)	<u>7,236</u>	<u>(136)</u>
Closing shareholder's funds	<u>18,722</u> =====	<u>7,236</u> =====

UNION SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2008

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding periods.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments in accordance with all applicable United Kingdom accounting standards.

b) Going concern

The Company has net current liabilities as at 31 December 2008 and is reliant on the support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due. The directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the company is a going concern for at least twelve months from the date of signing of these financial statements. After making enquiries and taking account of the factors noted above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c) Cash flow statement

As the Company is a wholly owned subsidiary it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) from preparing a cash flow statement, as it is included in the consolidated financial statements of Hammerson plc, which are publicly available.

d) Net rental income

Rental income from property leased out under an operating lease is recognised in the profit and loss account on a straight-line basis over the lease term. Contingent rents, such as turnover rents, rent reviews and indexation are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into tenant leases are added to the costs of property and are amortised over the period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term.

Property operating expenses are accounted for on an accruals basis and any property operating expenditure not recovered from tenants through service charges is charged to the profit and loss account.

UNION SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

e) Net finance costs

Net finance costs include interest payable on borrowings, net of interest capitalised, interest receivable on funds invested, and changes in the fair value of derivative financial instruments.

f) 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.

g) Investment properties

Investment properties are stated at fair value, being market value determined by professionally qualified external valuers, and changes in fair value are taken to the revaluation reserve.

All costs directly associated with the purchase and construction of a development property are capitalised. A property is regarded as being in the course of development until ready for its intended use.

h) Depreciation

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of freehold properties or leasehold properties with over twenty 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.

UNION SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

2. ADMINISTRATION EXPENSES

	Year ended 31 December 2008 £'000	17 month period ended 31 December 2007 £'000
Operating loss is stated after charging:		
Management fees payable to other group companies	416	320
Other administration expenses	11	7
	<u>427</u>	<u>327</u>
	=====	=====

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

The Company had no employees in either the current or previous financial period.

Another group company has paid the auditors' remuneration in the current period. The audit fee allocated to the audit of the Company for 2008 is £2,225 (2007: £1,995).

3. NET FINANCE EXPENSE

	Year ended 31 December 2008 £'000	17 month period ended 31 December 2007 £'000
Interest on parent company loans	(3,038)	(3,643)
Bank interest payable	-	(2)
Interest receivable	17	4
Interest capitalised	-	179
	<u>(3,021)</u>	<u>(3,462)</u>
	=====	=====

4. TAXATION

(a) Tax charge

	Year ended 31 December 2008 £'000	17 month period ended 31 December 2007 £'000
Entry charge payable on election for UK REIT status	-	856
	=====	=====

UNION SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

Period ended 31 December 2008

4. TAXATION (continued)

The Company's ultimate parent company, Hammerson plc is taxed as a UK Real Estate Investment Trust ("UK REIT"), and as a consequence, group companies are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties.

Group companies remain subject to UK corporation tax on items other than UK property rental profits and gains on UK investment properties but, as the group has surplus tax losses, the group's policy is for these taxable profits and losses to be fully offset by group relief surrendered without payment, so that individual subsidiaries do not bear tax.

The Company therefore had no tax charge for the period, and this is expected to continue for the foreseeable future. The profits covered by group relief for the year ended 31 December 2008 are £17,000 (17-month period ended 31 December 2007: £1,393,000).

5. INVESTMENT PROPERTIES

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

	Freehold £'000
At 1 January 2008	86,900
Additions at cost	53,199
Deficit on revaluation	(85,329)

At 31 December 2008	54,770
	=====

Properties are stated at market value at 31 December 2008, valued by professionally qualified external valuers, DTZ Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (the Standards) and with IVA 1 of the International Valuation Standards. In their valuation report, the valuers have noted, in accordance with Guidance Note 5 of the Standards, that the primary source of evidence for valuations should be recent, comparable market transactions on arm's length terms. The current economic environment means that there have been few transactions for the types of property owned by the Company. Consequently, there is a greater degree of uncertainty in respect of the figures reported by the valuers. Until the number and consistency of comparable transactions increases, this situation is likely to remain. The deficit arising on revaluation has been transferred to the revaluation reserve.

(b) The cost of investment property at 31 December 2008 is £128,134,000 (2007: £74,935,000).

UNION SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

Period ended 31 December 2008

6. DEBTORS

	2008 £'000	2007 £'000
Trade debtors	80	34
Amounts owed by fellow group undertakings	14,178	6,151
Other debtors	1,778	1,427
	<u>16,036</u>	<u>7,612</u>
	=====	=====

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

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Bank overdraft	-	7
Trade creditors	8	2,018
UK REIT entry charge	-	428
Amount owed to fellow group undertakings	1,314	1,313
Amount owed to ultimate parent company	39,886	80,344
Other creditors and accruals	10,876	3,166
	<u>52,084</u>	<u>87,276</u>
	=====	=====

Interest is charged on the amount owed to the ultimate parent company at variable rates based on LIBOR. Amounts owed to other fellow group companies are repayable on demand and are non-interest bearing.

8. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £
Authorised Share Capital		
75,000,000 "A" ordinary shares of £1 each	75,000	500
75,000,000 "B" ordinary shares of £1 each	75,000	500
	<u>150,000</u>	<u>1,000</u>
	=====	=====
Allotted, Called up and Fully Paid		
50,000,000 "A" ordinary shares of £1 each	50,000	500
50,000,000 "B" ordinary shares of £1 each	50,000	500
	<u>100,000</u>	<u>1,000</u>
	=====	=====

The "A" and "B" shares rank pari passu in all respects

UNION SQUARE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

As at 31 December 2008

8. CALLED UP SHARE CAPITAL (continued)

On 5 June 2008 the authorised share capital of the Company increased by 74,999,500 ordinary A shares of £1 each to 75,000,000 ordinary A shares of £1 each.

On 5 June 2008 the authorised share capital of the Company increased by 74,999,500 ordinary B shares of £1 each to 75,000,000 ordinary B shares of £1 each.

On 5 June 2008 the issued share capital of the Company increased by 49,999,500 ordinary A shares of £1 each to 50,000,000 ordinary A shares of £1 each.

On 5 June 2008 the issued share capital of the Company increased by 49,999,500 ordinary B shares of £1 each to 50,000,000 ordinary B shares of £1 each.

9. RESERVES

	Profit and loss account £'000	Revaluation reserve £'000
Balance at 1 January 2008	(4,730)	11,965
Loss for the financial period	(3,184)	-
Deficit arising on revaluation	-	(85,329)
	-----	-----
Balance at 31 December 2008	(7,914)	(73,364)
	=====	=====

10. 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 or preceding financial year.

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2008, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements. At 31 December 2008, the Company's immediate parent company was RT Group Developments Limited.

The consolidated financial statements of the ultimate parent company, Hammerson plc, are available from that company's registered office, 10 Grosvenor Street, London W1K 4BJ.