

Company Number: 666151

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2001



HAMMERSON INTERNATIONAL HOLDINGS LIMITED

Board of Directors

Mr. R.J.G. Richards
Mr. J.A. Bywater
Mr. P.W.B. Cole
Mr. G. Devaux
Mr. S.R. Melliss

Secretary and Registered Office

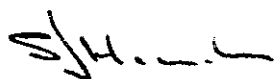
Mr. S.J. Haydon
100 Park Lane
London W1K 7AR

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 31 May 2002 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 2001.
2. To declare a dividend of 37.5 pence per ordinary share.
3. To re-elect Mr. J.A. Bywater a director of the Company.
4. To re-elect Mr. S.R. Melliss a director of the Company.
4. To re-appoint Deloitte & Touche as auditors of the Company.
5. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



S.J. Haydon
Secretary
31 May 2002

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 666151

Notes:

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his 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.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2001

1. RESULTS AND DIVIDEND

The Company's profit for the financial year attributable to shareholders was £131,016,000 (2000: Loss £8,689,000). The directors recommend a dividend of £150,000,000 (2000: £nil) representing 37.5 pence per share (2000: nil).

2. PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The principal activities of the Company continue to be direct investment in property and investment in property owning subsidiaries. The directors consider that this will continue for the foreseeable future.

3. FIXED ASSETS

The Company's investment property has been valued at £51,500,000 at 31 December 2001 jointly by Messrs Jones Lang LaSalle, Chartered Surveyors and by Donaldsons, Chartered Surveyors.

Further particulars of changes in the property assets of the Company are given in note 8 to the accounts. Details of changes in the investments of the Company are given in note 9 to the accounts.

4. DIRECTORS

- (a) Mr. R.J.G. Richards, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. G. Devaux and Mr. S.R. Melliss were directors of the Company throughout the year.
- (b) In accordance with the Articles of Association of the Company, Mr. J.A. Bywater and Mr. S.R. Melliss retire by rotation and, being eligible, offer themselves for re-election.
- (c) None of the directors has any interests in the shares of the Company or other group companies. At 31 December 2001, all the directors were directors of the Company's ultimate parent company, Hammerson plc, and their interests in shares of Hammerson plc are given in the financial statements of that company.
- (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.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

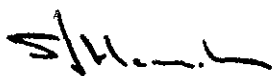
REPORT OF THE DIRECTORS

Year ended 31 December 2001

6. AUDITORS

Deloitte & Touche have indicated their willingness to continue in office in accordance with the provisions of the Companies Act 1985 and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the Board



S.J. Haydon
Secretary
31 May 2002

Registered office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 666151

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

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

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The directors ensure that, in preparing the financial statements, suitable accounting policies have been consistently applied, reasonable and prudent judgements and estimates made, applicable accounting standards followed, and that it is appropriate to use the going concern basis.

The directors are responsible for maintaining proper accounting records so as to enable them to comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER OF HAMMERSON INTERNATIONAL HOLDINGS LIMITED

We have audited the financial statements of Hammerson International Holdings Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses, reconciliation of movement in shareholder's funds and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 Report of the Directors 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 Report of the Directors for the above year 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 the Company's affairs as 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.

Deloitte & Touche
Deloitte & Touche

Chartered Accountants and Registered Auditors

Hill House, 1 Little New Street
London. EC4A 3TR

13 June 2002

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Net rental income	2	4,133	7,574
Administrative expenses	3	(362)	(721)
Operating profit		<u>3,771</u>	<u>6,853</u>
Income from shares in subsidiary undertakings		150,011	-
Exceptional items	4	1,070	772
Profit on ordinary activities before interest		<u>154,852</u>	<u>7,625</u>
Cost of finance (net)	5	(23,837)	(16,306)
Profit/(Loss) on ordinary activities before taxation		<u>131,015</u>	<u>(8,681)</u>
Taxation	6	1	(8)
Profit/(Loss) on ordinary activities after taxation		<u>131,016</u>	<u>(8,689)</u>
Dividends	7	(150,000)	-
Retained loss for the financial year		<u>(18,984)</u>	<u>(8,689)</u>

All activities derive from continuing operations.

Movements on reserves are set out in note 13 on page 16.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED


BALANCE SHEET

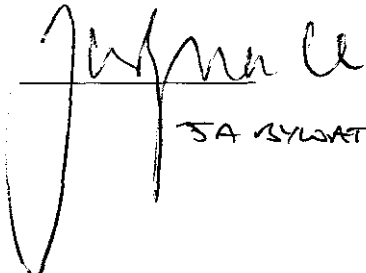
As at 31 December 2001

	Note	2001 £'000	2000 £'000
Tangible fixed assets			
Land and buildings	8	51,500	182,132
Fixed asset investments	9	1,102,782	1,165,898
		<u>1,154,282</u>	<u>1,348,030</u>
Debtors	10	836,777	430,008
Creditors: amounts falling due within one year	11	(951,261)	(663,709)
Net current liabilities		<u>(114,484)</u>	<u>(233,701)</u>
Net assets		<u>1,039,798</u>	<u>1,114,329</u>
Capital and reserves			
Called up share capital	12	400,000	400,000
Revaluation reserve	13	625,847	687,896
Other reserves	13	1	1
Profit and loss account	13	13,950	26,432
Equity shareholder's funds		<u>1,039,798</u>	<u>1,114,329</u>

The financial statements were approved by the Board of Directors on 31 May 2002.

Signed on behalf of the Board of Directors


 RSC RICHARDS


 SA SYLWASTER

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2001

	2001 £'000	2000 £'000
Profit/(Loss) for the financial year	131,016	(8,689)
Foreign exchange (loss)/gain	(5,671)	3,518
Unrealised surplus on revaluation of properties	3,401	3,530
Unrealised (deficit)/surplus on revaluation of investments	(53,277)	134,890
	<u>75,469</u>	<u>133,249</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2001

	2001 £'000	2000 £'000
Profit/(Loss) on ordinary activities before taxation	131,015	(8,681)
Realisation of previous years' revaluation gains	6,816	1,150
	<u>137,831</u>	<u>(7,531)</u>
Historical cost profit/(loss) on ordinary activities before taxation		
	<u>(12,168)</u>	<u>(7,539)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

For the year ended 31 December 2001

	2001 £'000	2000 £'000
Profit/(Loss) for the financial year	131,016	(8,689)
Dividends	(150,000)	-
	<u>(18,984)</u>	<u>(8,689)</u>
Other recognised gains and losses	(55,547)	141,938
	<u>(74,531)</u>	<u>133,249</u>
Net (decrease)/increase in shareholder's funds		
Shareholder's funds at 1 January	1,114,329	981,080
	<u>1,039,798</u>	<u>1,114,329</u>

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

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 shares in subsidiaries and in accordance with all applicable accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

(b) Basis of consolidation

The Company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of Hammerson plc, a company incorporated in Great Britain, and as such these financial statements present information about the Company and not its group.

(c) 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.

Difference between property operating expenditure incurred and that recovered from tenants through service charges are included in net rental income.

(d) Profit on sale of properties

Profits or losses on the sale of properties are taken into account on the completion of contract and receipt of cash. Profits or losses arising from the sale of trading properties acquired with a view to resale are included in the profit and loss account as part of operating profit. Profits or losses arising from the sale of investment properties are calculated by reference to book value at the end of the previous year, adjusted for subsequent capital expenditure, and treated as exceptional items.

(e) Cost of properties

The net development outgoings, including interest, attributable to properties held for development or resale are added to the cost of such properties. Lease incentives which enhance the property are added to the cost of properties. A property is regarded as being in the course of development until ready for its intended use. For buildings that are let this will be when construction and fitting out are complete, whilst for unlet buildings this will be at the end of the construction period.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

(f) Valuation of properties

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits arising from revaluation are taken to revaluation reserve. Properties held for resale are stated at the lower of cost and net realisable value.

Where properties held for resale are transferred to or from the investment portfolio, they are transferred at market value.

(g) Depreciation

In accordance with Statement of Standard Accounting Practice No.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 of the 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 financial statements giving a true and fair view.

(h) Investments

Shares in group companies are stated at valuations determined annually by the directors, having regard to the underlying value of the net assets of those subsidiaries.

(h) Foreign currencies

Investments in shares of overseas subsidiary companies, which are stated at valuation, and all other foreign currency balances have been translated at the rates ruling on 31 December.

The principal relevant rates used for currency translations are as follows:

		2001	2000
United States	£1 = US\$	1.46	1.49
Euro	£1 = EUR	1.64	1.59

Differences arising from the translation of the net equity investment in overseas subsidiaries and currency loans for such investments have been dealt with through reserves. Differences arising on the translation of the revaluation surplus are accounted for in the revaluation reserve. Other differences resulting from the conversion of one currency into another have been dealt with in the profit and loss account.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

2. NET RENTAL INCOME

	2001 £'000	2000 £'000
Gross rental income	4,429	8,066
Rents payable and other property outgoings	(296)	(492)
	<u>4,133</u>	<u>7,574</u>

3. ADMINISTRATIVE EXPENSES

The directors did not receive any remuneration for services to the Company in the current or preceding years. The services of the directors are of a non-executive nature, and their emoluments are deemed to be wholly attributable to their services to other group companies. Accordingly, no directors' emoluments are disclosed.

The Company did not pay any remuneration, including expenses, to the Company's auditors during the current or preceding years. All audit fees are paid by another group company.

The Company has not had any employees during the current or preceding years.

4. EXCEPTIONAL ITEMS

	2001 £'000	2000 £'000
Loss on sale of UK subsidiary	-	(25)
Profit on sale of investment properties	1,070	797
	<u>1,070</u>	<u>772</u>

5. COST OF FINANCE (NET)

	2001 £'000	2000 £'000
Interest receivable from fellow subsidiary undertakings	30,180	26,872
External interest receivable	114	876
Interest payable to parent company	(38,886)	(41,776)
Interest payable to fellow subsidiary undertakings	-	(360)
External interest payable	(3)	-
Foreign exchange loss	(15,242)	(1,918)
	<u>(23,837)</u>	<u>(16,306)</u>

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

6. TAXATION

	2001 £'000	2000 £'000
On profits before exceptional items:		
United Kingdom Corporation Tax at 30% (2000: 30%)	-	(94)
Prior years' UK Corporation Tax credit/(charge)	1	(44)
	<u>1</u>	<u>(138)</u>
On exceptional items:		
Overseas tax credit	-	130
	<u>1</u>	<u>(8)</u>
Tax credit/(charge) on profit/(loss) on ordinary activities	<u>1</u>	<u>(8)</u>

Tax losses in the year were surrendered to group companies without payment.

7. DIVIDENDS

	2001 £'000	2000 £'000
Dividends proposed at 37.5p per share (2000: nil)	<u>150,000</u>	<u>-</u>

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

8. LAND AND BUILDINGS

a) The movements in the year on investment properties were:

	Freehold £'000	Long leasehold £'000	Total £'000
At 1 January 2001	120,000	62,132	182,132
Additions at cost	(1,059)	2,777	1,718
Disposals at valuation	(118,941)	(16,810)	(135,751)
Surplus arising on revaluation	-	3,401	3,401
At 31 December 2001	<u>-</u>	<u>51,500</u>	<u>51,500</u>

Freehold additions include a negative amount of £1,067,000 reflecting the reversal of accrued rent receivable.

- b) The Company's investment properties have been valued at 31 December 2001 at market value jointly by Jones Lang LaSalle and by Donaldsons, Chartered Surveyors. The surplus arising on revaluation has been transferred to the revaluation reserve.
- c) Should the properties be disposed of at the valuation in note 8(a) no tax liability is expected to arise (2000: £Nil).
- d) The cost of investment properties at 31 December 2001 was £41,431,000 (2000:£168,648,000).

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

9. FIXED ASSET INVESTMENTS

	£'000
Valuation at 1 January 2001	1,165,898
Additions	3
Foreign exchange translation loss	(9,842)
Revaluation deficit in year	(53,277)
Valuation at 31 December 2001	<u>1,102,782</u>

Investments in subsidiaries are stated at valuations determined annually by the directors based on the underlying value of the net assets of those subsidiaries. In the opinion of the directors, the aggregate value at 31 December 2001 of shares in and amounts owing from subsidiary undertakings is not less than the aggregate at which they are stated in the financial statements.

At 31 December 2001, the historical cost of investments in subsidiary companies was £529,879,109 (2000: £529,875,636).

The Company's principal subsidiary companies at 31 December 2001 which are engaged directly, or indirectly through their subsidiaries, in property investment, development or trading, were:

	Country of incorporation, registration and operation	Percentage holding of ordinary share capital
Hammerson UK Properties plc	Great Britain	100%
Hammerson USA Inc.	United States	100%
Hammerson Europe BV	Netherlands	100%

10. DEBTORS

	2001 £'000	2000 £'000
Trade debtors	1,139	488
Amounts owed from subsidiary undertakings	835,243	429,076
Other debtors	395	444
	<u>836,777</u>	<u>430,008</u>

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£'000	£'000
Bank overdraft	12	68
Trade creditors	787	2,072
Amounts owed to parent company	949,009	658,936
Amounts owed to subsidiary undertakings	567	1,193
Taxation	1	95
Other creditors	752	415
Accruals	133	930
	<u>951,261</u>	<u>663,709</u>

Interest is charged on amounts owed to parent company at variable rates based on LIBOR.

12. CALLED UP SHARE CAPITAL

	2001	2000
	£'000	£'000
Authorised:		
700,000,000 ordinary shares of £1 each	<u>700,000</u>	<u>700,000</u>
Called up, allotted and fully paid:		
400,000,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

13. RESERVES

	Revaluation reserve £'000	Other reserves £'000	Profit & loss account £'000
At 1 January 2001	687,896	1	26,432
Surplus arising on property revaluation (note 8)	3,401	-	-
Transfer to profit & loss account on disposal	(6,816)	-	6,816
Deficit arising on revaluation of investments in subsidiaries (note 9)	(53,277)	-	-
Foreign exchange loss	(5,357)	-	(314)
Retained loss for the year	-	-	(18,984)
At 31 December 2001	<u>625,847</u>	<u>1</u>	<u>13,950</u>

14. CASH FLOW AND RELATED PARTY TRANSACTIONS

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.

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Hammerson plc group.

In the opinion of the directors there are no other related party transactions to be disclosed.

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking and ultimate 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 Hammerson plc consolidated financial statements can be obtained from:

Company Secretary
100 Park Lane
London
W1K 7AR