

Company Number: 666151

# **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 1996



## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

Board of Directors

Mr H.R. Vogt  
Mr R.J.G. Richards  
Mr S.R. Melliss  
Mr. P.W.B. Cole

Secretary and Registered Office

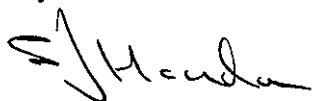
Mr. S.J. Haydon  
100 Park Lane  
London W1Y 4AR

### NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 100 Park Lane, London W1Y 4AR on 9 April 1997 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 1996.
2. To re-elect Mr P.W.B. Cole a director of the Company.
3. To re-appoint Deloitte & Touche as auditors of the Company.
4. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



S.J. Haydon  
Secretary

9 April 1997

Registered Office:  
100 Park Lane  
London W1Y 4AR

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 1996

### 1. RESULTS FOR THE YEAR

- (a) The loss for the year attributable to shareholders was £42,204,000 (1995 - loss of £30,805,000).
- (b) No dividends were paid or proposed in 1996 (1995: nil).

### 2. PRINCIPAL ACTIVITIES AND REVIEW OF FUTURE PROSPECTS

The principal activities of the Company continue to be direct investment in property and investment in property owning subsidiaries.

### 3. FIXED ASSETS

The Company held no property assets at 31 December 1996. Details of changes in the property assets of the Company are given in note 7 to the accounts. Details of changes in the investments of the Company are given in note 8 to the accounts.

### 4. DIRECTORS

- (a) Mr H.R. Vogt, Mr R.J.G. Richards, Mr. S.R. Melliss and Mr P.W.B. Cole were directors of the Company throughout the year.
- (b) In accordance with the Articles of Association of the Company, Mr. P.W.B. Cole retires by rotation and, being eligible, offers himself for re-election.
- (c) None of the directors has any interests in the shares of the Company. Mr H.R. Vogt, Mr R.J.G. Richards and Mr S.R. Melliss are directors of the Company's ultimate parent company, Hammerson plc, and their interests in shares of group companies are given in the financial statements of that company. On 31 December 1996 Mr. P.W.B. Cole had an interest in 66,909 options over Ordinary shares of 25p each in Hammerson plc (1995 - options over 62,409 Ordinary shares of 25p each).
- (d) No director has any interest in contracts entered into by the Company.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## REPORT OF THE DIRECTORS

Year ended 31 December 1996

- (e) Hammerson plc operates a Directors' and Officers' Liability Insurance Policy covering all group and subsidiary company directors and officers, including those of Hammerson International Holdings Limited.

### 5. 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 reappointment will be put to the members at the Annual General Meeting.

By order of the Board



S.J. Haydon  
Secretary

Registered office:  
100 Park Lane  
London W1Y 4AR

9 April 1997

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 UK 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 a going concern basis.

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

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on pages 9 to 11.

### Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of 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 as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Hill House  
1 Little New Street  
London  
EC4A 3TR

Deloitte & Touche  
Chartered Accountants  
and Registered Auditors

14 April 1997

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 1996

	Note	1996 £'000	1995 £'000
Net rental income	2	8	22
Administration expenses - exceptional	4	-	(33,182)
		<hr/>	<hr/>
Operating profit/(loss)		8	(33,160)
Exceptional items:			
Profit/(Loss) on the sale of subsidiary company		25	(1,513)
Profit on the sale of investment properties		901	-
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before interest		934	(34,673)
Cost of finance (net)	5	(43,210)	3,937
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(42,276)	(30,736)
Taxation	6	72	(69)
		<hr/>	<hr/>
Retained loss for the financial year		<u>(42,204)</u>	<u>(30,805)</u>

All activities derive from continuing operations.

Movements on reserves are set out in note 13 on page 15.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## BALANCE SHEET

as at 31 December 1996

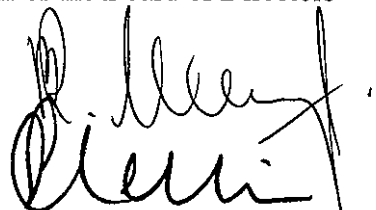
	Note	1996 £'000	1995 £'000
Fixed assets			
Investments	8	<u>581,529</u>	<u>612,554</u>
Current assets			
Debtors	9	286,036	351,716
Total current assets		<u>286,036</u>	<u>351,716</u>
Creditors: amounts falling due within one year	10	(103)	(1,443)
Net current assets		<u>285,933</u>	<u>350,273</u>
Total assets less current liabilities		867,462	962,827
Creditors: amounts falling due after more than one year	11	<u>(320,026)</u>	<u>(360,002)</u>
Capital and reserves		<u>547,436</u>	<u>602,825</u>
Called up share capital	12	400,000	400,000
Revaluation reserve	13	108,193	108,193
Other reserves	13	1	1
Profit and loss account	13	<u>39,242</u>	<u>94,631</u>
Equity shareholders' funds		<u>547,436</u>	<u>602,825</u>

The financial statements were approved by the Board of Directors on 9 April 1997.

Signed on behalf of the Board of Directors

H.R. VOGT

S.R. MELLISS



)  
) Directors  
)



# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 1996

	1996 £'000	1995 £'000
Loss for the financial year	(42,204)	(30,805)
Foreign exchange loss	(13,185)	-
Unrealised gain on revaluation of investments	-	108,193
	<hr/>	<hr/>
Total recognised gains and losses for the year	<u>(55,389)</u>	<u>77,388</u>

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 31 December 1996

	1996 £'000	1995 £'000
Retained loss for the financial year	(42,204)	(30,805)
Other recognised (losses)/gains	(13,185)	108,193
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(55,389)	77,388
Shareholders' funds at 1 January	602,825	525,437
	<hr/>	<hr/>
Shareholders' funds at 31 December	<u>547,436</u>	<u>602,825</u>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 31 December 1996

	1996 £'000	1995 £'000
Historical cost loss on ordinary activities before taxation	(42,276)	(30,736)
	<hr/>	<hr/>
Historical cost loss for the year after taxation and dividends	<u>(42,204)</u>	<u>(30,805)</u>

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1996

### 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 compliance 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) Consolidation

The Company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of Hammerson plc, a company registered in England and Wales.

#### (c) Rental income

Rent increases arising from rent reviews due during the year are taken into account only to the extent that such reviews have been agreed with tenants at the accounting date.

#### (d) Profit on sale of properties

Profits or losses arising from 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 are included in the profit and loss account as part of the ordinary activities of the Company. Profits or losses arising from the sale of properties held for investment are calculated by reference to book value and treated as exceptional items.

#### (e) 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.

On new developments, all letting costs are capitalised. On subsequent lettings, the previous costs are written off against the results for the year and the new costs capitalised. Where new costs are less than those previously capitalised, such new costs are written off.

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 1996

(f) Valuation of properties

Fully completed properties held for long term retention are valued at the balance sheet date at open market value. Surplus and deficits attributable to the Company arising from revaluation are taken to revaluation reserve. Investment properties held for, or in the course of, development are included in the balance sheet at the lower of cost and recoverable amount. Properties held for resale are stated at the lower of cost and net realisable value.

(g) 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 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 and the amount 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.

(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.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1996

### (i) Translation of 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 rates used for current translations are as follows:

		1996	1995
Australia	£1 = A\$	2.15	2.09
Canada	£1 = C\$	2.35	2.12
France	£1 = Ffr	8.90	7.59
Germany	£1 = DM	2.64	2.22
Holland	£1 = Dfl	2.96	2.49
Spain	£1 = Ptas	223.00	188.00
United States	£1 = US\$	1.71	1.55

Differences arising from the translation of investments in overseas subsidiaries are taken directly to reserves. Translation differences arising on currency loans which finance such investments will be offset as a reserve movement to the extent of translation differences arising on those investments. All other translation differences are dealt with in the profit and loss account.

### 2. NET RENTAL INCOME

	1996 £'000	1995 £'000
Gross rental income	25	(2)
Rents payable and other property outgoings	(17)	24
	8	22

### 3. ADMINISTRATION EXPENSES

The Chairman and directors did not receive any remuneration for services to the Company in the year (1995: £Nil). The auditors' remuneration will be paid by another group company.

The Company has no employees.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1996

### 4. ADMINISTRATION EXPENSES - EXCEPTIONAL

	1996 £'000	1995 £'000
Loss on disposal of amount due from a group company	-	20,279
Provision for diminution in value of investment	-	12,903
	<u>-</u>	<u>33,182</u>

### 5. COST OF FINANCE (NET)

	1996 £'000	1995 £'000
Interest receivable from parent company	-	1,868
Interest receivable from other group companies	17,599	22,022
Interest receivable other	2	-
	<u>17,601</u>	<u>23,890</u>
Interest payable to parent company	(17,671)	(17,618)
Interest payable to other group companies	(2,583)	(2,335)
Foreign exchange loss	(40,557)	-
	<u>(60,811)</u>	<u>(19,953)</u>
	<u>(43,210)</u>	<u>3,937</u>

### 6. TAXATION

	1996 £'000	1995 £'000
Overseas taxation	72	(113)
Prior year adjustments	-	44
	<u>72</u>	<u>(69)</u>

The benefit of tax losses has been surrendered to other group companies without payment.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1996

### 7. PROPERTY ASSETS

	1996 £'000	1995 £'000
At 1 January	-	-
Additions	2,000	-
Disposals	(2,000)	-
At 31 December	-	-

### 8. FIXED ASSET INVESTMENTS

	£'000
Valuation at 1 January 1996	612,554
Foreign exchange translation loss	(31,025)
Valuation at 31 December 1996	<u>581,529</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 1996 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 1996, under the historic cost convention, the total of investments in subsidiary companies was £504,360,776.

The Company's subsidiary companies at 31 December 1996 which are engaged directly or indirectly through their subsidiaries, in property investment, development or trading, were:

	Country of incorporation/ registration and operation	Percentage holding
Hammerson UK Properties plc	England & Wales	100%
Hammerson Canada Inc.	Canada	100%
Hammerson New York Inc.	United States	100%
Hammerson Europe BV	Netherlands	100%
Hammerson SA	France	* 100%
Hammerson GmbH	Germany	* 100%
Hammerson Espana SA	Spain	* 100%

\* indirect subsidiaries

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1996

### 9. DEBTORS

	1996 £'000	1995 £'000
Amounts owed by subsidiary undertakings	280,544	349,074
Amounts owed by parent undertaking	5,470	2,639
Other debtors	22	3
	<u>286,036</u>	<u>351,716</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £'000	1995 £'000
Bank overdrafts	12	-
Other creditors	61	1,443
Accruals	30	-
	<u>103</u>	<u>1,443</u>

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £'000	1995 £'000
Amounts owed to parent undertaking	274,840	314,720
Amounts owed to subsidiary undertakings	45,186	45,282
	<u>320,026</u>	<u>360,002</u>

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1996

### 12. CALLED UP SHARE CAPITAL

	1996 £'000	1995 £'000
Authorised:		
700,000,000 ordinary shares of £1 each	<u>700,000</u>	<u>700,000</u>
Called up allotted, issued and fully paid:		
400,000,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

### 13. RESERVES

	Revaluation reserve £'000	Other Reserves £'000	Profit and loss account £'000
At 1 January 1996	108,193	1	94,631
Foreign exchange loss	-	-	(13,185)
Retained loss for the year	-	-	(42,204)
At 31 December 1996	<u>108,193</u>	<u>1</u>	<u>39,242</u>

### 14. PARENT COMPANY

The parent company is Hammerson plc which is registered in England and Wales. Copies of the financial statements of the parent company are available from the parent company's registered office, 100 Park Lane, London W1Y 4AR.