

Company Number: 666151

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2002



A64 0149
COMPANIES HOUSE 26/09/03

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

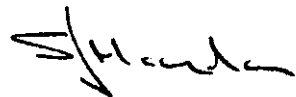
Mr. S.J. Haydon
100 Park Lane
London W1K 7AR

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 22 September 2003 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 2002.
2. To re-elect Mr. R.J.G. Richards a director of the Company.
3. To re-appoint Deloitte & Touche LLP 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
22 September 2003

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 2002

1. RESULTS AND DIVIDEND

The Company's profit for the financial year attributable to shareholders was £45,844,000 (2001: £140,591,000). No dividend was recommended or paid during the year (2001: £150,000,000).

2. PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

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

3. FIXED ASSETS

The Company's remaining investment property was sold during the year.

Further particulars 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. 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. R.J.G. Richards 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 or other group companies. At 31 December 2002, 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 (continued)

Year ended 31 December 2002

6. AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. Deloitte & Touche LLP have indicated their willingness to act as auditors to the Company in accordance with the provisions of the Companies Act 1985 and a resolution proposing their appointment will be put to the sole member at the forthcoming Annual General Meeting.

By order of the Board



S.J. Haydon
Secretary
22 September 2003

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 2002 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 movements in shareholder's funds and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

22 September 2003

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 Restated* £'000
Net rental income	2	3,678	4,133
Administrative expenses	3	(204)	(362)
Operating profit		<u>3,474</u>	<u>3,771</u>
Income from shares in subsidiary undertakings		-	150,011
Exceptional items - Profit on sale of investment properties		4,996	1,070
Profit on ordinary activities before interest		<u>8,470</u>	<u>154,852</u>
Cost of finance (net)	4	42,640	(23,837)
Profit on ordinary activities before taxation		<u>51,110</u>	<u>131,015</u>
Current tax	5 (a)	(4)	1
Deferred tax	5 (b)	(5,262)	9,575
Tax (charge)/credit on profit on ordinary activities		(5,266)	9,576
Profit on ordinary activities after taxation		<u>45,844</u>	<u>140,591</u>
Dividends	6	-	(150,000)
Retained profit for the financial year	12	<u>45,844</u>	<u>(9,409)</u>

* Comparative figures have been restated following the adoption of FRS 19 (see note 14).

All activities derive from continuing operations.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

BALANCE SHEET

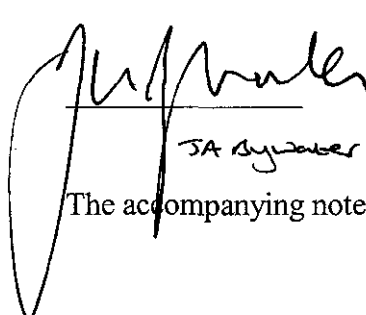
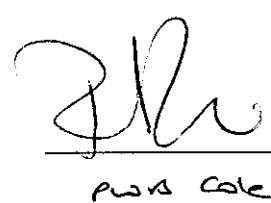
As at 31 December 2002

	Note	2002 £'000	2001 Restated* £'000
Tangible fixed assets			
Land and buildings	7	-	51,500
Fixed asset investments	8	1,748,547	1,102,782
		<u>1,748,547</u>	<u>1,154,282</u>
Debtors	9	725,588	846,484
Creditors: amounts falling due within one year	10	(734,626)	(951,261)
Net current liabilities		<u>(9,038)</u>	<u>(104,777)</u>
Net assets		<u>1,739,509</u>	<u>1,049,505</u>
Capital and reserves			
Called up share capital	11	400,000	400,000
Revaluation reserve	12	1,175,246	625,847
Other reserves	12	1	1
Profit and loss account	12	164,262	23,657
Equity shareholder's funds		<u>1,739,509</u>	<u>1,049,505</u>

* Comparative figures have been restated following the adoption of FRS 19 (see note 14).

The financial statements were approved by the Board of Directors on 22 September 2003.

Signed on behalf of the Board of Directors



 SA Syntex PWS Cole

The accompanying notes are an integral part of the financial statements.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2002

	2002	2001
	£'000	Restated* £'000
Profit for the financial year	45,844	140,591
Foreign exchange gain/(loss)	23,657	(5,671)
Unrealised surplus on revaluation of properties	-	3,401
Unrealised surplus/(deficit) on revaluation of investments	620,503	(53,277)
Total gains and losses recognised in the financial year	<u>690,004</u>	<u>85,044</u>
Prior year adjustment*	9,707	
Total gains and losses recognised since last annual report	<u>699,711</u>	

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2002

	2002	2001
	£'000	Restated* £'000
Profit on ordinary activities before taxation	51,110	131,015
Realisation of previous years' revaluation gains	43,395	6,816
Historical cost profit on ordinary activities before taxation	<u>94,505</u>	<u>137,831</u>
Historical cost profit/(loss) for the year after taxation and dividends	<u>89,239</u>	<u>(2,593)</u>

* Comparative figures have been restated following the adoption of FRS 19 (see note 14).

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

For the year ended 31 December 2002

	2002	2001
	£'000	Restated* £'000
Profit for the financial year	45,844	140,591
Dividends	-	(150,000)
	<u>45,844</u>	<u>(9,409)</u>
Other recognised gains and losses	644,160	(55,547)
Net increase/(decrease) in shareholder's funds	<u>690,004</u>	<u>(64,956)</u>
Shareholder's funds at 1 January (restated*)	1,049,505	1,114,461
Shareholder's funds at 31 December	<u>1,739,509</u>	<u>1,049,505</u>

* Comparative figures have been restated following the adoption of FRS 19 (see note 14).

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

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 United Kingdom accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated. The Company has adopted Financial Reporting Standard ("FRS") 19 "Deferred tax" and comparative figures have been restated accordingly as set out in note 14.

(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.

Differences 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 arising from the sale of investment properties are taken into account on the completion of contract and 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 (continued)

Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

(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 the revaluation reserve.

(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 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 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.

(i) 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 at the year end.

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

		2002	2001
Euro	£1 = EUR	1.53	1.64
United States	£1 = US\$	1.61	1.46

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.

(j) Deferred tax

Deferred tax is provided on all timing differences and is reduced by available tax losses. Deferred tax balances are not discounted. No provision is made for tax that may arise on the future disposal of the Company's properties.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2002

2. NET RENTAL INCOME

	2002 £'000	2001 £'000
Gross rental income	3,933	4,429
Rents payable and other property outgoings	(255)	(296)
	<u>3,678</u>	<u>4,133</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. Audit fees are paid by another group company.

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

4. COST OF FINANCE (NET)

	2002 £'000	2001 £'000
Interest receivable from fellow subsidiary undertakings	36,465	30,180
External interest receivable	5	114
Interest payable to parent company	(39,845)	(38,886)
External interest payable	-	(3)
Foreign exchange gain/(loss)	46,015	(15,242)
	<u>42,640</u>	<u>(23,867)</u>

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2002

5. TAXATION

	2002	2001
	£'000	Restated* £'000
(a) Current tax		
UK corporation tax on profits for the year	<u>4</u>	<u>(1)</u>
Tax reconciliation		
Profit on ordinary activities before tax	<u>51,110</u>	<u>131,015</u>
Profit multiplied by UK corporation tax rate of 30%	15,333	39,305
Additional taxable foreign exchange surplus	1,812	688
Profit on sale of properties covered by capital losses	(1,499)	(321)
UK dividend receipt not taxable	-	(45,000)
Previously taxed accrued rent not received following property disposal	-	(1,467)
Other items	(29)	(88)
Group relief	(4,683)	-
Tax losses brought forward utilised	(10,930)	-
Tax losses carried forward	-	6,882
Current tax charge/(credit)	<u>4</u>	<u>(1)</u>

Factors that may affect future tax changes

It is anticipated that for the foreseeable future the Company will not bear current tax as it is the policy of the Hammerson group to surrender group relief without payment.

	2002	2001
	£'000	£'000
(b) Deferred tax		
Movement in year		
Opening asset	(9,707)	(132)
Charge/(credit) in profit and loss account	5,262	(9,575)
Closing asset	<u>(4,445)</u>	<u>(9,707)</u>
Net deferred tax asset		
Capital allowances	-	1,224
Tax losses	(4,445)	(10,931)
Net deferred tax asset (note 9)	<u>(4,445)</u>	<u>(9,707)</u>

* Comparative figures have been restated following the adoption of FRS 19 (see note 14).

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2002

6. DIVIDENDS

	2002 £'000	2001 £'000
Dividends proposed £nil (2001: 37.5 pence per share)	-	150,000

7. LAND AND BUILDINGS

The movements in the year on investment properties were:

	Long leasehold £'000
At 1 January 2002	51,500
Additions at cost	58
Disposals	(51,558)
At 31 December 2002	-

8. FIXED ASSET INVESTMENTS

Subsidiary undertakings:

	£'000
Valuation at 1 January 2002	1,102,782
Foreign exchange translation gain	25,262
Acquisition of shares in subsidiary	67,548
Disposal of shares in subsidiary	(67,548)
Revaluation surplus in the year	620,503
Valuation at 31 December 2002	1,748,547

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 2002 of shares in and amounts owing from subsidiary undertakings is not less than the aggregate at which they are stated in the financial statements.

On 20 December 2002 the Company sold 20.77% of its shareholding in Hammerson Europe B.V. to its wholly owned subsidiary, Hammerson Investments (No. 22) Limited for a consideration of £67,548,360.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2002

8. FIXED ASSET INVESTMENTS (continued)

At 31 December 2002, the historical cost of investments in subsidiary companies was £573,301,066 (2001: £529,879,109).

The Company's principal subsidiary companies at 31 December 2002 which are engaged directly, or indirectly through their subsidiaries, in property investment, development or trading, are:

	Country of incorporation, registration and operation	Percentage holding of ordinary share capital
Hammerson UK Properties plc	Great Britain	100%
Hammerson Investments (No. 22) Limited	Great Britain	100%
Hammerson Europe BV	Netherlands	79%
Hammerson USA Inc.	United States	100%

9. DEBTORS

	2002 £'000	2001 Restated* £'000
Trade debtors	191	1,139
Amounts owed by subsidiary undertakings	718,662	835,243
Deferred tax asset (note 5)	4,445	9,707
Other debtors	2,290	395
	<u>725,588</u>	<u>846,484</u>

* Comparative figures have been restated following the adoption of FRS 19 (see note 14).

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£'000	£'000
Bank overdraft	12	12
Trade creditors	174	787
Amounts owed to parent company	731,523	949,009
Amounts owed to subsidiary undertakings	1,205	567
UK Corporation tax	-	1
Other creditors	1,712	752
Accruals	-	133
	<u>734,626</u>	<u>951,261</u>

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

11. CALLED UP SHARE CAPITAL

	2002	2001
	£'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>

12. RESERVES

	Revaluation reserve	Other reserves	Profit & loss account Restated*
	£'000	£'000	£'000
At 1 January 2002	625,847	1	23,657
Transfer on disposal of investment property	(10,088)	-	10,088
Transfer on disposal of investment in subsidiary	(33,307)	-	33,307
Surplus arising on revaluation of investments in subsidiaries (note 8)	620,503	-	-
Foreign exchange (loss)/gain	(27,709)	-	51,366
Retained profit for the year	-	-	45,844
At 31 December 2002	<u>1,175,246</u>	<u>1</u>	<u>164,262</u>

* Comparative figures have been restated following the adoption of FRS 19 (see note 14).

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2002

13. CASH FLOW AND RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary it has taken exemption under the terms of FRS 1 "Cash Flow Statements (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 FRS 8 "Related Party Disclosures" 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.

14. OTHER INFORMATION

Deferred Tax

FRS 19 "Deferred tax" requires that companies provide for the tax on timing differences between financial statements and tax computations. For Hammerson International Holdings Limited, this principally relates to capital allowances and deducting tax losses. The impact of the adoption of FRS 19 on the current year and prior year figures is shown below:

	Profit and loss account		Balance sheet
	Tax	Profit for	Net assets
	£'000	the year	£'000
		£'000	
Year ended 31 December 2002			
Excluding FRS 19	(4)	5,106	1,735,064
Adjustment	(5,262)	(5,262)	4,445
As reported	(5,266)	45,844	1,739,509
Year ended 31 December 2001			
As previously reported	1	131,016	1,039,798
Adjustment	9,575	9,575	9,707
Restated	9,576	140,591	1,049,505

Further details on deferred tax are given in note 5.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2002

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