

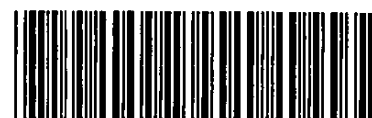
Company Number 666151

**HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2010

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## **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

### **REPORT OF THE DIRECTORS**

Year ended 31 December 2010

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

#### **1 PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment in property-owning and group financing subsidiaries. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

#### **2 RESULTS AND DIVIDENDS**

The profit for the year after tax was £4,491,000 (2009 £230,426,000). An interim dividend of £250,000,000 (2009 £nil) was paid during the year.

#### **3 BUSINESS REVIEW AND FUTURE PROSPECTS**

It is expected that the Company will continue to invest in property-owning and group financing subsidiaries for the foreseeable future.

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net liability position of the balance sheet as at 31 December 2010 and concluded that it was appropriate. More information is provided in note 1 to the financial statements.

#### **4 DIRECTORS**

- a) Mr D J Atkins, Mr P W B Cole and Mr S R Melliss were Directors of the Company throughout the year.
- b) Mr S R Melliss resigned as a Director of the Company on 30 June 2011 and Mr N T Drakesmith was appointed in his place.
- c) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- 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.

#### **6 INDEMNITY**

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.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## REPORT OF THE DIRECTORS Year ended 31 December 2010

### 7 AUDITORS

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

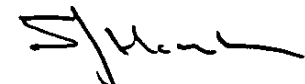
### 8 PROVISION OF INFORMATION TO AUDITORS

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 a 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 418(2) of the Companies Act 2006

By order of the Board



S J Haydon  
Secretary

Date **20 JUL 2011**

Registered Office  
10 Grosvenor Street  
London, W1K 4BJ  
Registered in England and Wales No 666151

## **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the annual report and 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

## **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S 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 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's sole member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



Ian Krieger (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

Date 20 July 2011

# **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2010

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Dividends receivable from group undertakings	1(h)	<b>60,119</b>	235,036
Impairment of investment in subsidiary	6	<u><b>(59,119)</b></u>	<u>-</u>
Operating profit		<b>1,000</b>	235,036
Net finance income/(costs)	3	<u><b>3,491</b></u>	<u>(4,610)</u>
Profit on ordinary activities before and after taxation for the financial year	10	<u><b>4,491</b></u>	<u>230,426</u>

All amounts relate to continuing activities

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

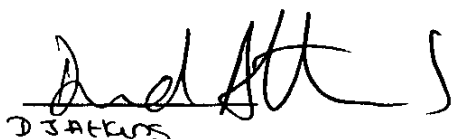
## BALANCE SHEET

As at 31 December 2010

	Notes	2010 £'000	2009 £'000
<b>Tangible fixed assets</b>			
Investments	6	<u>1,672,153</u>	<u>800,488</u>
<b>Current assets</b>			
Debtors	7	-	156,629
<b>Current liabilities</b>			
Creditors amounts falling due within one year	8	<u>(532,213)</u>	<u>(2,402)</u>
<b>Net current (liabilities)/assets</b>		<u>(532,213)</u>	<u>154,227</u>
<b>Net assets</b>		<u>1,139,940</u>	<u>954,715</u>
<b>Capital and reserves</b>			
Called up share capital	9	491,390	491,390
Other reserves	10	(20,829)	(20,829)
Revaluation reserve	10	657,594	224,280
Profit and loss account	10	<u>11,785</u>	<u>259,874</u>
<b>Shareholder's funds</b>		<u>1,139,940</u>	<u>954,715</u>

These financial statements were approved by the Board of Directors on 20 JUL 2011 and authorised for issue on 20 JUL 2011

Signed on behalf of the Board of Directors



D J Atkins

Director

Company Number: 666151

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## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Profit for the financial year		4,491	230,426
Exchange translation loss	10	(2,587)	(13,130)
Unrealised surplus/(deficit) on revaluation of investments	10	433,321	(336,385)
Total recognised gains and losses for the year		435,225	(119,089)

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Profit for the financial year		4,491	230,426
Dividends paid	5	(250,000)	-
Exchange translation loss		(2,587)	(13,130)
Unrealised surplus/(deficit) on revaluation of investments		433,321	(336,385)
Net increase/(decrease) in shareholder's funds		185,225	(119,089)
Shareholder's funds at 1 January		954,715	1,073,804
Shareholder's funds at 31 December		1,139,940	954,715

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2010

#### 1. ACCOUNTING POLICIES

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

(a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of shares in group companies, in accordance with all applicable United Kingdom accounting standards

(b) Going concern

The current economic conditions have created a number of uncertainties which are likely to affect the Company's future performance. The key risk, which is closely monitored by the Directors, relate to property valuations in group undertakings which has an impact on the carrying value of shares in such undertakings. The financial position of the Company is as set out in the Balance Sheet

The Company has net current liabilities as at 31 December 2010 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, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and 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) Basis of consolidation

The Company is exempt from the requirement to prepare group accounts under Section 400 of the Companies Act 2006, as it is a wholly owned subsidiary of Hammerson plc. The Company's results are included in the group accounts of Hammerson plc, a company registered in England and Wales

(e) Fixed assets 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. Provisions for impairment below cost are taken to the income statement. Surpluses arising on valuations above cost, and non-permanent deficits arising on valuations below cost, are included in the revaluation reserve

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2010

### 1. ACCOUNTING POLICIES (continued)

#### (f) 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

		2010	2009
Euro	£1 = EUR	1.167	1.126

Differences arising from the translation of investment in overseas subsidiaries 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.

#### (g) Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable at the balance sheet date, together with any adjustment in respect of previous years.

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.

#### (h) Dividend income

Dividends receivable from investments in subsidiaries are recognised when the shareholders' right to receive payment has been established.

### 2. ADMINISTRATION EXPENSES

The average number of employees during the year, excluding Directors, was nil (2009 nil).

The Directors did not receive any remuneration for services to the Company in either the current or preceding financial year.

Another group company has paid the auditors' fees for the audit of the Company's annual accounts in both the current and preceding financial year. Fees for the audit of the Company were £2,225 (2009 £2,225).

### 3. NET FINANCE INCOME/(COSTS)

	2010 £'000	2009 £'000
Interest receivable from/(payable to) ultimate parent company	3,491	(4,610)

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2010

#### 4. TAXATION

	2010 £'000	2009 £'000
(a) <u>Tax charge</u>		
Deferred tax charge	-	-

#### (b) Factors affecting current tax charge

The corporation tax charge for the year differs from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	4,491	230,426
Profit at UK corporation tax rate of 28% (2009 28%)	1,258	64,519
Effects of		
Dividend income not taxable	(16,833)	(65,810)
Impairment of investments	16,553	-
Group relief	-	1,291
Tax losses utilised	(978)	-
Total current tax	-	-

#### (c) Deferred tax

At 31 December 2010 the Company had approximately £28,800,000 (2009 £33,000,000) of tax losses available for carry-forward against future taxable profits. No deferred tax has been recognised in relation to these losses, reflecting uncertainty over the availability of future suitable profits against which these losses can be utilised.

#### 5. DIVIDENDS PAID

	2010 £'000	2009 £'000
Equity dividends	250,000	-

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2010

#### 6. FIXED ASSET INVESTMENTS

	Shares in group undertakings at valuation £'000
At 1 January 2010	800,488
Subscription to additional share capital	500,000
Investment in unit trust	50
Exchange translation loss on revaluation surplus	(7)
Exchange translation loss on cost of investments	(2,580)
Impairment in the year	(59,119)
Revaluation surplus in the year	433,321
	<hr/>
At 31 December 2010	<b>1,672,153</b>

During the year, the Company subscribed for an additional 500,000,000 ordinary £1 shares in Hammerson UK Properties plc at par

On 30 July 2010 and 3 August 2010, the Company acquired a total of 0.09% of the units in Hammerson Gresham Street Unit Trust for consideration of £50,000

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 2010 of shares in subsidiary undertakings is not less than the aggregate at which they are stated in the financial statements

At 31 December 2010, the historical cost of investments in group undertakings was £1,081,107,000 (2009 £583,637,000). At 31 December 2010 there was a provision for impairment of £66,548,000 (2009 £7,429,000)

The Company's principal subsidiary companies at 31 December 2010, which are wholly owned and engaged directly, or indirectly through their subsidiaries, in property ownership (investment, development or trading) or group financing activities, are

	Country of Registration	Class of share held
Hammerson UK Properties plc	England & Wales	Ordinary
Hammerson Investments (No. 22) Limited	England & Wales	Ordinary
Hammerson Europe BV	Netherlands	Ordinary
Hammerson LLC	United States*	Ordinary

\* Country of operation is Great Britain

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2010

#### 7. DEBTORS

	2010 £'000	2009 £'000
Amounts owed by parent company	-	121,629
Amounts owed by fellow subsidiary undertakings	-	35,000
	<u>-</u>	<u>156,629</u>

All amounts shown under debtors fall due for payment within one year. Interest is charged on amounts due from the parent company at variable rates based on LIBOR. Amounts due from fellow subsidiary undertakings are non-interest bearing.

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

	2010 £'000	2009 £'000
Amounts owed to parent company	532,181	-
Amounts owed to fellow subsidiary undertakings	-	2,370
Other creditors	32	32
	<u>532,213</u>	<u>2,402</u>

Interest is charged on amounts owed to the parent company at variable rates based on LIBOR. Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing.

#### 9. SHARE CAPITAL

	2010 £'000	2009 £'000
<b>Allotted, called up and fully paid:</b>		
491,389,999 ordinary shares of £1 each	<u>491,390</u>	<u>491,390</u>

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2010

#### 10. RESERVES

	Other reserves £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2010	(20,829)	224,280	259,874
Exchange loss on investments in subsidiaries (note 6)	-	(7)	(2,580)
Revaluation surplus on investments in subsidiaries (note 6)	-	433,321	-
Dividends paid			(250,000)
Profit for the financial year	-	-	4,491
At 31 December 2010	<u>(20,829)</u>	<u>657,594</u>	<u>11,785</u>

#### 11. 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.

#### 12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2010, the Company's immediate and 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.

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