

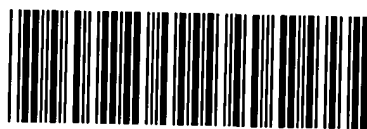
Company Number: 00666151

**HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2017

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# **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

Year ended 31 December 2017

### **1. PRINCIPAL ACTIVITIES**

The principal activity of Hammerson International Holdings Limited ("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 £558,160,000 (2016: £82,730,000) and the Company had net assets of £3,144,632,000 (2016: £3,141,660,000). During the year the Directors resolved to pay a dividend of £400,000,000 (2016: £nil) to the immediate parent company, Hammerson plc. Further information relating to the business, its key risks and going concern is provided in the Strategic Report on page 3.

### **3. DIRECTORS**

- (a) Mr. D.J. Atkins, Mr. P.W.B. Cole and Mr. N.T. Drakesmith were Directors of the Company throughout the year.
- (b) Mr. M. Plocica resigned as Director of the Company on 17 March 2017 and Mr. M. R. Bourgeois was appointed as Director of the Company on 17 March 2017.
- (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.

### **4. SECRETARY**

Hammerson Company Secretarial Limited acted as Secretary of the Company throughout the year.

### **5. GOING CONCERN**

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 2017 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

### **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.

### **7. AUDITORS**

PricewaterhouseCoopers LLP were appointed as auditors of the Company during the year and 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.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### DIRECTORS' REPORT

Year ended 31 December 2017

#### 8. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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.

The Directors 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



**B. Lees**

For and on behalf of  
Hammerson Company Secretarial Limited  
acting as Secretary  
Date: 19 September 2018

Registered Office:  
Kings Place, 90 York Way  
London, N1 9GE  
Registered in England and Wales No. 00666151

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### STRATEGIC REPORT

Year ended 31 December 2017

#### 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 current liability position of the balance sheet as at 31 December 2017 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

The Directors consider the following measures to be the key performance indicators for the Company: investment income and net asset value.

During 2017, the Company's profit for the year after tax was £558,160,000 (2016 £82,730,000) and investment income was £549,822,000 (2016: £921,300,000). The reason for the increase in profit for the year is predominantly due to the receipt of a dividend of £550,000,000 from subsidiary Hammerson UK Properties plc less an increase in the impairment of the carrying value of the Company's investment in the Hammerson ICAV. The impairment was incurred mainly as a result of a decrease in the net asset value of the ICAV during 2017. At 31 December 2017, the Company had net assets of £3,144,632,000 (2016: £3,141,660,000).

The key risk to the Company relates to the value of its investments in property owning subsidiary undertakings. The key performance indicators for these subsidiaries are net rental income and property values and the key risks they face relate to tenant exposure and the strength of the UK property market. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis and collection performance is closely monitored. The Directors monitor the UK property market through the analysis of market forecasts and the performance of the property assets is compared against target returns. Further risks are discussed in the Annual Report of the ultimate controlling party, Hammerson plc, which does not form part of this report.

Signed on behalf of the Board of Directors



**N.T. Drakesmith**

Director

Date: 19 September 2018

## **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 Practices (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS101, 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 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.

The Directors 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Hammerson International Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the Disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## **HAMMERSON INTERNATIONAL HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON INTERNATIONAL HOLDINGS LIMITED (CONTINUED)**

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the Directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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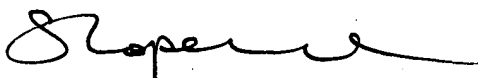
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

19 SEPTEMBER 2018

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## INCOME STATEMENT

For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Other net losses	2	<u>(30,719)</u>	<u>(861,255)</u>
Operating loss	3	<u>(30,719)</u>	<u>(861,255)</u>
Net finance income	4	39,057	22,685
Investment income	5	<u>549,822</u>	<u>921,300</u>
Profit before and after taxation for the financial year	6	<u>558,160</u>	<u>82,730</u>

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

		2017 £'000	2016 £'000
Profit for the year		558,160	82,730
<b>Items that may subsequently be recycled through the income statement</b>			
Unrealised (deficit)/surplus on revaluation of investments	7	(194,127)	312,591
Foreign exchange translation differences on net investment in subsidiaries	7	<u>38,939</u>	<u>38,224</u>
Total recognised gains for the year		<u>402,972</u>	<u>433,545</u>

All amounts relate to continuing activities.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## BALANCE SHEET As at 31 December 2017

	Notes	2017 £'000	2016 £'000
<b>Non-current assets</b>			
Investments	7	3,596,117	3,781,731
Receivables	8	<u>729,834</u>	<u>864,662</u>
		<b>4,325,951</b>	<b>4,646,393</b>
<b>Current assets</b>			
Receivables	9	<u>35</u>	<u>380</u>
<b>Current liabilities</b>			
Payables	10	<u>(1,181,354)</u>	<u>(1,505,113)</u>
<b>Net current liabilities</b>		<b>(1,181,319)</b>	<b>(1,504,733)</b>
<b>Total assets less current liabilities</b>		<b>3,144,632</b>	<b>3,141,660</b>
<b>Net assets</b>		<b>3,144,632</b>	<b>3,141,660</b>
<b>Capital and reserves</b>			
Called up share capital	11	491,390	491,390
Other reserves	12	(20,829)	(20,829)
Revaluation reserve	12	2,486,881	2,681,008
Retained earnings	12	<u>187,190</u>	<u>(9,909)</u>
<b>Shareholder's funds</b>		<b>3,144,632</b>	<b>3,141,660</b>

These financial statements were approved by the Board of Directors on 19 September 2018 and authorised for issue on 19 September 2018

Signed on behalf of the Board of Directors



**N. T. Drakesmith**

Director

Company Number: 00666151

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2017

	Called up share capital £'000	Other reserves £'000	Revaluation reserve £'000	Retained earnings/ (accumulated losses) £'000	Total £'000
Balance at 1 January 2016	491,390	(20,829)	2,368,417	(130,863)	2,708,115
Loss and total comprehensive income for the year	-	-	312,591	120,954	433,545
Balance at 31 December 2016	491,390	(20,829)	2,681,008	(9,909)	3,141,660
Dividends	-	-	-	(400,000)	(400,000)
Profit and total comprehensive income for the year	-	-	(194,127)	597,099	402,972
Balance at 31 December 2017	<b>491,390</b>	<b>(20,829)</b>	<b>2,486,881</b>	<b>187,190</b>	<b>3,144,632</b>

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2017

### 1. ACCOUNTING POLICIES

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

#### (a) Basis of accounting

##### *Basis of preparation*

Hammerson International Holdings Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 3. The address of the registered office is given on page 2.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis, except for fixed asset investments which are classified as available for sale assets and included at fair value. Revaluation movements are included within equity in the revaluation reserve. The Directors' determine the valuations with reference to the net asset values of the entities, which are principally based on the valuation of investment and development properties either held by the subsidiary or its fellow group undertakings.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(j).

##### *Disclosure exemptions adopted*

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirements for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information)
  - 111 (cash flow statement information); and
  - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2017

### 1. ACCOUNTING POLICIES

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

#### (a) Basis of accounting (continued)

- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc can be obtained as described in note 16. Group accounts have not been prepared on the basis that the Company is included in the consolidated financial statements of Hammerson plc.

#### (b) Going concern

The financial position of the Company is as set out in the Balance Sheet. The Company has net current liabilities as at 31 December 2017 and is reliant on the support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due. These liabilities relate primarily to amounts due to the parent company and fellow subsidiary undertakings. 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) Net finance costs

Net finance costs include interest payable on borrowings and interest payable to related party undertakings, and interest receivable on funds invested.

#### (d) Investment income

Investment income represents the Company's share of distributions receivable from its interests in group entities.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2017

### 1. ACCOUNTING POLICIES (continued)

#### (e) 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:

		2017	2016
Euro	£1 = EUR	1.131	1.171

Differences arising from the translation of investments in overseas subsidiaries are included in other comprehensive income whereas differences resulting from the translation of foreign currency denominated monetary items are included in net finance costs in the income statement.

#### (f) 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.

Deferred tax is provided in respect of all taxable temporary timing differences that may give rise to an obligation to pay more or less tax in the future. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available.

#### (g) 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.

#### (h) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

#### (i) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are subsequently carried at amortised cost using the effective interest method. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2017

### 1. ACCOUNTING POLICIES (continued)

#### (j) Loans receivable

Final dividends to the company's shareholders are recognised in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### (k) Critical accounting policies and estimation uncertainties

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The Company's critical judgements and area of estimation uncertainty is in respect of shares in group entities. The Company has interests in group entities which are carried in the balance sheet at valuation, valued by the Directors based upon the net assets of the entities. The principal assets of these entities are investment properties which are valued six-monthly by professionally qualified external valuers. The Directors must ensure that they are satisfied that the Company's investment in the group entities is appropriate for the accounts. The basis of valuation of the group entities' investment properties is set out in the notes to the accounts of those entities for the year ended 31 December 2017.

### 2. OTHER NET LOSSES

	2017 £'000	2016 £'000
Impairment of investments	30,719	843,954
Amount owed by joint venture entity written off	-	17,301
	<u>30,719</u>	<u>861,255</u>

Impairment of investments relates mainly to The Hammerson ICAV.

### 3. OPERATING LOSS

The average number of employees during the year, excluding Directors, was nil (2016: 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 auditor's 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 £6,000 (2016: £5,117).

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2017

### 4. NET FINANCE INCOME

	2017 £'000	2016 £'000
Interest payable to ultimate parent company	(25,954)	(35,534)
Other interest payable	(6)	(647)
Finance costs	(25,960)	(36,181)
Interest receivable from subsidiary undertakings	34,901	6,289
Exchange gains	30,116	51,376
Other finance income	-	1,201
Finance income	65,017	58,866
Net finance income	39,057	22,685

### 5. INVESTMENT INCOME

	2017 £'000	2016 £'000
Dividend received from Hammerson UK Properties plc	550,000	-
Distributions receivable from The Hammerson ICAV*	(178)	921,300
	549,822	921,300

\*In 2017 distributions were reduced by £178,000 following an over-accrual of income in 2016.

### 6. TAXATION

	2017 £'000	2016 £'000
(a) <u>Tax charge</u>		
Tax charge on profit	-	-
(b) <u>Factors affecting current tax charge</u>		

The corporation tax charge for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are reconciled below:

	2017 £'000	2016 £'000
Profit before tax	558,160	82,730
Profit at UK corporation tax rate of 19.25% (2016: 20.00%)	107,446	16,546
Effects of:		
Distribution income not taxable	(105,841)	(184,260)
Impairment of investments	5,913	172,251
Foreign exchange gains not taxable	-	(10,275)
Tax losses utilised	(2,579)	-
Group relief (received) / surrendered	(4,939)	5,738
Total current tax	-	-

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2017

#### 6. TAXATION (continued)

##### (c) Deferred tax

At 31 December 2017 the Company had approximately £ 40,000,000 (2016: £56,700,000) 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 the losses can be utilised.

#### 7. FIXED ASSET INVESTMENTS

	Shares in group entities at valuation £'000
At 1 January 2016	3,378,733
Additions at cost	896,135
Exchange translation gain	38,224
Revaluation surplus in the year	312,591
	<hr/>
At 31 December 2016/1 January 2017	3,781,731
Additions at cost	293
Exchange translation gain	38,939
Impairment provision in the year (note 2)	(30,719)
Revaluation deficit in the year	(194,127)
	<hr/>
At 31 December 2017	<b>3,596,117</b>

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 2017 of shares in subsidiary undertakings is not less than the aggregate at which they are stated in the financial statements.

At 31 December 2017, the historical cost of investments in group undertakings was £1,909,948,000 (2016: £1,909,655,000). At 31 December 2017 the Company's provision for impairment was £874,673,000 (2016: £843,954,000).

The Company's subsidiaries and other related undertakings at 31 December 2017 are listed in note 13. These entities are engaged directly, or indirectly through their subsidiaries or related undertakings, in property ownership (investment, development or trading), group financing activities or are dormant.

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2017

### 8. RECEIVABLES: NON-CURRENT ASSETS

	2017 £'000	2016 £'000
Loans receivable	<u>729,834</u>	<u>864,662</u>

The Hammerson ICAV €818,015,000 principal (2016: €1,005,155,000), fixed interest rate of 4% per annum, maturing December 2023.

During the current year, one of the Company's indirectly held joint venture entities raised a secured loan through an external financing company. The Hammerson share of the loan proceeds received were subsequently paid up by the joint venture entity to the Hammerson ICAV, and on to the Company, and used to part settle the loan balance receivable by the Company from the Hammerson ICAV.

### 9. RECEIVABLES: CURRENT ASSETS

	2017 £'000	2016 £'000
Amounts owed by joint venture entity	-	364
Other receivables	<u>35</u>	<u>16</u>
	<u>35</u>	<u>380</u>

All amounts shown above are interest free and fall due for repayment within one year.

### 10. PAYABLES: CURRENT LIABILITIES

	2017 £'000	2016 £'000
Amounts owed to parent company	1,180,195	1,503,671
Amounts owed to subsidiary undertakings	1,118	762
Other payables	<u>41</u>	<u>680</u>
	<u>1,181,354</u>	<u>1,505,113</u>

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

### 11. SHARE CAPITAL

	2017 £'000	2016 £'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 2017

#### 12. RESERVES

<u>Reserve</u>	<u>Description and purpose</u>
Share capital	Nominal value of share capital subscribed for
Other reserves	Other non-distributable reserve movements
Revaluation reserve	Revaluation movements on other fixed asset investments
Retained earnings	The cumulative profits and losses less any dividends paid

#### 13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS

The Company's subsidiaries and other related undertakings at 31 December 2017 are set out below:

##### **Direct subsidiaries**

Unless otherwise shown, the Company has a 100% interest in the ordinary share capital of the following entities, which are registered/operate in the countries as shown:

##### ***England & Wales***

Registered office: Kings Place, 90 York Way, London N1 9GE

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Hammerson UK Properties plc

##### ***Netherlands***

Registered office: Spoorsinge, 2871TT, Schoonhoven, Netherlands.

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Hammerson Europe BV

##### ***USA***

Registered office: 2711 Centerville Road Suite 400, Wilmington 19808, United States,  
Country of operation: United Kingdom.

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Hammerson LLC

##### ***Ireland***

Registered office: 6<sup>th</sup> Floor, 2 Grand Canal Square, Dublin 2, Ireland.

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The Hammerson ICAV

Hammerson Ireland Investments Limited

##### **Directly owned joint venture entity**

##### ***Ireland***

Registered office: 6<sup>th</sup> Floor, 2 Grand Canal Square, Dublin 2, Ireland.

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Triskelion Property Holding Designated Activity Company (50% ownership)

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2017

#### 13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

##### Indirect subsidiaries and other wholly-owned entities

Unless otherwise shown the Company has an indirect 100% interest in the ordinary share capital of the following entities, which are registered/operate in the countries as shown:

##### **England & Wales**

Registered office: Kings Place, 90 York Way, London N1 9GE

(for notes see page 19)

280 Bishopsgate Investments Limited	Hammerson (Rugby) Limited
Abbey Retail Park Limited (Northern Ireland) <sup>1</sup>	Hammerson (Silverburn) Limited (Isle of Man) <sup>3</sup>
Christchurch UK Limited	Hammerson (Staines) Limited
Cricklewood Regeneration Limited	Hammerson (Telford) Limited
Dublin Central GP Limited <sup>2</sup>	Hammerson (Value Retail Investments) Limited
Dublin Central Limited Partnership <sup>2</sup>	Hammerson (Victoria Gate) Limited
Dundrum R&O Park Management Limited <sup>2</sup>	Hammerson (Victoria Investments) Limited
Dundrum Town Centre Management Limited <sup>2</sup>	Hammerson (Victoria Quarter) Limited
Dundrum Village Management Company Limited <sup>2</sup>	Hammerson (Watermark) Limited
Governeffect Limited	Hammerson (Whitgift) Limited
Hammerson (60 Threadneedle Street) Limited	Hammerson Birmingham Properties Limited
Hammerson (9-13 Grosvenor Street) Limited	Hammerson Bull Ring Limited
Hammerson (Abbey) Limited	Hammerson Croydon (GP1) Limited
Hammerson (Bicester No. 2) Limited	Hammerson Croydon (GP2) Limited
Hammerson (Brent Cross) Limited	Hammerson Investments (No 12) Limited
Hammerson (Brent South) Limited	Hammerson Investments (No.13) Limited
Hammerson (Bristol Investments) Limited	Hammerson Investments (No.16) Limited
Hammerson (Bristol) Limited	Hammerson Investments (No. 23) Limited
Hammerson (Cardiff) Limited	Hammerson Investments (No.35) Limited
Hammerson (Centurion) Limited	Hammerson Investments (No.36) Limited
Hammerson (Coventry) Limited	Hammerson Investments (No.37) Limited
Hammerson (Cramlington I) Limited	Hammerson Investments Limited
Hammerson (Cricklewood) Limited	Hammerson Junction (No 3) Limited
Hammerson (Croydon) Limited	Hammerson Junction (No 4) Limited
Hammerson (Didcot) Limited	Hammerson Martineau Galleries Limited
Hammerson (Didcot II) Limited	Hammerson MGLP Limited
Hammerson (Exeter II) Limited	Hammerson MGLP 2 Limited
Hammerson (Folkestone) Limited	Hammerson MLP Limited
Hammerson (Grosvenor Street) Limited	Hammerson Moor House (LP) Limited
Hammerson (Kingston) Limited	Hammerson Operations Limited
Hammerson (Kirkcaldy) Limited	Hammerson Operations (Ireland) Limited <sup>2</sup>
Hammerson (Leeds Developments) Limited	Hammerson Oracle Investments Limited
Hammerson (Leeds GP) Limited	Hammerson Oracle Properties Limited
Hammerson (Leeds Investments) Limited	Hammerson Peterborough (GP) Limited
Hammerson (Leeds) Limited	Hammerson Peterborough (No 1) Limited
Hammerson (Leicester) Limited	Hammerson Peterborough (No 2) Limited
Hammerson (Leicester GP) Limited	Hammerson Project Management Limited
Hammerson (Lichfield) Limited	Hammerson Ravenhead Limited
Hammerson (Merthyr) Limited	Hammerson Retail Parks Holdings Limited
Hammerson (Milton Keynes) Limited	Hammerson Sheffield (NRQ) Limited
Hammerson (Moor House) Properties Limited	Hammerson Shelf Co 7 Limited
Hammerson (Newcastle) Limited	Hammerson Shelf Co 9 Limited
Hammerson (Newtownabbey) Limited	Hammerson Shelf Co 10 Limited
Hammerson (Oldbury) Limited	Hammerson Wrekin LLP <sup>4</sup>
Hammerson (Paddington) Limited	Highcross (GP) Limited
Hammerson (Parc Tawe I) Limited	Highcross Leicester (GP) Limited
Hammerson (Renfrew) Limited	Highcross Residential (Nominees 1) Limited

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2017

#### 13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

##### Indirect subsidiaries and other wholly-owned entities (continued)

Highcross Residential (Nominees 2) Limited	SEVCO 5025 Limited <sup>5</sup>
Highcross Residential Properties Limited	Spitalfields Developments Limited
Highcross Shopping Centre Limited	Spitalfields Holdings Limited (Ordinary & deferred)
Junction Nominee 1 Limited	The Highcross Limited Partnership <sup>4</sup>
Junction Nominee 2 Limited	The Junction (General Partner) Limited
Leeds (GP1) Limited	The Junction (Thurrock Shareholder GP) Limited
Leeds (GP2) Limited	The Junction Limited Partnership <sup>4</sup>
LWP Limited Partnership <sup>4</sup>	The Junction Thurrock (General Partner) Limited
Martineau Galleries (GP) Limited	The Junction Thurrock Limited Partnership <sup>4</sup>
Martineau Galleries No. 1 Limited	The Martineau Galleries Limited Partnership <sup>4</sup>
Martineau Galleries No. 2 Limited	Thurrock Shares 1 Limited
Mentboost Limited	Thurrock Shares 2 Limited
Monesan Limited (Northern Ireland) <sup>1</sup>	Union Square Developments Limited (Scotland) <sup>6</sup>
New Southgate Limited	West Quay (No.1) Limited
Precis (1474) Limited (Ordinary & deferred)	West Quay (No.2) Limited
RT Group Developments Limited	West Quay Shopping Centre Limited
RT Group Property Investments Limited	

Registered offices: (1) Cleaver Fulton Rankin, 50 Bedford Street, Belfast, BT2 7FW; (2) 6<sup>th</sup> floor, 2 Grand Canal Square, Dublin 2, Ireland; (3) Fort Anne, Douglas, Isle of Man, IM1 5PD; (4) No share issue for Limited Partnerships, (5) c/o Stilwell Gray, 14-30 City Business centre, Hyde Street, Winchester, Hampshire, SO23 7TA; (6) 1 George Square, Glasgow, G2 1AL.

##### **Jersey**

Registered office: 47 Esplanade, St. Helier, Jersey, JE1 0BD  
(unless otherwise shown)

Hammerson 60 TNS Unit Trust <sup>1</sup>	Hammerson Victoria Quarter Unit Trust <sup>1</sup>
Hammerson Birmingham Investments Limited <sup>2</sup>	Hammerson VRC (Jersey) Limited
Hammerson Bull Ring (Jersey) Limited <sup>2</sup>	Hammerson Whitgift Investments Limited
Hammerson Croydon Investments Limited	Highcross (No.1) Limited
Hammerson Highcross Investments Limited	Highcross (No.2) Limited
Hammerson Junction (No 1) Limited	Highcross Leicester Limited
Hammerson Junction (No 2) Limited	The Junction Thurrock Unit Trust <sup>1</sup>
Hammerson Leeds Unit Trust <sup>1</sup>	The Junction Unit Trust <sup>1</sup>
Hammerson VIA (Jersey) Limited	The Telford Forge Retail Park Unit Trust <sup>1</sup>
Hammerson Victoria Gate Unit Trust <sup>1</sup>	

(1) No shares in issue for Unit Trusts. The registered office address is that of the appropriate trustee.

(2) Registered office: 44 Esplanade, St Helier, Jersey, JE4 9WG.

##### **Germany**

Registered office: c/o Forum Steglitz, Schloßstraße 1, 12163 Berlin.

BFN10 GmbH

# HAMMERSON INTERNATIONAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2017

### 13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

#### Indirectly held joint venture entities

	<b>Country of registration or operation</b>	<b>Class of share held</b>	<b>Ownership %</b>
Bishopsgate Goodsyield Regeneration Limited	England & Wales <sup>1</sup>	Ordinary	50
Bristol Alliance (GP) Limited	England & Wales <sup>1</sup>	Ordinary	50
Bristol Alliance Limited Partnership	England & Wales <sup>1</sup>	N/A	50
Bristol Alliance Nominee No.1 Limited	England & Wales <sup>1</sup>	Ordinary	50
Bristol Alliance Nominee No.2 Limited	England & Wales <sup>1</sup>	Ordinary	50
BRLP Rotunda Limited	England & Wales <sup>1</sup>	Ordinary	50
Bull Ring (GP) Limited	England & Wales <sup>1</sup>	Ordinary	50
Bull Ring (GP2) Limited	England & Wales <sup>1</sup>	Ordinary	50
Bull Ring No. 1 Limited	England & Wales <sup>1</sup>	Ordinary	50
Bull Ring No. 2 Limited	England & Wales <sup>1</sup>	Ordinary	50
Croydon (GP1) Limited	England & Wales <sup>1</sup>	Ordinary	50
Croydon (GP2) Limited	England & Wales <sup>1</sup>	Ordinary	50
Croydon Car Park Limited	England & Wales <sup>1</sup>	Ordinary	50
Croydon Limited Partnership	England & Wales <sup>1</sup>	N/A	50
Croydon Management Services Limited	England & Wales <sup>1</sup>	Ordinary	50
Croydon Property Investments Limited	England & Wales <sup>1</sup>	Ordinary	50
Grand Central (GP) Limited	England & Wales <sup>1</sup>	Ordinary	50
Grand Central Limited Partnership <sup>1</sup>	England & Wales <sup>1</sup>	N/A	50
Grand Central No 1 Limited	England & Wales <sup>1</sup>	Ordinary	50
Grand Central No 2 Limited	England & Wales <sup>1</sup>	Ordinary	50
Moor House General Partner Limited	England & Wales <sup>1</sup>	Ordinary	67
Oracle Nominees (No.1) Limited	England & Wales <sup>1</sup>	Ordinary	50
Oracle Nominees (No.2) Limited	England & Wales <sup>1</sup>	Ordinary	50
Oracle Nominees Limited	England & Wales <sup>1</sup>	Ordinary	50
Oracle Shopping Centre Limited	England & Wales <sup>1</sup>	Ordinary	50
Reading Residential Properties Limited	England & Wales <sup>1</sup>	Ordinary	50
Silverburn Investment Advisor Limited	England & Wales <sup>1</sup>	Ordinary	50
The Bull Ring Limited Partnership	England & Wales <sup>1</sup>	N/A	50
The Moor House Limited Partnership	England & Wales <sup>1</sup>	N/A	67
The Oracle Limited Partnership	England & Wales <sup>1</sup>	N/A	50
The West Quay Limited Partnership	England & Wales <sup>1</sup>	N/A	50
Whitgift Limited Partnership	England & Wales <sup>1</sup>	N/A	50
Retail Property Holdings (SE) Limited	Guernsey <sup>2</sup>	Ordinary	50
Dundrum Car Park GP Limited	Ireland <sup>3</sup>	Ordinary	50
Dundrum Car Park Limited Partnership	Ireland <sup>3</sup>	N/A	50
Dundrum Retail GP Designated Activity Company	Ireland <sup>3</sup>	Ordinary	50
Dundrum Retail Limited Partnership	Ireland <sup>3</sup>	N/A	50
Retail Property Holdings Limited	Isle of Man <sup>4</sup>	Ordinary	50
Bull Ring Joint Venture Trust	Jersey <sup>6</sup>	N/A	50
Croydon Jersey Unit Trust	Jersey <sup>5</sup>	N/A	50
Grand Central Unit Trust	Jersey <sup>6</sup>	N/A	50
Silverburn Unit Trust	Jersey <sup>5</sup>	N/A	50
VIA Limited Partnership	Jersey <sup>5</sup>	N/A	47

Registered offices: (1) Kings Place, 90 York Way, London, N1 9GE; (2) Firman house, St. George's Place, St. Peter Port, Guernsey, GY1 2BH; (3) 6<sup>th</sup> floor, 2 Grand Canal Square, Dublin 2. Ireland; (4) Fort Anne, Douglas, Isle of Man, IM1 5PD; (5) 47 Esplanade, St. Helier, Jersey, JE1 0BD; (6) 44 Esplanade, St Helier, Jersey, JE4 9WG.

## HAMMERSON INTERNATIONAL HOLDINGS LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2017

#### 13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

##### Indirectly held associate entities

	<i>Country of registration or operation</i>	<i>Class of share held</i>	<i>Ownership %</i>
VR Maasmechelen Tourist Outlets Comm. VA	Belgium <sup>1</sup>	B-shares	25
Bicester Investors Limited Partnership	Bermuda <sup>2</sup>	N/A	25
Bicester Investors II Limited Partnership	Bermuda <sup>2</sup>	N/A	25
Value Retail Investors Limited Partnership	Bermuda <sup>2</sup>	N/A	71
Value Retail Investors II Limited Partnership	Bermuda <sup>2</sup>	N/A	80
VR Franconia GmbH	Germany <sup>3</sup>	Ordinary	15
Master Holding BV	Netherlands <sup>4</sup>	Ordinary	12
VR Ireland BV	Netherlands <sup>4</sup>	Ordinary	12
Value Retail PLC	UK <sup>5</sup>	Ordinary	24
US Paris LLC	USA <sup>6</sup>	N/A	42

Registered offices: (1) Zetellan 100, 3630 Maasmechelen, Belgium; (2) Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda; (3) Almosenberg, 97877, Wertheim, Germany; (4) TMF, Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, Netherlands; (5) 19 Berkley street, London, W1J 8ED; (6) 35 Mason Street, Greenwich CT 06830 USA.

#### 14. ADVANCES, CREDIT AND GUARANTEES

The Company did not grant any credits, advances or guarantees of any kind to its Directors during the year. The Company has provided guarantees in respect of certain subsidiaries which arise in the normal course of business.

#### 15. RELATED PARTY DISCLOSURE

Other than disclosed in notes 4, 5, 7, 8, 9 and 10 there were no material related party transactions during the year.

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

At 31 December 2017, 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, Kings Place, 90 York Way, London N1 9GE.