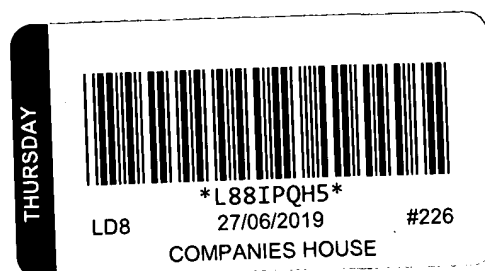


Company Number: 00666151

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2018



HAMMERSON INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT

Year ended 31 December 2018

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 £8,785,000 (2017: £558,160,000) and at 31 December 2018 the Company had net assets of £2,859,619,000 (2017: £3,144,632,000). The Directors do not recommend the payment of a dividend for the year (2017: £400,000,000), 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. M. R. Bourgeois, Mr. P.W.B. Cole and Mr. N.T. Drakesmith were Directors of the Company throughout the year.
- (b) Mr. P.W.B. Cole resigned as Director of the Company on 30 April 2019.
- (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 2018 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. INDEPENDENT AUDITORS

PricewaterhouseCoopers 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.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT

Year ended 31 December 2018

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 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.

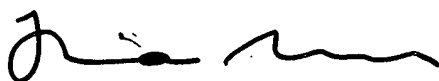
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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



J. Crane

For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 25 June 2019

Registered Office:
Kings Place, 90 York Way
London, N1 9GE
Registered in England and Wales No. 07784823

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

STRATEGIC REPORT

Year ended 31 December 2018

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 2018 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 2018, the Company's profit for the year after tax was £8,785,000 (2017: £558,160,000) and investment income was £nil (2017: £549,822,000), the reduction mainly a result of a £550,000,000 dividend having been received in 2017 from subsidiary Hammerson UK Properties plc. At 31 December 2018, the Company had net assets of £2,859,619,000 (2017: £3,144,632,000). The reduction of £285,013,000 in the year is largely a result of revaluation loss on investments of £304,830,000 (see note 7), partly offset by foreign exchange translation gains (see notes 4 and 7), and net finance income (see note 4).

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: 25 June 2019

Report on the audit of the financial statements

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 2018 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 2018; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Conclusions relating to going concern

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.

We have nothing to report to you in this regard.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

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 2018 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 Strategic Report and 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. 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.

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
25 June 2019

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Other net gains/(losses)	2	-	(30,719)
Operating profit/(loss)	3	-	(30,719)
Net finance income	4	8,785	39,057
Investment income	5	-	549,822
Profit on ordinary activities before taxation		8,785	558,160
Taxation	6(a)	-	-
Profit for the financial year		8,785	558,160

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

		2018 £'000	2017 £'000
Profit for the financial year		8,785	558,160
Items that may subsequently be recycled through the income statement			
Unrealised deficit on revaluation of investments	7	(304,830)	(194,127)
Foreign exchange translation differences on net investment in subsidiaries	7	11,032	38,939
Total recognised (losses)/gains for the year		(285,013)	402,972

All amounts relate to continuing activities.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

BALANCE SHEET As at 31 December 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Investments	7	3,302,388	3,596,117
Receivables	8	<u>733,148</u>	<u>729,834</u>
		4,035,536	4,325,951
Current assets			
Receivables	9	50	35
Current liabilities			
Payables	10	<u>(1,175,967)</u>	<u>(1,181,354)</u>
Net current liabilities		(1,175,917)	(1,181,319)
Total assets less current liabilities		2,859,619	3,144,632
Net assets		2,859,619	3,144,632
Capital and reserves			
Called up share capital	11	491,390	491,390
Other reserves	12	(20,829)	(20,829)
Revaluation reserve	12	1,307,378	2,486,881
Retained earnings	12	<u>1,081,680</u>	<u>187,190</u>
Shareholder's funds		2,859,619	3,144,632

These financial statements were authorised for issue by the Board of Directors on 25 June 2019 and were signed on its behalf.



N. T. Drakesmith
Director
Company Number: 00666151

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2018

	Called up share capital £'000	Other reserves £'000	Revaluation reserve £'000	Retained earnings/ (accumulated losses) £'000	Total £'000
Balance at 1 January 2017	491,390	(20,829)	2,681,008	(9,909)	3,141,660
Dividends	-	-	-	(400,000)	(400,000)
Profit and other comprehensive losses for the year	-	-	(194,127)	597,099	402,972
Balance at 31 December 2017	491,390	(20,829)	2,486,881	187,190	3,144,632
Adoption of IFRS 9 (see notes 1(a) and 7)	-	-	(874,673)	874,673	-
Profit and other comprehensive losses for the year	-	-	(304,830)	19,817	(285,013)
Balance at 31 December 2018	491,390	(20,829)	1,307,378	1,081,680	2,859,619

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

During 2018, the following relevant new and revised Standards and Interpretations have been adopted:

- IFRS 9 Financial Instruments, effective for accounting periods beginning on or after 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2018.

Impact of new and revised Standards

IFRS 9 Financial Instruments

This standard deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS39 Financial Instruments: Recognition and Measurement.

The standard also introduces an expected credit losses model, which replaces the incurred loss impairment model. Under IFRS9, entities are required to calculate expected credit losses on all financial assets, including intercompany loans within the scope of IFRS 9. The financial impact of the new standard is immaterial. For intercompany loans IFRS 9's full expected credit loss model is applied in calculating the relevant expected credit loss.

The Company has made an irrevocable election in terms of IFRS 9 to carry its investments at fair value with changes through other comprehensive income. This election has resulted in no change to the accounting for investments as previously recognised under IAS 39 other than for the provision for impairments which was recognised in the income statement under IAS 39 but which from 1 January 2018 is accounted for as part of the overall revaluation movement on investments, through other comprehensive income. As a result of this change the cumulative balance on the impairment provision of £874,673,000 at 1 January 2018, previously recognised in the income statement, has been reclassified from retained earnings to the revaluation reserve. See Statement of Changes in Equity and note 7 for further details.

IFRS 15 Revenue from Contracts with Customers

The standard is based on the principle that revenue is recognised when control passes to a customer, although currently has no impact on the Company, as the Company's income streams from financing and investments are excluded from IFRS 15.

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.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

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 investments which are held at fair value with changes through other comprehensive income. 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(k).

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. No additional exemptions have arisen from the updates to IFRS 9 and IFRS 15.

- 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';
- 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 financial statements have not been prepared on the basis that the Company is included in the consolidated financial statements of Hammerson plc.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(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 2018 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.

(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:

		2018	2017
Euro	£1 = EUR	1.115	1.131

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.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(g) Investments

Shares in group companies are held at fair value determined annually by the Directors, having regard to the underlying value of the net assets of those subsidiaries. Changes in fair value are recognised 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.

(j) Dividends 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 financial statements. The basis of valuation of the group entities' investment properties is set out in the notes to the financial statements of those entities for the year ended 31 December 2018.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

2. OTHER NET GAINS/(LOSSES)

	2018 £'000	2017 £'000
Decrease/(Increase) in impairment provision on investments	-	(30,719)

3. OPERATING PROFIT/(LOSS)

The average number of employees during the year, excluding Directors, was nil (2017: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2017: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purposes of disclosure.

Another group company has paid the auditors' fees for the audit of the Company's financial statements in both the current and preceding financial year. Fees for the audit of the Company were £5,080 (2017: £5,000).

4. NET FINANCE INCOME

	2018 £'000	2017 £'000
Interest payable to ultimate parent company	(29,566)	(25,954)
Other interest payable	-	(6)
Finance costs	(29,566)	(25,960)
Interest receivable from subsidiary undertakings	29,175	34,901
Exchange gains	9,176	30,116
Finance income	38,351	65,017
Net finance income	8,785	39,057

5. INVESTMENT INCOME

	2018 £'000	2017 £'000
Dividend received from Hammerson UK Properties plc	-	550,000
Distributions receivable from The Hammerson ICAV*	-	(178)
	-	549,822

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

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

6. TAXATION

	2018 £'000	2017 £'000
(a) <u>Tax charge</u>		
UK corporation tax		
Current year tax charge	-	-
Tax charge on profit	-	-

(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 19.00% (2017: 19.25%). The differences are reconciled below:

	2018 £'000	2017 £'000
Profit before taxation	8,785	558,160
Profit at UK corporation tax rate of 19.00% (2017: 19.25%)	1,669	107,446
Effects of:		
Distribution income not taxable	-	(105,841)
Impairment of investments	-	5,913
Tax losses utilised	-	(2,579)
Group relief received	(1,669)	(4,939)
Total current tax	-	-

(c) Deferred tax

At 31 December 2018 the Company had approximately £40,000,000 (2017: £40,000,000) 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 the losses can be utilised.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

7. INVESTMENTS

	Shares in group entities at valuation £'000
At 1 January 2017	3,781,731
Additions at cost	293
Exchange translation gain	38,939
Increase in impairment provision in the year	(30,719)
Revaluation loss in the year	(194,127)
	<hr/>
At 31 December 2017/1 January 2018	3,596,117
Additions at cost	69
Exchange translation gain	11,032
Revaluation loss in the year	(304,830)
	<hr/>
At 31 December 2018	3,302,388

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 2018 of shares in subsidiary undertakings is not less than the aggregate at which they are stated in the financial statements.

At 31 December 2018, the historical cost of investments in group undertakings was £1,910,017,000 (2017: £1,909,948,000). As mentioned in note 1(a) – IFRS 9 'Financial Instruments' from 1 January 2018 the Company accounts for its investments in group entities under IFRS 9 which eliminates the requirement for an impairment assessment. Instead all movements in the fair value of investments are recognised through other comprehensive income. As a result the cumulative balance on the impairment provision of £874,673,000 at 1 January 2018 has been reclassified from retained earnings to the revaluation reserve.

The Company's subsidiaries and other related undertakings at 31 December 2018 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.

8. RECEIVABLES: NON-CURRENT ASSETS

	2018 £'000	2017 £'000
Loans receivable	733,148	729,834

The above loans are receivable from the Hammerson ICAV. At 31 December 2018, €812,342,000 (2017: €818,015,000) of principle was outstanding on the loans. Interest is charged at a fixed rate of 4% per annum, and the loans mature in December 2023. All amounts are unsecured.

9. RECEIVABLES: CURRENT ASSETS

	2018 £'000	2017 £'000
Other receivables	50	35

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

10. PAYABLES: CURRENT LIABILITIES

	2018 £'000	2017 £'000
Amounts owed to parent company	1,174,890	1,180,195
Amounts owed to subsidiary undertakings	1,034	1,118
Other payables	43	41
	<u>1,175,967</u>	<u>1,181,354</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. All amounts are unsecured.

11. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Authorised:		
491,390,000 ordinary shares of £1 each	<u>491,390</u>	<u>491,390</u>
Allotted, called up and fully paid:		
491,389,999 ordinary shares of £1 each	<u>491,390</u>	<u>491,390</u>

12. RESERVES

<u>Reserve</u>	<u>Description and purpose</u>
Called up 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

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS

The Company's subsidiaries and other related undertakings at 31 December 2018 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

Hammerson UK Properties plc

Netherlands

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

Hammerson Europe BV

USA

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

Hammerson LLC

Ireland

Registered office: 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland.

Hammerson Ireland Investments Limited

The Hammerson ICAV

Directly owned joint venture entity

Ireland

Registered office: 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland.

Triskelion Property Holding Designated Activity Company (50% ownership)

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

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 (Staines) Limited
Abbey Retail Park Limited (Northern Ireland) ¹	Hammerson (Telford) Limited
Christchurch UK Limited	Hammerson (Value Retail Investments) Limited
Dublin Central GP Limited ^{2, 4}	Hammerson (Victoria Gate) Limited
Dublin Central Limited Partnership ²	Hammerson (Victoria Investments) Limited
Dundrum R&O Park Management Limited ²	Hammerson (Victoria Quarter) Limited
Dundrum Town Centre Management Limited ²	Hammerson (Watermark) Limited
Dundrum Village Management Company Limited ²	Hammerson (Whitgift) Limited
Governeffect Limited	Hammerson Birmingham Properties Limited
Hammerson (60 Threadneedle Street) Limited	Hammerson Bull Ring Limited
Hammerson (9-13 Grosvenor Street) Limited	Hammerson Croydon (GP1) Limited
Hammerson (Abbey) Limited	Hammerson Croydon (GP2) Limited
Hammerson (Bicester No. 2) Limited	Hammerson Investments (No 12) Limited
Hammerson (Brent Cross) Limited	Hammerson Investments (No.13) Limited
Hammerson (Brent South) Limited	Hammerson Investments (No.16) Limited
Hammerson (Bristol Investments) Limited	Hammerson Investments (No.23) Limited
Hammerson (Bristol) Limited	Hammerson Investments (No.26) 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 (Euston Square) Limited	Hammerson MGLP 2 Limited
Hammerson (Exeter II) Limited	Hammerson MLP Limited
Hammerson (Folkestone) Limited	Hammerson Moor House (LP) Limited
Hammerson (Grosvenor Street) Limited	Hammerson Operations Limited
Hammerson (Kingston) Limited	Hammerson Operations (Ireland) Limited ²
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 GP) Limited	Hammerson Peterborough (No 2) Limited
Hammerson (Lichfield) Limited	Hammerson Project Management Limited
Hammerson (Merthyr) Limited	Hammerson Ravenhead Limited
Hammerson (Milton Keynes) Limited	Hammerson Retail Parks Holdings Limited
Hammerson (Moor House) Properties Limited	Hammerson Sheffield (NRQ) Limited
Hammerson (Newcastle) Limited	Hammerson Shelf Co 7 Limited
Hammerson (Newtownabbey) Limited	Hammerson Shelf Co 9 Limited
Hammerson (Oldbury) Limited	Hammerson Shelf Co 10 Limited
Hammerson (Paddington) Limited	Hammerson Wrekin LLP ⁴
Hammerson (Parc Tawe I) Limited	Junction Nominee 1 Limited
Hammerson (Renfrew) Limited	Junction Nominee 2 Limited
Hammerson (Rugby) Limited	Leeds (GP1) Limited
Hammerson (Silverburn) Limited (Isle of Man) ³	Leeds (GP2) Limited

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

Indirect subsidiaries and other wholly-owned entities (continued)

England & Wales

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

LWP Limited Partnership ⁴	The Hammerson ICAV
Martineau Galleries (GP) Limited	The Junction (General Partner) Limited
Martineau Galleries No. 1 Limited	The Junction (Thurrock Shareholder GP) Limited
Martineau Galleries No. 2 Limited	The Junction Limited Partnership ⁴
Mentboost Limited	The Junction Thurrock (General Partner) Limited
Monesan Limited (Northern Ireland) ¹	The Junction Thurrock Limited Partnership ⁴
New Southgate Limited	The Martineau Galleries Limited Partnership ⁴
Precis (1474) Limited (Ordinary & Deferred)	Thurrock Shares 1 Limited
RT Group Developments Limited	Thurrock Shares 2 Limited
RT Group Property Investments Limited	Union Square Developments Limited (Scotland) ⁶
SEVCO 5025 Limited ⁵	West Quay (No.1) Limited
Spitalfields Developments Limited	West Quay (No.2) Limited
Spitalfields Holdings Limited (Ordinary & Preference)	West Quay Shopping Centre Limited

Registered offices: (1) 50 Bedford Street, Belfast, BT2 7FW; (2) 6th floor, 2 Grand Canal Square, Dublin 2, Ireland; (3) First Names House, Victoria Road, Douglas, IM2 4DF; (4) No share issue for Limited Partnerships, (5) SG House, 6 St. Cross Road, Winchester, Hampshire, SO23 9HX; (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 ¹	Hammerson VIA (Jersey) Limited
Hammerson Birmingham Investments Limited ²	Hammerson Victoria Quarter Unit Trust ¹
Hammerson Bull Ring (Jersey) Limited ²	Hammerson VRC (Jersey) Limited
Hammerson Croydon Investments Limited	Hammerson Whitgift Investments Limited
Hammerson Highcross Investments Limited	The Junction Thurrock Unit Trust ¹
Hammerson Junction (No 1) Limited	The Junction Unit Trust ¹
Hammerson Junction (No 2) Limited	The Telford Forge Retail Park Unit Trust ¹

(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

Indirectly held joint venture entities

For notes see page 20

	Country of registration or operation	Class of share held	Ownership %
Bishopsgate Goodsyrd Regeneration Limited	England & Wales ¹	Ordinary	50
Brent Cross Partnership	England & Wales ¹	N/A	41
Bristol Alliance (GP) Limited	England & Wales ¹	Ordinary	50
Bristol Alliance Limited Partnership	England & Wales ¹	N/A	50
Bristol Alliance Nominee No.1 Limited	England & Wales ¹	Ordinary	50
Bristol Alliance Nominee No.2 Limited	England & Wales ¹	Ordinary	50
BRLP Rotunda Limited	England & Wales ¹	Ordinary	50
Bull Ring (GP) Limited	England & Wales ¹	Ordinary	50
Bull Ring (GP2) Limited	England & Wales ¹	Ordinary	50
Bull Ring No. 1 Limited	England & Wales ¹	Ordinary	50

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

13. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS (continued)

Indirectly held joint venture entities (continued)	Country of registration or operation	Class of share held	Ownership %
Bull Ring No. 2 Limited	England & Wales ¹	Ordinary	50
Croydon (GP1) Limited	England & Wales ¹	Ordinary	50
Croydon (GP2) Limited	England & Wales ¹	Ordinary	50
Croydon Car Park Limited	England & Wales ¹	Ordinary	50
Croydon Limited Partnership	England & Wales ¹	N/A	50
Croydon Management Services Limited	England & Wales ¹	Ordinary	50
Croydon Property Investments Limited	England & Wales ¹	Ordinary	50
Grand Central (GP) Limited	England & Wales ¹	Ordinary	50
Grand Central Limited Partnership ¹	England & Wales ¹	N/A	50
Grand Central No 1 Limited	England & Wales ¹	Ordinary	50
Grand Central No 2 Limited	England & Wales ¹	Ordinary	50
Hammerson (Leicester) Limited	England & Wales ¹	Ordinary	50
Highcross (GP) Limited	England & Wales ¹	Ordinary	50
Highcross Leicester (GP) Limited	England & Wales ¹	Ordinary	50
Highcross Leicester Limited Partnership	England & Wales ¹	N/A	50
Highcross Residential (Nominees 1) Limited	England & Wales ¹	Ordinary	50
Highcross Residential (Nominees 2) Limited	England & Wales ¹	Ordinary	50
Highcross Residential Properties Limited	England & Wales ¹	Ordinary	50
Highcross Shopping Centre Limited	England & Wales ¹	Ordinary	50
Moor House General Partner Limited	England & Wales ¹	Ordinary	67
Oracle Nominees (No.1) Limited	England & Wales ¹	Ordinary	50
Oracle Nominees (No.2) Limited	England & Wales ¹	Ordinary	50
Oracle Nominees Limited	England & Wales ¹	Ordinary	50
Oracle Shopping Centre Limited	England & Wales ¹	Ordinary	50
Reading Residential Properties Limited	England & Wales ¹	Ordinary	50
Silverburn Investment Advisor Limited	England & Wales ¹	Ordinary	50
The Bull Ring Limited Partnership	England & Wales ¹	N/A	50
The Highcross Limited Partnership	England & Wales ¹	N/A	50
The Moor House Limited Partnership	England & Wales ¹	N/A	67
The Oracle Limited Partnership	England & Wales ¹	N/A	50
The West Quay Limited Partnership	England & Wales ¹	N/A	50
Whitgift Limited Partnership	England & Wales ¹	N/A	50
Retail Property Holdings (SE) Limited	Guernsey ²	Ordinary	50
Dundrum Car Park GP Limited	Ireland ³	Ordinary	50
Dundrum Car Park Limited Partnership	Ireland ³	N/A	50
Dundrum Retail GP Designated Activity Company	Ireland ³	Ordinary	50
Dundrum Retail Limited Partnership	Ireland ³	N/A	50
Retail Property Holdings Limited	Isle of Man ⁴	Ordinary	50
Bull Ring Joint Venture Trust	Jersey ⁵	N/A	50
Croydon Jersey Unit Trust	Jersey ⁵	N/A	50
Grand Central Unit Trust	Jersey ⁶	N/A	50
Highcross (No.1) Limited	Jersey ⁶	Ordinary	50
Highcross (No.2) Limited	Jersey ⁶	Ordinary	50
Highcross Leicester Limited	Jersey ⁶	Ordinary	50
Silverburn Unit Trust	Jersey ⁵	N/A	50
VIA Limited Partnership	Jersey ⁷	N/A	47

Registered offices: (1) Kings Place, 90 York Way, London, N1 9GE; (2) Fiman House, St. George's Place, St. Peter Port, Guernsey, GY1 2BH; (3) 6th floor, 2 Grand Canal Square, Dublin 2, Ireland; (4) First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF; (5) 47 Esplanade, St. Helier, Jersey, JE1 0BD; (6) 44 Esplanade, St Helier, Jersey, JE4 9WG; (7) 11 – 15 Seaton Place, St Helier, Jersey JE4 0QH.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

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 ¹	B-shares	25
Bicester Investors Limited Partnership	Bermuda ²	N/A	25
Bicester Investors II Limited Partnership	Bermuda ²	N/A	25
Value Retail Investors Limited Partnership	Bermuda ²	N/A	71
Value Retail Investors II Limited Partnership	Bermuda ²	N/A	80
VR Franconia GmbH	Germany ³	Ordinary	15
Master Holding BV	Netherlands ⁴	Ordinary	12
VR Ireland BV	Netherlands ⁴	Ordinary	12
Value Retail PLC	UK ⁵	Ordinary	24
US Paris LLC	USA ⁶	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 2, 3, 4, 5, 7, 8 and 10 there were no material related party transactions during the year.

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2018, 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.