

Company Number: 666151

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2003



HAMMERSON INTERNATIONAL HOLDINGS LIMITED

Board of Directors

Mr. R.J.G. Richards
Mr. J.A. Bywater
Mr. P.W.B. Cole
Mr. G. Devaux
Mr. S.R. Melliss

Secretary and Registered Office

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

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 100 Park Lane, London W1K 7AR on 29 October 2004 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 2003.
2. To re-elect Mr. G. Devaux as a director of the Company.
3. To re-appoint Deloitte & Touche LLP as auditors of the Company.
4. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



Director
29 October 2004

Registered Office:
100 Park Lane
London W1K 7AR

Registered in England and Wales No. 666151

Notes:

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. That proxy need not also be a member of the Company. Any instrument appointing a proxy must be deposited at the Company's Registered Office by not later than 48 hours before the time fixed for the meeting.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2003

1. RESULTS AND DIVIDEND

The Company's profit for the financial year attributable to shareholders was £69,521,000 (2002: £45,844,000). A dividend of £200,000,000 (2002: £nil) was paid during the year. No final dividend is recommended (2002: £nil).

2. PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

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

3. FIXED ASSETS

The Company's remaining investment property was sold in 2002. Residual activities in respect of this property are reflected in the results for 2003.

Details of changes in the investments of the Company are given in note 7 to the accounts.

4. SHARE CAPITAL

Details of changes in the share capital of the Company are given in note 10 to the accounts.

5. DIRECTORS

- (a) Mr. R.J.G. Richards, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. G. Devaux and Mr. S.R. Melliss were directors of the Company throughout the year.
- (b) In accordance with the Articles of Association of the Company, Mr. G. Devaux retires by rotation and, being eligible, offers himself for re-election.
- (c) None of the directors has any interests in the shares of the Company or other group companies. At 31 December 2003, all the directors were directors of the Company's ultimate parent company, Hammerson plc, and their interests in shares of Hammerson plc are given in the financial statements of that company.
- (d) No director has any interests in contracts entered into by the Company.

6. SECRETARY

Mr. S.J. Haydon was Secretary of the Company throughout the year.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

Year ended 31 December 2003

7. AUDITORS

Deloitte & Touche LLP have indicated their willingness to act as auditors to the Company in accordance with the provisions of the Companies Act 1985 and a resolution proposing their appointment will be put to the sole member at the forthcoming Annual General Meeting.

By order of the Board



Director
29 October 2004

Registered office:

100 Park Lane

London W1K 7AR

Registered in England and Wales No. 666151

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are required by United Kingdom company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The directors ensure that, in preparing the financial statements, suitable accounting policies have been consistently applied, reasonable and prudent judgements and estimates made, applicable accounting standards followed, and that it is appropriate to use the going concern basis.

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

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SOLE MEMBER OF HAMMERSON INTERNATIONAL HOLDINGS LIMITED

We have audited the financial statements of Hammerson International Holdings Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses, reconciliation of movements in shareholder's funds and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Report of the Directors for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

29 October 2004

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

| | Note | 2003 £ 000 | 2002 £ 000 |
|--|-------|------------------|---------------|
| Net rental income | 2 | 217 | 3,678 |
| Administrative expenses | 3 | - | (204) |
| Operating profit | | <u>217</u> | <u>3,474</u> |
| Exceptional items – (Loss)/Profit on sale of investment properties | | (83) | 4,996 |
| Profit on ordinary activities before interest | | <u>134</u> | <u>8,470</u> |
| Cost of finance (net) | 4 | 73,832 | 42,640 |
| Profit on ordinary activities before taxation | | <u>73,966</u> | <u>51,110</u> |
| Current tax | 5 (a) | - | (4) |
| Deferred tax | 5 (b) | (4,445) | (5,262) |
| Tax charge on profit on ordinary activities | | (4,445) | (5,266) |
| Profit on ordinary activities after taxation | | <u>69,521</u> | <u>45,844</u> |
| Dividends | 6 | (200,000) | - |
| Retained (loss)/profit for the financial year | 11 | <u>(130,479)</u> | <u>45,844</u> |

All activities derive from continuing operations.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

BALANCE SHEET **At 31 December 2003**

| | Note | 2003 £ 000 | 2002 £ 000 |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Fixed asset investments | 7 | <u>2,045,529</u> | <u>1,748,547</u> |
| Debtors | 8 | 371,815 | 725,588 |
| Creditors: amounts falling due within one year | 9 | (81,040) | (734,626) |
| Net current assets/(liabilities) | | <u>290,775</u> | <u>(9,038)</u> |
| Net assets | | <u>2,336,304</u> | <u>1,739,509</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 470,560 | 400,000 |
| Share premium | 11 | 352,800 | - |
| Revaluation reserve | 11 | 1,468,862 | 1,175,246 |
| Other reserves | | 1 | 1 |
| Profit and loss account | 11 | 44,081 | 164,262 |
| Equity shareholder's funds | | <u>2,336,304</u> | <u>1,739,509</u> |

The Board of Directors approved the financial statements on 29 October 2004

Signed on behalf of the Board of Directors



HAMMERSON INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2003

| | 2003 £ 000 | 2002 £ 000 |
|---|----------------|----------------|
| Profit for the financial year | 69,521 | 45,844 |
| Foreign exchange gain | 20,752 | 23,657 |
| Unrealised surplus on revaluation of investments | 283,162 | 620,503 |
| Total gains and losses recognised in the financial year | <u>373,435</u> | <u>690,004</u> |

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2003

| | 2003 £ 000 | 2002 £ 000 |
|---|------------------|---------------|
| Profit on ordinary activities before taxation | 73,966 | 51,110 |
| Realisation of previous years' revaluation gains | - | 43,395 |
| Historical cost profit on ordinary activities before taxation | <u>73,966</u> | <u>94,505</u> |
| Historical cost (loss)/profit for the year after taxation and dividends | <u>(130,479)</u> | <u>89,239</u> |

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

For the year ended 31 December 2003

| | 2003 £ 000 | 2002 £ 000 |
|-------------------------------------|-----------------------------|-----------------------------|
| Profit for the financial year | 69,521 | 45,844 |
| Dividends | (200,000) | - |
| | (130,479) | 45,844 |
| Issue of shares | 423,360 | - |
| Other recognised gains and losses | 303,914 | 644,160 |
| Net increase in shareholder's funds | 596,795 | 690,004 |
| Shareholder's funds at 1 January | 1,739,509 | 1,049,505 |
| Shareholder's funds at 31 December | 2,336,304 | 1,739,509 |

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and shares in subsidiaries and in accordance with all applicable United Kingdom accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

(b) Basis of Consolidation

The Company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of Hammerson plc, a company incorporated in Great Britain, and as such these financial statements present information about the Company and not its group.

(c) Net Rental Income

Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. Where a lease incentive does not enhance the property, it is amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease term. On new leases with rent-free periods, rental income is allocated evenly over the period from the date of the lease commencement to the date of the first rent review.

Differences between property operating expenditure incurred and that recovered from tenants through service charges are included in net rental income.

(d) Profit on Sale of Properties

Profits or losses arising from the sale of investment properties are taken into account on the completion of contract and are calculated by reference to book value at the end of the previous year, adjusted for subsequent capital expenditure, and treated as exceptional items.

(e) Cost of Properties

The net development outgoings, including interest, attributable to properties held for development or resale are added to the cost of such properties. Lease incentives, which enhance the property, are added to the cost of properties. A property is regarded as being in the course of development until ready for its intended use. For buildings that are let, this will be when construction and fitting out are complete, whilst for unlet buildings this will be at the end of the construction period.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)

(f) Valuation of Properties

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits arising from revaluation are taken to the revaluation reserve.

(g) Depreciation

In accordance with Statement of Standard Accounting Practice No.19 "Accounting for investment properties", no depreciation is provided in respect of freehold properties or leasehold properties with over 20 years to expiry. This is a departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated. Such properties are not held for consumption, but for investment, and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation of properties and accordingly the amount of depreciation, which might otherwise have been charged, cannot be separately identified or quantified. The directors consider that this policy results in the financial statements giving a true and fair view.

(h) Investments

Shares in group companies are stated at valuations determined annually by the directors, having regard to the underlying value of the net assets of those subsidiaries.

(i) Foreign currencies

Investments in shares of overseas subsidiary companies, which are stated at valuation, and all other foreign currency balances have been translated at the rates ruling at the year end.

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

| | | 2003 | 2002 |
|---------------|-----------|------|------|
| Euro | £1 = EUR | 1.42 | 1.53 |
| United States | £1 = US\$ | 1.79 | 1.61 |

Differences arising from the translation of investment in overseas subsidiaries and currency loans for such investments have been dealt with through reserves. Differences arising on the translation of the revaluation surplus are accounted for in the revaluation reserve. Other differences resulting from the conversion of one currency into another have been dealt with in the profit and loss account.

(j) Deferred tax

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

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

2. NET RENTAL INCOME

| | 2003 £ 000 | 2002 £ 000 |
|--|---------------|---------------|
| Gross rental income | 238 | 3,933 |
| Rents payable and other property outgoings | (21) | (255) |
| | <u>217</u> | <u>3,678</u> |

3. ADMINISTRATIVE EXPENSES

The Company has not paid any directors' emoluments during the current or preceding years. The services of the directors are of a non-executive nature, and their emoluments are deemed to be wholly attributable to their services to other group companies. Accordingly, no directors' emoluments are disclosed.

The Company has not had any employees during the current or preceding years and another group company paid for the auditors' remuneration during the current and preceding years.

4. COST OF FINANCE (NET)

| | 2003 £ 000 | 2002 £ 000 |
|---|---------------|---------------|
| Interest receivable from parent company | 3,139 | - |
| Interest receivable from fellow subsidiary undertakings | 37,040 | 36,465 |
| Other interest receivable | 18 | 5 |
| Interest payable to parent company | (25,645) | (39,845) |
| Interest payable to fellow subsidiary undertakings | (851) | - |
| Other interest payable | (1) | - |
| Foreign exchange translation gain | 60,132 | 46,015 |
| | <u>73,832</u> | <u>42,640</u> |

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

5. TAXATION

| | 2003 £ 000 | 2002 £ 000 |
|------------------------|---------------|---------------|
| (a) Current tax | | |

(i) Tax charge on profit on ordinary activities

UK corporation tax on profits for the year

| | |
|---|---|
| - | 4 |
|---|---|

(ii) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK, of 30% (2002: 30%). The differences are reconciled below:

| | 2003 £ 000 | 2002 £ 000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 73,966 | 51,110 |
| Profit multiplied by UK corporation tax rate of 30% | 22,190 | 15,333 |
| Effect of: | | |
| Taxable foreign exchange gains taken to reserves | 2,371 | 1,812 |
| Loss/(Profit) on sale of properties | 25 | (1,499) |
| Other items | (102) | (29) |
| Group relief | (19,224) | (4,683) |
| Tax losses brought forward utilised | (5,260) | (10,930) |
| Current tax charge | - | 4 |

(iii) Factors that may affect future tax charges

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

| | 2003 £ 000 | 2002 £ 000 |
|-----------------------------------|---------------|---------------|
| (b) Deferred tax | | |
| <i>Movement in year</i> | | |
| Opening asset | (4,445) | (9,707) |
| Charge in profit and loss account | 4,445 | 5,262 |
| Closing asset | - | (4,445) |

The deferred tax balance is made up as follows:

| | | |
|---------------------------------|---|---------|
| Tax losses | - | (4,445) |
| Net deferred tax asset (note 8) | - | (4,445) |

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

6. DIVIDENDS

| | 2003 £ 000 | 2002 £ 000 |
|-----------------------|----------------|---------------|
| Equity dividends paid | <u>200,000</u> | <u>-</u> |

An ordinary dividend of £180,000,000 (2002: £nil) was paid to 'A' shareholders representing 45 pence per 'A' ordinary £1 share. A preferential dividend of £20,000,000 (2002: £nil) was paid to 'B' shareholders representing 20 pence per 'B' ordinary share of €1 each, being 10% of the total dividend paid. See note 10 for details of the dividend rights attached to each class of share.

7. FIXED ASSET INVESTMENTS

Subsidiary undertakings:

| | £ 000 |
|-------------------------------------|------------------|
| Valuation at 1 January 2003 | 1,748,547 |
| Foreign exchange translation gain | 12,748 |
| Acquisition of shares in subsidiary | 1,072 |
| Revaluation surplus in the year | 283,162 |
| Valuation at 31 December 2003 | <u>2,045,529</u> |

Investments in subsidiaries are stated at valuations determined annually by the directors based on the underlying value of the net assets of those subsidiaries. In the opinion of the directors, the aggregate value at 31 December 2003 of shares in and amounts owing from subsidiary undertakings is not less than the aggregate at which they are stated in the financial statements.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

7. FIXED ASSET INVESTMENTS (continued)

At 31 December 2003, the historical cost of investments in subsidiary companies was £576,667,000 (2002: £573,301,000).

The Company's principal subsidiary companies at 31 December 2003, which are engaged directly, or indirectly through their subsidiaries, in property investment, development or trading, are:

| | Country of incorporation, registration and operation | Percentage holding of ordinary share capital |
|--|---|---|
| Hammerson UK Properties plc | Great Britain | 100% |
| Hammerson Investments (No. 22) Limited | Great Britain | 100% |
| Hammerson Europe BV | Netherlands | 68% |
| Hammerson USA Inc. | United States | 100% |

8. DEBTORS

| | 2003 £ 000 | 2002 £ 000 |
|--|----------------|----------------|
| Trade debtors | 79 | 191 |
| Amounts owed by parent company | 166,769 | - |
| Amounts owed by fellow subsidiary undertakings | 204,760 | 718,662 |
| Deferred tax asset (note 5) | - | 4,445 |
| Other debtors | 207 | 2,290 |
| | <u>371,815</u> | <u>725,588</u> |

All amounts shown fall due for repayment within one year. Interest is charged on amounts owed by the parent company and fellow subsidiary undertakings at variable rates based on LIBOR.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2003 | 2002 |
|--|---------------|----------------|
| | £000 | £000 |
| Bank overdraft | 18 | 12 |
| Trade creditors | 79 | 174 |
| Amounts owed to parent company | - | 731,523 |
| Amounts owed to fellow subsidiary undertakings | 80,303 | 1,205 |
| Other creditors | 640 | 1,712 |
| | 81,040 | 734,626 |

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

10. CALLED UP SHARE CAPITAL

| | 2003 | 2002 |
|--|----------------|----------------|
| | £000 | £000 |
| <i>Authorised</i> | | |
| 700,000,000 Ordinary shares of £1 each | - | 700,000 |
| 700,000,000 'A' Ordinary shares of £1 each | 700,000 | - |
| | 700,000 | 700,000 |
| | €000 | €000 |
| 150,000,000 'B' Ordinary shares of €1 each | 150,000 | - |
| | £000 | £000 |
| <i>Called up, allotted and fully paid</i> | | |
| 400,000,000 Ordinary shares of £1 each | - | 400,000 |
| 400,000,000 'A' Ordinary shares of £1 each | 400,000 | - |
| 100,000,000 'B' Ordinary shares of €1 each | 70,560 | - |
| | 470,560 | 400,000 |

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

10. CALLED UP SHARE CAPITAL (continued)

On 22 September 2003, the then existing issued and ordinary shares of £1 each were redesignated as 'A' Ordinary shares of £1 each. The authorised share capital of the Company was increased from £700,000,000 to £700,000,000 and €150,000,000, divided into 700,000,000 'A' Ordinary shares of £1 each and 150,000,000 'B' Ordinary shares of €1 each. The 'A' Ordinary shares and 'B' Ordinary shares rank pari passu in all respects save as set out below:

Dividends

If a dividend is declared by the Company, this is apportioned amongst the shareholders as follows and paid in the following order of priority until exhausted:

- (a) the 'B' shareholders firstly receive a Preferential Dividend based on the euro LIBOR rate, and pro-rata for any period greater than or less than 12 months for which the 'B' shares are not in issue. The Preferential Dividend also includes any amounts unpaid in respect of prior periods where appropriate;
- (b) the balance of any dividend to be distributed shall be paid to 'A' shareholders; and
- (c) in the event a dividend is declared, such that the amount payable to the 'B' shareholders under (a) above, is less than 10% of the aggregate of all dividends declared in respect of that period, then a further amount shall be designated to the 'B' shareholders out of the total amount declared and shall be paid in priority, with a corresponding reduction in the amount payable to the 'A' shareholders.

Capital

On distribution of assets on a winding up or other return of capital, surplus assets of the Company remaining after payment of its liabilities, shall be paid in the following order of priority:

- (a) first, repayment to the 'B' shareholders of the nominal value paid up on each 'B' Ordinary share;
- (b) second, payment to the 'B' shareholders of a further amount of up to €5 per 'B' Ordinary share;
- (c) third, payment to the 'B' shareholders of any amount of Preferential Dividend due but unpaid;
- (d) fourthly, in repaying to the 'A' shareholders the nominal value paid up on each 'A' Ordinary share;
- (e) thereafter, any surplus is paid to the 'A' shareholders, except where the total amount distributed to the 'B' shareholders under (a) to (c) above, is less than 10% of the total amount available, such deficit under 10% is payable firstly to the 'B' shareholders with a corresponding reduction in the amount payable to the 'A' shareholders.

On 1 October 2003, the Company issued 100,000,000 'B' Ordinary shares of €1 each for €6 per share fully paid, to a fellow subsidiary undertaking, thereby creating a share premium account of €500,000,000. Using the prevailing exchange rate on that date, this resulted in an increase in issued share capital of £70,560,000 and the creation of a share premium account of £352,800,000. The funds arising from the share issue were utilised to repay inter-company debt and enabled the Company to hedge its euro denominated assets.

HAMMERSON INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2003

11. RESERVES

| | Share premium £ 000 | Revaluation reserve £ 000 | Profit & loss account £ 000 |
|---|---------------------------|---------------------------------|-----------------------------------|
| At 1 January 2003 | - | 1,175,246 | 164,262 |
| Premium on issue of shares (note 10) | 352,800 | - | - |
| Surplus arising on revaluation of investments in subsidiaries (note 7) | - | 283,162 | - |
| Foreign exchange gain | - | 10,454 | 10,298 |
| Retained loss for the year | - | - | (130,479) |
| At 31 December 2003 | <u>352,800</u> | <u>1,468,862</u> | <u>44,081</u> |

12. CASHFLOW AND RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary it has taken exemption under the terms of FRS 1 "Cash Flow Statements (revised 1996)" from preparing a cash flow statement, as it is included in the consolidated financial statements of Hammerson plc, which are publicly available.

The Company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Hammerson plc group.

In the opinion of the directors there are no other related party transactions to be disclosed.

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking and ultimate controlling party is Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of Hammerson plc consolidated financial statements can be obtained from:

Company Secretary
100 Park Lane
London
W1K 7AR