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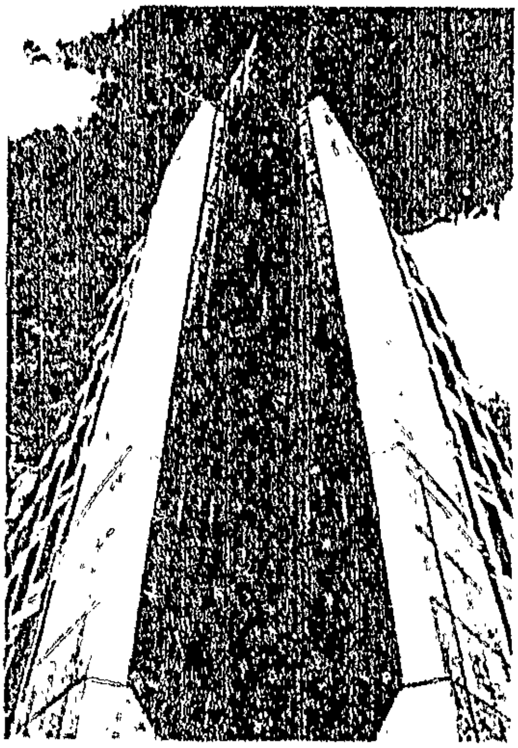

HAMMERSON

1990 Report And Accounts

Contents

DIRECTORS

Board of Directors

Sydney Mason FSVA *Chairman*
J. R. Parry MA, FRICS *Managing*
H. R. Vogt FRICS *Deputy Managing*
* R. A. C. Mordant FCA
W. Tindale FRICS
* G. D. Gwilt MA, FFA
E. B. Heyland BA, MBA
* A. M. Glick BS, LLB, JD
* A. S. Bell FFA, FPMI
R. S. Johnson BA, FCIS
J. M. D. Scott FRICS
J. H. Riddell LLB, CA, FCMA, ATII
M. M. Gill FRICS
T. Ball FRICS, FVLB
R. J. G. Richards BSC, ARICS
* G. Maitland Smith FCA
* W. H. Cairns DIP, AG., FVLB

* non-executive Director

Secretary and Registered Office

R. S. Johnson BA, FCIS
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Telephone (071) 629 9494
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Registered Number 360632 England

PRINCIPAL OVERSEAS OPERATING DIVISIONS

Canada	**Hammerson Canada Inc** E. B. Heyland BA, MBA *Resident Group Director* 70 University Avenue Toronto Ontario M5J 2M4 Canada Telephone (416) 977 2011 Facsimile (416) 977 0893
Australia and New Zealand	**Hammerson Property Pty Limited** T. Ball FRICS, FVLE *Resident Group Director* 1 York Street Sydney NSW 2000 Australia Telephone (612) 251 2666 Facsimile (612) 223 2627
USA	**Hammerson Holdings (USA) Inc** T. D. Fitzpatrick BS, LLB *President* 100 Park Avenue New York NY 10017 USA Telephone (212) 679 0275 Facsimile (212) 696 4319
France and the Netherlands	**Hammerson SA** G. Devaux HEC *President* 43 avenue de Friedland 75008 Paris France Telephone (1) 4421 1200 Facsimile (1) 4563 3320
Germany	**Hammerson GmbH** B. von Alvensleben *General Manager* 33 Bockenheimer Landstrasse 6000 Frankfurt 1 West Germany Telephone (69) 71400361 Facsimile (69) 71400399
Spain	**Hammerson Espana SA** R. Aviles N. Arch, M. Eng, DBA *General Manager* 16 Paseo de Gracia 08007 Barcelona Spain Telephone (3) 318 4188 Facsimile (3) 318 8830

SUMMARY OF 1990 RESULTS

	1989 £m		1990 £m	*Approx. percentage movement*
During the year:				
Net rental income increased from	106.1	to	**109.6**	*+3%*
Operating profit decreased from	60.7	to	**53.6**	*−12%*
Profit on ordinary activities before taxation decreased from	75.3	to	**70.7**	*−6%*
Profit after taxation and minority interests but before extraordinary items increased from	50.2	to	**51.5**	*+3%*
Earnings per share before extraordinary items increased from	30.3p	to	**31.0p**	*+2%*
Dividend per share (paid and proposed) increased from	19.5p	to	**20.5p**	*+5%*
Net asset value per share decreased from	£10.68	to	**£8.32**	*−22%*

	£m	£m
Value of investment property portfolio	2,503.0	**2,145.7**
Expenditure on investment property portfolio during year	122.4	**108.3**
Development and trading programme	373.4	**99.8**

FINANCIAL CALENDAR

Half year results	Announced 22nd October 1990
Full year results	Announced 19th April 1991
Financial statements	Posted to shareholders 16th May 1991
Annual General Meeting	To be held on 17th June 1991

Dividends:

Interim	Paid 10th December 1990
* Final (proposed)	** Ex dividend 29th April 1991 Payable 18th June 1991
Anticipated Interim	December 1991

** Payable to shareholders on the register on 10th May 1991*

*** The International Stock Exchange in London*

Chairman's Statement

The note of caution I sounded in my statement last year regarding the 1991 outlook for property markets worldwide has unfortunately proved well founded. Here in the UK an oversupply of commercial property has led to falling rents and asset values, exacerbated by high interest rates, a decline in business confidence and a lack of institutional investment in property.

Conditions in the majority of the overseas markets in which Hammerson operates have been no easier with the global recession taking its effect. The exception has been continental Europe, particularly France, Germany and Spain, where markets have remained more active. On balance I regard 1990 and potentially 1991 as two of the most difficult years your Company will have had to face.

Despite these adverse conditions, I am pleased to report satisfactory earnings in 1990. Profits before tax were lower at £70.7 million due to the refinancing of our Canadian Preference Shares, compared to £75.3 million last year. However, earnings per share have increased to 31.0p per share, despite a substantial appreciation of sterling against the Group's major operating currencies during 1990.

That Hammerson has turned in this performance does, I believe, underline the quality of the Group's investment portfolio. Our philosophy is to build only in prime locations and to the high standards that major tenants now require. As a result, we achieved substantial pre-lettings in several of the buildings in the course of construction or refurbishment in the United Kingdom in 1990.

Despite the quality of the Group's portfolio it has not been immune to the reduction in asset values to which I referred earlier. Following a revaluation at the end of 1990, the value of your Company's investment portfolio has decreased by about 11%. Net assets per share have fallen by some 236p, of which 91p is accounted for by the strengthening of sterling during the year.

Notwithstanding these reductions, Hammerson's balance sheet remains strong. Five major financings, all on an unsecured basis, were completed in 1990, and have further improved and extended the maturity profile of the Company's borrowings. These reflect Hammerson's policy of developing long-term relationships with a range of major international banks and continuing to seek new sources of fixed rate funding.

The financial stability of your Company means that it is well placed to take advantage of any buying opportunities provided by a depressed market, where improvement appears unlikely before 1992. However, as long-term interest rates decline and the economic climate improves, I believe that the attractions of property investment will once again become apparent with property yields improving from their current high levels, leading in turn to an increase in underlying property values.

The Board has considered very carefully the appropriate level for the final dividend. Uncertainty remains over the outlook for property markets worldwide, but in the longer term, I believe these markets will improve. Accordingly your Board recommends an increase in the final dividend to 17p.

In conclusion, I would like to pay tribute to my colleagues on the Board and to our staff worldwide for their unwavering commitment to achieving Hammerson's goals and for their enthusiasm in carrying out their responsibilities.

SYDNEY MASON
Chairman

18th April 1991

Review of Operations

Performance in 1990

Despite the strength of sterling in 1990, the Group's gross rental income increased to £157.6 million, whilst net rental income improved by 3.3% to £109.6 million. In the UK there was significant growth in net rental income up £7.5 million at £46.5 million, an increase of over 19%. The strength of sterling at the end of 1990, however, reduced the contribution from overseas and masks an underlying improvement in rental income. At constant exchange rates the increase in net rental income from overseas operations was some 11.5% ahead of last year.

Trading profits of £17.1 million, compared to £14.6 million in 1989, reflected the final payment from the sale of River Plate House, the sa[illegible] majority interest in City Center, Essen and the sale [illegible] the recently completed retail development at Nuremberg.

The significant drop in interest receivable resulted from the utilisation of surplus cash balances to fund the development programme throughout the year. During 1990 we took the opportunity to redeem our two outstanding Canadian Preference Share issues, both of which were refinanced by debt. Accordingly, interest costs increased substantially, whilst there was a compensating decrease in minority interest charges, which include the cost of the preference share dividend payment. As a result, profit on ordinary activities before tax at £70.7 million was £4.6 million down on last year. However, after taking account of tax and minority interests, profit attributable to shareholders before extraordinary items amounted to £51.5 million in

1990 compared to £50.2 million the previous year, which is reflected in an increase in earnings per share to 31.0p compared with 30.3p in 1989.

As operating conditions have worsened in many of Hammerson's markets in 1990, the Group has placed considerable emphasis on the management of cash flow, repatriating funds from overseas where appropriate and controlling overheads.

Property markets have deteriorated worldwide as evidenced by an overall fall in value of 11% in the portfolio. There is, however, one exception and that is continental Europe, where values and rents continue to rise and where the Group, with the recent opening of an office in Barcelona, now has representation in Germany, France and Spain, demonstrating our commitment to that region.

Review of Territories

United Kingdom

During 1990 the Group made good progress with Senator House (formerly Dominant House), its 155,000 square feet office development in Queen Victoria Street, London EC4. In November 1990 Hammerson achieved a pre-letting of 92,000 square feet to the recently privatised National Power PLC, which will occupy the building as its corporate headquarters. Construction of Senator House was completed on schedule and to budget in April 1991.

At the end of 1990 the Group completed the demolition phase at Brooks Wharf, Upper Thames Street. The timing of subsequent redevelopment phases is under review. Elsewhere in London, the redevelopment of 133 High Holborn on the Holborn Estate is progressing on schedule to provide 21,000 square feet of air-conditioned offices, which have been pre-let as the headquarters of Nationwide Anglia Building Society.

Notwithstanding the undoubted oversupply of office accommodation in central London at present, Hammerson's strong focus on location and quality has enabled the Group to secure tenants for a substantial part of its current developments in London.

Turning now to our retail activities, excellent progress has been made on the £60 million programme to refurbish and extend Freshney Place, the major shopping centre in Grimsby. All but the final phase is now complete and it has transformed the centre and nearly doubled its size to 350,000 square feet. As a result of these works and the well-established base of existing traders, a number of excellent new retailers, including C&A, has been attracted to take space in the scheme.

Hammerson continues to experience strong demand from retailers for space at Brent Cross, North London. During the year terms were agreed with three major new tenants to take units at rents which are amongst the highest in the country.

The Group continues actively to monitor trading patterns within its shopping centres to ascertain the viability of refurbishment or other improvements. Plans for phased refurbishment have been prepared for a number of the Company's shopping centres and the first phases have been completed in Stockport and Romford.

Germany

Construction is now well advanced on the Group's enclosed shopping centre in Saarbrucken with completion due in autumn 1991. It will provide 249,000 square feet of retail space and over 1,100 parking spaces. A successful pre-letting campaign has resulted in a number of major retailers, including Dyckhoff, signing leases in the last few weeks.

Last year it was reported that we had acquired an existing shopping centre comprising 277,000 square feet of retail and 1,160 parking spaces in Essen. Towards the end of 1990 a 70% interest in this property was sold to Algemeen Burgerlijk Pensioenfonds ("ABP") of the Netherlands. The property is fully let and a refurbishment programme will be carried out in conjunction with ABP in the near future.

Elsewhere in Germany the Group sold its retail project in Nuremberg in December 1990.

France

Hammerson continued to record an excellent performance from its French properties with increases in both rents and values in 1990. In the last eighteen months the market in central Paris, where the majority of our properties are located, reached a level at which it is difficult to justify new purchases. Our view is that the market will stabilise shortly and, as a result, provide more development opportunities in the future.

Spain

Last year we reported that we had recently acquired our first property at 16 Paseo de Gracia, Barcelona, Spain. During the year your Company opened an office within this building.

Building work has now commenced at Paseo de Gracia with completion scheduled for summer 1992. On completion, the building will provide 104,000 square feet of office and retail accommodation. The Group is actively seeking further development opportunities in Spain.

Canada

Hammerson has enjoyed overall occupancy rates in excess of 90% in 1990. However, the softening of tenant demand has resulted in the Group deferring plans for new developments until economic conditions become more favourable.

During 1990, the City of Mississauga's revised Official Plan and Zoning for the City Centre was approved by the City itself and it is anticipated that the approval process will be completed and the agreement with Bramalea implemented during 1991.

United States

Real estate markets in the United States remain very difficult. Despite this, good progress has been made on the Group's 30 storey building at 420 Fifth Avenue, New York, which will be completed shortly. Hammerson has recently entered into a major lease with Turner Broadcasting Company, the operator of the worldwide "CNN" television network. Turner Broadcasting will occupy approximately 60,000 square feet of the 543,000 square feet of office accommodation. There is encouraging interest in the building from other prospective tenants.

Buffalo has not escaped the effects of the US recession. The Company is faced with substantial vacancies in the Empire Tower at Main Place following the failure of the Empire Bank and the dissolution of a law firm whose work depended largely on instructions from the Bank. The Company is pursuing various interesting enquiries from prospective occupiers, which may go some way towards improving our position in an otherwise very difficult real estate market.

Australia and New Zealand

Although market conditions deteriorated during the year, Hammerson was able to maintain virtually full occupancy of all its properties. Our policy has been one of continuing to upgrade and improve properties within the portfolio to ensure that they remain competitive in their respective markets.

In Australia improvements and extensions were completed at Warringah Mall, Sydney, and all units have been successfully let. Further phased expansion is planned for the future. At 175 Eagle Street, Brisbane, preliminary excavation and site works were carried out. However, the prospective tenant for a substantial area of this building has encountered financial difficulties and, as a result, we are reappraising the timing of this project.

In New Zealand an extension to Southmall Shopping Centre, Auckland was completed and let.

Joint Venture Agreement

With the increasing financial commitment necessary to carry out major projects, joint ventures can be an attractive option for the Group. This is particularly true where a joint venture partner provides access to new and attractively priced sources of longer term finance.

In November 1990, Hammerson entered into an accord with ABP of the Netherlands, one of the world's largest pension funds, to undertake when appropriate, joint property developments in western Europe, including the United Kingdom.

The first transaction under this agreement was carried out in December 1990 and I made reference to it earlier in the review of our West German operations. I am also pleased to record that ABP has shown its confidence in Hammerson by acquiring a significant shareholding in the Company.

Finance

Hammerson's balance sheet remains strong, although gearing increased during the year; the Group continues to enjoy excellent credit ratings.

At the end of the year Group borrowings totalled £819 million of which £762 million or 93% was wholly unsecured. The average maturity of the debt was almost seven years and 54% was at fixed rates of interest after taking account of interest rate and currency swap agreements. Hammerson's average cost of funds in 1990 was 10.1%.

Part of Hammerson's strategy is to build strong long-term relationships with major international banks to ensure that the Group has the resources available at all times to meet its requirements. At 31st December 1990, £295 million of unused committed facilities were available to the Group whilst, at the same date, Hammerson's authorised capital commitments were £99.8 million.

REVIEW OF OPERATIONS
(continued)

In addition, the Group continues its policies of diversifying its sources of funding and exploring new financing alternatives. During 1990 the Group raised in excess of £300 million of finance, partly to refinance maturing borrowings, and partly to fund projects in Germany and Spain.

In the United States Hammerson raised US$75 million Unsecured Notes 1995 by means of a private placement. In Canada the Group launched a fully underwritten domestic commercial paper programme, raising some C$235 million within six weeks of launch, which reflected the excellent credit rating the programme was awarded by the two major Canadian rating agencies. Part of the proceeds of this issue was used to refinance the Canadian dollar denominated preference shares, which were redeemed at par by the Company during the year, thereby providing after-tax a cheaper source of finance.

J. R. PARRY
Managing Director

18th April 1991

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1990

	Notes	1990 £m	1989 £m
Gross rental income		157.6	156.2
Less Rents payable and other property outgoings		48.0	50.1
Net rental income	2(a)	109.6	106.1
Other income	2(b)	4.7	21.0
Net rental and other income		114.3	127.1
Less Cost of finance, administration and other charges	3	60.7	66.4
Operating profit		53.6	60.7
Gross profits from property trading	2(a)	17.1	14.6
Profit on ordinary activities before taxation		70.7	75.3
Less Tax on profit on ordinary activities	4	16.0	16.3
Profit on ordinary activities after taxation		54.7	59.0
Less Minority interests	5	3.2	8.8
Profit attributable to shareholders before extraordinary items		51.5	50.2
Extraordinary items	6	(11.4)	18.4
Profit for the financial year attributable to shareholders		40.1	68.6
Less Dividends	7	34.1	32.4
Retained profit for the year	8	6.0	36.2
Earnings per share before extraordinary items	9	31.0p	30.3p

BALANCE SHEETS

as at 31st December 1990

Holding Company 1990 £m	Holding Company 1989 £m		Notes	Group 1990 £m	Group 1989 £m
		FIXED ASSETS			
		Tangible assets			
22.2	41.5	Land and buildings	10	2,145.7	2,503.0
–	–	Fixtures, fittings and equipment	11	1.6	1.8
22.2	41.5			2,147.3	2,504.8
947.0	1,023.6	Investments	14	0.3	1.3
969.2	1,065.1			2,147.6	2,506.1
		CURRENT ASSETS			
–	–	Stocks–properties held for resale	12	81.8	65.2
0.5	0.5	Debtors	13	33.6	27.1
–	–	Investments	14	0.5	–
65.2	5.3	Cash at bank and in hand	15	74.6	125.7
65.7	5.8	Total current assets		190.5	218.0
59.3	165.1	Creditors–amounts falling due within one year	16/18	108.3	276.5
6.4	(159 3)	Net current assets/(liabilities)		82.2	(58.5)
975.6	905.8	**Total assets less current liabilities**		2,229.8	2,447.6
547.0	468.3	Creditors–amounts falling due after more than one year	17/18	806.1	548.3
–	–	Minority interests		40.6	128.5
428.6	437.5			1,383.1	1,770.8
		CAPITAL AND RESERVES			
41.6	41.5	Called up share capital	19	41.6	41.5
236.8	235.9	Share premium account	20	236.8	235.9
3.3	24.9	Revaluation reserve	21	958.9	1,305.5
0.1	0.1	Other reserves	20	1.5	1.5
146.8	135.1	Profit and loss account	22	144.3	186.4
428.6	437.5	Shareholders' funds		1,383.1	1,770.8

The financial statements were approved by the Board of Directors on 18th April 1991.

J. R. Parry *Director*

J. H. Riddell *Director*

SOURCE AND APPLICATION OF FUNDS

for the year ended 31st December 1990

	1990 £m	1989 £m
Funds generated by operations:		
Profit attributable to shareholders before extraordinary items	51.5	50.2
Adjustment for items not involving the movement of funds	0.4	0.5
	51.9	50.7
Less Dividends paid	31.1	27.8
	20.8	22.9
Funds generated from other sources:		
Proceeds on disposal of investment properties	–	134.1
Proceeds from issue of share capital	1.0	1.2
Decrease in investments	0.3	2.4
Increase in creditors	–	6.7
Total funds generated	22.1	167.3
Additions to investment properties	(108.3)	(122.4)
(Increase) in debtors	(8.3)	(7.9)
(Decrease) in creditors	(0.8)	–
(Increase) in property held for resale	(45.9)	(1.5)
Expenditure on fixtures, fittings and equipment	(0.4)	(0.6)
Redemption of Canadian Preference Shares	(65.2)	(4.8)
Expenses in connection with bond issue	–	(2.6)
Movement in net liquid resources	(206.8)	27.5
Represented by:		
Increase in borrowings	(168.8)	(5.8)
(Decrease)/Increase in cash	(38.0)	33.3
	(206.8)	27.5

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 31st December 1990

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, in compliance with the Companies Act 1985 and in accordance with statements of standard accounting practice issued by UK accountancy bodies.

(b) **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries.

(c) **Foreign currencies**

All assets, liabilities and results denominated in foreign currencies are translated into sterling at rates of exchange ruling at the year end. The rates ruling at 31st December were as follows:

		1990	1989
Canada	£1 = C$	2.24	1.87
Australia	£1 = A$	2.50	2.04
New Zealand	£1 = NZ$	3.28	2.71
USA	£1 = US$	1.93	1.61
France	£1 = Ffr	9.82	9.33
Germany	£1 = Dm	2.89	2.73
Holland	£1 = Dfl	3.26	3.08
Spain	£1 = Sptas	184.00	–

Differences arising from the translation of the net equity investment in overseas subsidiaries and currency loans for such investments have been dealt with through a foreign exchange fluctuation reserve. Debit balances on the foreign exchange fluctuation reserve are written off against distributable reserves. Differences arising on 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.

(d) **Rental income**

Rent increases arising from rent reviews due during the year are taken into account only to the extent that such reviews have been agreed with tenants at the accounting date.

(e) **Profits on sale of properties**

Profits on sale of properties are taken into account on the completion of contract and receipt of cash. Profits arising from the sale of trading properties acquired with a view to resale are included in the profit and loss account as part of the ordinary activities of the Group. Profits arising from the sale of properties held for investment are treated as extraordinary items.

1 Accounting policies (continued)

(f) Cost of properties

An amount equivalent to the net development outgoings attributable to properties held for development or resale is added to the cost of such properties.

On new developments, all letting costs are capitalised. On subsequent lettings, the previous costs are written off against the results for the year and the new costs capitalised. Where new costs are less than those previously capitalised, such new costs are written off.

(g) Valuation of properties

Fully completed properties held for long term retention are valued at the balance sheet date at open market value. Any surplus or deficit arising from revaluation is transferred to a revaluation reserve except that permanent shortfalls against the original cost, together with any subsequent adjustments, are included as extraordinary items in the profit and loss account. Properties held for, or in the course of, development and properties held for resale are stated at the lower of cost and net realisable value.

(h) Depreciation

FIXTURES, FITTINGS & EQUIPMENT INCLUDING MOTOR VEHICLES

Depreciation is provided on a reducing balance basis, having regard to the estimated useful life and residual value of the assets, at the rate of 20% per annum in the case of furniture and 25% per annum in the case of motor vehicles.

(i) Investments

Investments in the Group's subsidiary companies are stated at cost less amounts written off. Other investments are stated at the lower of cost and market value.

(j) Deferred taxation

No provision is made for taxation that may arise on the disposal of any of the Group's properties except to the extent that a liability may arise in the foreseeable future. Additionally no provision is made for taxation that may arise if overseas subsidiaries distributed their reserves.

NOTES ON THE FINANCIAL STATEMENTS

2 Rental and other income

	Rental income 1990 £m	1989 £m	1989* £m	Property trading 1990 £m	1989 £m
(a) Turnover:					
United Kingdom	61.0	51.8	51.8	10.1	23.1
Canada	49.4	55.8	46.5	–	0.7
Australia	22.2	25.0	20.4	–	–
New Zealand	1.1	1.2	1.0	–	3.0
USA	8.1	11.8	9.8	–	–
Continental Europe	15.8	10.6	10.1	66.7	1.0
	157.6	156.2	139.6	76.8	27.8
Rents payable and other property outgoings	(48.0)	(50.1)	(44.0)	–	–
Trading costs	–	–	–	(59.7)	(13.2)
	109.6	106.1	95.6	17.1	14.6

The geographical split of the above net income was as follows:

	Rental income 1990 £m	1989 £m	1989* £m	Property trading 1990 £m	1989 £m
United Kingdom	46.5	39.0	39.0	5.6	13.0
Canada	26.2	31.5	26.2	–	(0.1)
Australia	17.9	20.3	16.6	–	–
New Zealand	0.6	0.5	0.4	–	0.8
USA	3.3	5.1	4.2	–	–
Continental Europe	15.1	9.7	9.2	11.5	0.9
	109.6	106.1	95.6	17.1	14.6

In addition to the above, an amount in respect of rents payable and other property outgoings of £1.1m (1989 – £0.4m) has been added to the cost of properties.

	1990 £m	1989 £m
(b) Other income:		
Interest receivable	4.7	21.0

* Adjusted to 1990 exchange rates

NOTES ON THE FINANCIAL STATEMENTS

3 Cost of finance, administration and other charges

(a)

	1990 £m	1989 £m	1989* £m
Interest payable on bank loans, overdrafts and other loans repayable within five years	57.8	55.1	47.3
Interest payable on other loans	17.7	19.6	18.9
Interest payable and other charges	75.5	74.7	66.2
Administrative expenses (see also (b))	15.0	14.8	13.7
	90.5	89.5	79.9
Less Interest payable and other charges capitalised	29.8	23.1	20.1
	60.7	66.4	59.8

The analysis by currency of the above charge is as follows:

	1990 £m	1989 £m	1989* £m
Sterling	13.8	20.2	20.2
Canadian dollars	21.2	16.5	13.9
Australian dollars	3.4	4.8	3.9
US dollars	5.3	15.4	12.8
French francs	6.9	5.2	4.9
Deutsche marks	9.7	4.2	4.0
Dutch guilders	0.1	0.1	0.1
Spanish pesetas	0.3	–	–
	60.7	66.4	59.8

* Adjusted to 1990 exchange rates

3 Cost of finance, administration and other charges (continued)

(b) Administrative expenses include the following charges:

	1990 £000	1989 £000
(i) Directors' emoluments:		
Fees	65	40
Remuneration as executives (including funding of past years' pension obligations)	2,694	3,035
The emoluments of the Directors, excluding pension scheme contributions, were as follows:		
Chairman	236	211

Other Directors:	Number of other Directors	
£ 5,001 to £ 10,000	2	3
£ 10,001 to £ 15,000	3	1
£ 15,001 to £ 20,000	1	–
£ 85,001 to £ 90,000	1	–
£ 95,001 to £100,000	–	2
£100,001 to £105,000	–	1
£115,001 to £120,000	1	1
£120,001 to £125,000	1	1
£125,001 to £130,000	1	1
£135,001 to £140,000	2	–
£150,001 to £155,000	1	–
£200,001 to £205,000	–	1
£210,001 to £215,000	1	–

The management duties of two Directors were wholly discharged outside the United Kingdom.

During the year, the Group paid professional fees in Canada and the USA amounting to £179,000 (1989 – £150,000) to a partnership of which a non-executive Director is a member.

3 Cost of finance, administration and other charges (continued)

(ii) Employees' emoluments

	1990 £m	1989 £m
Staff costs excluding Directors' emoluments were as follows:		
Salaries and wages	7.0	7.0
Social security payments	0.5	0.5
Pension scheme contributions	1.2	1.4
	8.7	8.9

Of the above amount, £2.9m (1989 – £3.2m) was recharged to, and recovered from, tenants.

(iii) Staff numbers:

	Average number	
United Kingdom	68	63
Canada	198	192
Australia	25	23
USA	65	60
Continental Europe	19	15
Total	375	353

Wherever practicable, it is the policy of the Group to appoint external property managing agents. Where this is not practicable staff employed in this capacity and included in the above numbers may be recharged to tenants.

		1990 £m	1989 £m
(iv)	Auditors' remuneration	0.3	0.4
(v)	Depreciation of fixtures, fittings and equipment	0.4	0.5

NOTES ON THE FINANCIAL STATEMENTS

4 Tax on profit on ordinary activities

	1990 £m	1989 £m
United Kingdom corporation tax calculated at 34.25% (1989 – 35%)	12.6	2.2
Less: Double tax relief	5.7	0.5
	6.9	1.7
Advance corporation tax written off on payment of dividends	4.7	8.4
Advance corporation tax credit arising from scrip dividends	(0.2)	(0.3)
Overseas taxation	4.6	6.5
	16.0	16.3

In calculating the tax charge, allowance is made for losses brought forward, relief for development outgoings added to the cost of properties and allowances for capital expenditure.

UK corporation tax has increased materially due to the repatriation of overseas income. There is a corresponding increase in double tax relief and a reduction in advance corporation tax written off.

5 Minority interests

	1990 £m	1989 £m	1989* £m
Equity interest in subsidiary companies	1.5	1.3	1.3
Preference dividend paid by Canadian subsidiary	1.7	7.5	6.3
	3.2	8.8	7.6

During the year, a Canadian subsidiary redeemed preference shares with a sterling equivalent value of £65.2m. There is a corresponding reduction in the level of minority interests disclosed in the Balance Sheet. This was financed by borrowings in the subsidiary company, the cost of which is a charge against operating profit. The dividends payable on the preference shares had been disclosed as a minority interest in prior years' financial statements.

* Adjusted to 1990 exchange rates

6 Extraordinary items

	1990 £m	1989 £m
Net deficit on sale of land and buildings compared with previous year's valuation	–	(4.1)
Transfer of surplus on above sales from revaluation reserve	–	26.7
Total surplus on sale of land and buildings	–	22.6
Provision against land and buildings (note 10(b))	(11.4)	–
	(11.4)	22.6
Less Attributable taxation	–	4.2
	(11.4)	18.4

7 Dividends

	1990 £m	1989 £m
Interim 3.5p (1989 – 3.5p) per share	5.8	5.8
Final proposed 17p (1989 – 16p) per share	28.3	26.6
	34.1	32.4

This equates to a distribution of 85% (1989 – 47%) of the distributable profit for the financial year attributable to shareholders.

8 Retained profit for the year

	1990 £m	1989 £m
Holding Company	(12.5)	(24.7)
Group companies	18.5	60.9
	6.0	36.2

As permitted by section 230 of The Companies Act 1985, the profit and loss account of the Holding Company is not presented as part of these financial statements.

9 Earnings per share

The earnings per 25p Ordinary and 25p 'A' Ordinary (limited voting) share of 31.0p (1989 – 30.3p) were in each case based on:

	1990 £m	1989 £m
Profit attributable to shareholders before extraordinary items	51.5	50.2
Average number of shares in issue	166.1m	165.6m

10 Land and buildings

	Book value 1990 £m	Book value 1989 £m	Cost 1990 £m	Cost 1989 £m
(a) Investment properties:				
Fully developed properties				
At valuation	1,916.0	2,284.8	–	–
At cost	–	–	904.3	931.4
Properties held for or in the course of development at cost	229.7	218.2	229.7	218.2
	2,145.7	2,503.0	1,134.0	1,149.6

Fully developed properties have been valued at open market value as at 31st December 1990 in each region by professionally qualified valuers, Donaldsons, Chartered Surveyors, in the United Kingdom and Jones Lang Wootton, Chartered Surveyors, overseas.

As at 31st December 1990 the open market value of trading stock and development properties was £370.9m. In accordance with note 1(g) trading stock and development properties in these financial statements are stated at the lower of cost and net realisable value.

A deficit arising in the year of £219.3m has been deducted from revaluation reserve (note 21).

Included in investment properties is the Group's 30% interest in the freehold of City Center, Essen which is held through a corresponding interest in an associated company.

(b) The movements in the year on the Group's properties held for investment were:

	Freeholds £m	Long leaseholds £m	Short leaseholds £m	Total £m
Balance 1st January 1990	1,879.4	618.6	5.0	2,503.0
Exchange adjustment	(188.7)	(33.0)	–	(221.7)
Transfer from Trading Stock (note 12(b))	22.9	–	–	22.9
	1,713.6	585.6	5.0	2,304.2
Additions at cost	53.7	29.4	0.9	84.0
Development outgoings capitalised	20.3	4.0	–	24.3
Revaluation deficit (note 21)	(195.9)	(59.0)	(0.5)	(255.4)
Provision against Land and Buildings (note 6)	(11.4)	–	–	(11.4)
Balance 31st December 1990	1,580.3	560.0	5.4	2,145.7

(c) Should the properties be sold at the valuation in note 10(a), a tax liability of approximately £190 million (1989 – £285 million) would arise. No provision for this contingent liability has been made as it is not expected that any liability will arise in the foreseeable future.

10 Land and buildings (continued)

(d) The Group's development programme including trading properties as at 31st December was as follows:

	1990 £m	1989 £m
Estimated commitment for capital expenditure	29.5	189.7
Estimated capital expenditure authorised but not contracted	70.3	183.7
	99.8	373.4

The geographic split of the above commitments was as follows:

	1990 £m	1989 £m
United Kingdom	34.0	73.8
Canada	1.5	40.5
Australia/New Zealand	0.6	76.8
USA	35.7	55.8
Continental Europe	28.0	126.5
	99.8	373.4

(e) The geographical locations of the Group's investment and development properties were:

	Fully developed properties (at valuation) £m	Properties in the course of development (at cost) £m	Total £m
United Kingdom	866.7	77.5	944.2
Canada	472.8	53.3	526.1
Australia/New Zealand	295.0	5.6	300.6
USA	38.8	93.3	132.1
Continental Europe	242.7	–	242.7
	1,916.0	229.7	2,145.7

(f) The movements in the year on the Holding Company's properties held for investment were:

	Freeholds £m	Long leaseholds £m	Total £m
Balance 1st January 1990	28.2	13.3	41.5
Additions at cost	1.7	0.1	1.8
Development outgoings capitalised	0.5	–	0.5
Revaluation deficit (note 21)	(21.0)	(0.6)	(21.6)
Balance 31st December 1990	9.4	12.8	22.2

11 Fixtures, fittings and equipment

The movements in the year in fixtures, fittings and equipment installed in the head office and overseas offices were:

	Cost £m	Depreciation £m	Net book value £m
Balance 1st January 1990	4.5	(2.7)	1.8
Exchange adjustment	(0.4)	0.3	(0.1)
Additions	0.4	(0.4)	–
Disposals	(0.2)	0.1	(0.1)
Balance 31st December 1990	4.3	(2.7)	1.6

12 Stocks

(a) Properties held for resale at cost were as follows:

	Group 1990 £m	Group 1989 £m
United Kingdom	1.2	4.7
Canada	20.9	22.5
Australia/New Zealand	2.1	2.6
USA	–	3.5
Continental Europe	57.6	31.9
	81.8	65.2

(b) The movements in the year on the Group's properties held for resale were as follows:

	£m
Balance 1st January 1990	65.2
Exchange adjustment	(6.5)
	58.7
Transfer to land and buildings at cost (note 10(b))	(22.9)
Additions in year	99.1
Amounts capitalised	6.6
Disposals in year	(59.7)
Balance 31st December 1990	81.8

NOTES ON THE FINANCIAL STATEMENTS

13 Debtors

	Group			Holding Company		
	1990 £m	1989 £m	1989* £m	1990 £m	1989 £m	1989* £m
Trade debtors	12.5	9.4	8.9	0.3	0.3	0.3
Prepayments	7.1	4.1	3.8	–	–	–
Other debtors	14.0	13.6	12.6	0.2	0.2	0.2
	33.6	27.1	25.3	0.5	0.5	0.5

* Adjusted to 1990 exchange rates

14 Investments

	Group		Holding Company	
	1990 £m	1989 £m	1990 £m	1989 £m
INVESTMENT IN GROUP COMPANIES				
Shares:				
Balance 1st January and 31st December	–	–	1.0	1.0
Loans	–	–	946.0	1,022.6
	–	–	947.0	1,023.6
MORTGAGES RECEIVABLE				
Balance 1st January	1.3	3.3	–	–
Exchange adjustment	(0.2)	0.5	–	–
Additions in year	–	0.4	–	–
Repayments in year	(0.3)	(2.9)	–	–
Balance 31st December	0.8	1.3	–	–
TOTAL INVESTMENTS	0.8	1.3	947.0	1,023.6
Shown as:				
Fixed assets	0.3	1.3	947.0	1,023.6
Current assets	0.5	–	–	–
	0.8	1.3	947.0	1,023.6

15 Cash at bank and in hand

	Group			Holding Company		
	1990 £m	1989 £m	1989* £m	1990 £m	1989 £m	1989* £m
Sterling	4.3	9.5	9.5	1.8	5.3	5.3
Australian dollars	3.1	51.3	41.8	–	–	–
New Zealand dollars	0.2	0.9	0.8	–	–	–
US dollars	2.5	55.6	46.4	–	–	–
French francs	0.2	7.2	6.9	–	–	–
Deutsche marks	64.2	1.1	1.0	63.4	–	–
Dutch guilders	–	0.1	0.1	–	–	–
Spanish pesetas	0.1	–	–	–	–	–
	74.6	125.7	106.5	65.2	5.3	5.3

* Adjusted to 1990 exchange rates

NOTES ON THE FINANCIAL STATEMENTS

16 Creditors – amounts falling due within one year

	Group			Holding Company		
	1990 £m	1989 £m	1989 * £m	1990 £m	1989 £m	1989 * £m
Borrowings						
Secured	1.0	5.8	5.7	–	5.2	5.2
Unsecured	17.0	173.9	151.7	9.6	120.9	107.0
	18.0	179.7	157.4	9.6	126.1	112.2
Other Unsecured Creditors						
Trade creditors	19.6	30.0	27.9	–	0.5	0.5
Taxation	16.0	20.1	19.2	5.0	10.8	10.8
Accruals	13.5	8.0	6.8	4.0	–	–
Proposed dividend (net)	28.4	26.5	26.5	28.4	26.5	26.5
Other creditors	12.8	12.2	10.5	0.1	1.2	1.2
Amounts owing to Group companies	–	–	–	12.2	–	–
	108.3	276.5	248.3	59.3	165.1	151.2

17 Creditors – amounts falling due after more than one year

	Group			Holding Company		
	1990 £m	1989 £m	1989 * £m	1990 £m	1989 £m	1989 * £m
Borrowings						
Secured	56.9	105.0	95.1	15.1	30.1	30.1
Unsecured	744.5	438.2	398.1	531.9	438.2	398.1
	801.4	543.2	493.2	547.0	468.3	428.2
Other Unsecured Creditors						
Other creditors	4.7	5.1	4.5	–	–	–
	806.1	548.3	497.7	547.0	468.3	428.2

* Adjusted to 1990 exchange rates

18 Borrowings

(a) Borrowings are repayable as follows:

	Debentures and mortgages £m	Bank loans and overdrafts £m	Other loans £m	1990 Total £m	1989 Total £m
(i) Group					
After 5 years	54.0	6.5	100.0	160.5	204.9
Within 2-5 years	2.9	372.1	265.9	640.9	338.3
	56.9	378.6	365.9	801.4	543.2
Within 1 year	0.6	17.4	–	18.0	179.7
	57.5	396.0	365.9	819.4	722.9
(ii) Holding Company					
After 5 years	15.0	6.5	100.0	121.5	159.7
Within 2-5 years	0.1	303.8	121.6	425.5	308.6
	15.1	310.3	221.6	547.0	468.3
Within 1 year	–	9.6	–	9.6	126.1
	15.1	319.9	221.6	556.6	594.4

(b) The Group's borrowings at 31st December 1990 were constituted as follows:

	Debentures and mortgages £m	Bank loans and overdrafts £m	Other loans £m	1990 Total £m	1989 Total £m
Sterling	29.9	38.2	114.0	182.1	195.5
Canadian dollars	27.2	111.1	105.5	243.8	216.6
Australian dollars	0.4	17.6	–	18.0	22.7
US dollars	–	44.1	94.5	138.6	151.0
French francs	–	60.6	–	60.6	51.1
Deutsche marks	–	98.6	51.9	150.5	86.0
Spanish pesetas	–	25.8	–	25.8	–
	57.5	396.0	365.9	819.4	722.9

18 Borrowings (continued)

(c) The rates at which interest is charged on borrowings due after one year are as follows:

	£m
Up to 6.5%	72.6
6.5% to 10%	161.2
10% to 12.5%	143.3
Over 12.5%	39.6
Variable rates	384.7
	801.4

(d) Borrowings fall due for repayment as follows:

Repayment year	Loans repayable in full in repayment year £m	Loans repayable in instalments £m	Loans under-written by medium term facilities £m	Total £m
1991	17.4	0.6	–	18.0
1992	178.2	0.6	25.0	203.8
1993	27.5	0.7	55.7	83.9
1994	–	0.7	255.1	255.8
1995	96.5	0.9	–	97.4
1991-1995	319.6	3.5	335.8	658.9
1996-2000	6.5	16.8	–	23.3
2001-2005	–	3.8	–	3.8
2006-2055	125.3	7.3	–	132.6
2056-2104	–	0.8	–	0.8
	451.4	32.2	335.8	819.4

(e) Security for secured borrowings is provided by charges on property.

19 Share capital

(a) Authorised and issued

	Authorised		Allotted Issued and Fully Paid	
	1990 £m	1989 £m	1990 £m	1989 £m
Ordinary shares of 25p each	12.5	12.5	9.0	9.0
'A' Ordinary (limited voting) shares of 25p each	46.7	46.7	32.6	32.5
	59.2	59.2	41.6	41.5

(b) Movements in issued share capital

Details of increases in share capital are as follows:

	Ordinary shares of 25p each No. of shares	'A' Ordinary (limited voting) shares of 25p each No. of shares
Number of shares in issue at 1st January 1990	36,031,051	129,829,257
Shares allotted in lieu of cash dividend	5,811	179,757
Shares allotted under the 1961 and 1984 Share Option Schemes	-	209,700
Number of shares in issue at 31st December 1990	36,036,862	130,218,714

(c) Options

At 31st December 1990, the following options granted to executive Directors and senior staff members remained outstanding:

Expiry year	Subscription price (pence)	'A' Ordinary (limited voting) shares of 25p each
1991	343.75	23,000
1995	500.00/522.50	216,786
1996	500.00	35,250
1997	500.00/669.00	192,000
1998	572.00/672.00	262,850
1999	781.00/859.00	445,700
2000	712.00	354,470
		1,530,056

20 Share premium account and other reserves

(a) Group

	General Capital Reserve £m	Exchange Fluctuation Reserve £m	Capital Redemption Reserve £m	Total Other Reserves £m	Share Premium Account £m
Balance 1st January 1990	1.4	–	0.1	1.5	235.9
Exchange losses relating to overseas operations	–	(49.3)	–	(49.3)	–
Transfer to profit and loss account (note 22)	–	49.3	–	49.3	–
Premium on shares issued	–	–	–	–	0.9
Balance 31st December 1990	1.4	–	0.1	1.5	236.8

(b) Holding Company

	Capital Redemption Reserve £m	Exchange Fluctuation Reserve £m	Total £m
Balance 1st January 1990	0.1	–	0.1
Exchange gains relating to overseas operations	–	23.0	23.0
Transfer to profit and loss account (note 22)	–	(23.0)	(23.0)
Balance 31st December 1990	0.1	–	0.1

21 Revaluation reserve

	Group £m	Holding Company £m
Balance 1st January 1990	1,305.5	24.9
Exchange adjustment	(102.5)	–
	1,203.0	24.9
Deficit arising during the year on revaluation of properties (notes 10 (b) and 10 (f))	(219.3)	(0.6)
Surplus eliminated on transfer to development properties (notes 10 (b) and 10 (f))	(36.1)	(21.0)
Minority share of deficit	11.3	–
Balance 31st December 1990	958.9	3.3

NOTES ON THE FINANCIAL STATEMENTS

22 Profit and loss account

	Group £m	Holding Company £m
Balance 1st January 1990	186.4	135.1
Adjustment in respect of 1989 final dividend elected to be taken in the form of additional shares	0.8	0.8
	187.2	135.9
Retained Profit/(Loss) for the year	6.0	(12.5)
Adjustment in respect of 1990 interim dividend elected to be taken in the form of additional shares	0.4	0.4
Transfer from foreign exchange fluctuation reserve (note 20)	(49.3)	23.0
Balance 31st December 1990	144.3	146.8

23 Contingent liabilities

(a) There are contingent liabilities relating to guarantees given by the Holding Company in respect of the performance and liabilities of some of the Group companies.

(b) The guaranteed liabilities of the Group companies at 31st December 1990 are included in these financial statements.

(c) The Company has subordinated its intra-group loans for the benefit of external creditors.

(d) As at 31st December 1990 a Group company is contingently liable for the payment of Canadian $22 million (1989 – $25 million) relating to accounts and mortgages receivable assigned to a bank.

24 Pensions

The Hammerson Group Management Limited Pension Scheme (the "Scheme") which is the principal pension scheme within the Group is a funded defined benefit scheme and the assets are held under a Deposit Administration contract with NM Life Assurance Limited.

An actuarial valuation by professional actuaries is carried out triennially to determine the payments to be made to the Scheme.

The latest actuarial valuation was made as at 1st January 1989 at which date the market value of the Scheme assets was £3,446,000.

This valuation was prepared on the aggregate funding method and showed that, after the first of the special payments referred to below, the level of funding at that date was 80%. The actuaries recommended a future contribution rate of 50.5% which is 12.7% above the regular funding requirement. This will result in a funding level of 100% by 31st December 1998.

The main financial assumptions used in the latest valuation were:

	Percentage Per Annum
Investment returns	8.0
Salary increases	6.5
Future pension increases	5.0

In April 1989 and February 1990 special payments of £1,560,000 and £328,000 respectively were made to the Scheme to meet the additional cost of improvements in benefits. These payments are being amortised over five years. A consequent debtor of £1,198,000 is included within prepayments.

The amount charged to the profit and loss account in respect of contributions to the Scheme was £1,533,000 (1989 – £1,301,000). The increase is due to increases in pensionable payroll.

The amount charged to the profit and loss account in respect of overseas pension schemes, some of which are defined benefit schemes and some of which are defined contribution schemes was £600,000 (1989 – £877,000).

25 Principal subsidiary companies

Incorporated, registered and operating in:

ENGLAND
Hammerson U.K. Properties Ltd
Hammerson (Amethyst) Properties Ltd
Hammerson (Newchat) Properties Ltd
Hammerson Group Management Ltd
D.O.B. Estate Ltd (65.22%)
Hammerson International Holdings Ltd

CANADA
Hammerson Canada Inc
Hammerson Properties Inc

AUSTRALIA
Hammerson Property Pty Ltd

NEW ZEALAND
Hammerson Property (NZ) Ltd

UNITED STATES
Hammerson Holdings (USA) Inc
Hammerson Fifth Ave. Inc

FRANCE
Hammerson SA

GERMANY
Hammerson GmbH

SPAIN
Hammerson Espana SA

THE NETHERLANDS
Hammerson BV

All principal subsidiary companies are engaged in the investment in, development of, or trading in property. Unless otherwise stated, the companies are 100% owned subsidiaries.

Report of the Auditors

To the Members of The Hammerson Property
Investment and Development Corporation plc

We have audited the financial statements on pages 16 to 38 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with The Companies Act 1985.

Touche Ross & Co.
Chartered Accountants

Hill House
1 Little New Street
London EC4A 3TR

18th April 1991

Report of the Directors

for the year ended 31st December 1990

1 **Results for the year**

(a) Operating profit is £53.6 million, compared with £60.7 million in 1989, whilst earnings per share are 31.0p, compared with 30.3p in 1989. Net assets per share have decreased by 22% from £10.68 per share in 1989 to £8.32 per share in 1990. The summary of results for the year appears on page 4.

(b) Group profit before extraordinary items attributable to shareholders amounts to £51.5 million (1989 - £50.2 million).

(c) The retained profit for the year after appropriation of dividends is £6.0 million. Following the revaluation of the Group's investment property portfolio the revaluation reserve has been reduced by £219.3 million.

(d) Your Directors recommend a final dividend of 17p per share which, together with the interim dividend paid on 10th December 1990, will make a total dividend for the year of 20.5p, an increase of 5%. As in previous years, shareholders have the option of taking all or part of their dividend in shares in lieu of cash.

(e) The 1,173,000 square feet development and trading programme worldwide will cost an estimated £100 million to complete, and is spread primarily throughout the U.K., Continental Europe, and U.S.A. Capital expenditure during the year was £214 million, a large proportion of which was spent on U.K. and European developments and refurbishments. Committed and undrawn facilities amounted to £295 million at the year end.

(f) Proceeds of disposals made in the year amounted to £76.8 million.

2 **Share capital**

During the year under review:

(a) The issued capital was increased as a result of:

(i) 5,811 Ordinary shares of 25p each issued as a result of the election by shareholders to receive such shares in lieu of a cash dividend.

(ii) 179,757 'A' Ordinary (limited voting) shares of 25p each issued as a result of the election by shareholders to receive such shares in lieu of a cash dividend.

(iii) 209,700 'A' Ordinary (limited voting) shares of 25p each issued as a result of the exercise of options granted under the Company's 1961 and 1984 Share Option Schemes.

3 Principal activity

The principal activity of the Group has continued to be property investment and development. The geographical location of the Group's properties is shown in note 10(e) of the notes on the financial statements.

The Chairman's Statement and the Review of Operations are to be read in conjunction with this Report.

4 Substantial interests in the share capital of the company

At 16th April 1991, other than the non-beneficial holdings of Mr. Sydney Mason and Mr. R. A. C. Mordant referred to in 5(e) on pages 43 and 44, the only notices received from shareholders of the Company beneficially interested in 3% or more of either class of the share capital of the Company were as follows:

	Ordinary shares of 25p each (% of class)	'A' Ordinary (limited voting) shares of 25p each (% of class)	% of Total issued capital
The Standard Life Assurance Company	11,345,206 (31.48%)	27,934,400 (21.45%)	23.63
Australian Mutual Provident Society	2,604,426 (7.23%)	12,696,475 (9.75%)	9.20
ABP	–	7,723,450 (5.93%)	4.65
ICI Pension Fund	1,604,324 (4.45%)	5,737,786 (4.41%)	4.42
The Royal London Mutual Insurance Society Limited	93,680 (0.26%)	7,217,536 (5.54%)	4.40
Rodamco	557,642 (1.55%)	4,864,754 (3.74%)	3.26

5 **Directors**

(a) Sydney Mason, J. R. Parry, H. R. Vogt, W. Tindale, E. B. Heyland, R. S. Johnson, J. M. D. Scott, J. H. Riddell and M. M. Gill were executive Directors of the Company throughout the financial year. T. Ball and R. J. G. Richards were appointed executive Directors on 13th February 1990.

(b) R. A. C. Mordant (75) who is a Chartered Accountant, was appointed a non-executive Director on 3rd June 1953.

G. D. Gwilt (63) who is an Actuary, was appointed a non-executive Director on 9th November 1979.

A. M. Glick (61) who is a partner in the law firm of Falk & Siemer based in Buffalo, USA, was appointed a non-executive Director on 27th February 1986.

A. S. Bell (49) who is Managing Director of The Standard Life Assurance Company, was appointed a non-executive Director on 1st January 1988.

G. Maitland Smith (58) who is a Chartered Accountant and Chairman of Sears plc was appointed a non-executive Director on 19th April 1990.

W. H. Cairns (61) who is a Valuer and Land Economist, was appointed a non-executive Director on 19th April 1990.

With the exception of G. Maitland Smith and W. H. Cairns, all were non-executive Directors of the Company throughout the financial year.

(c) A. S. Bell, J. M. D. Scott, J. H. Riddell and M. M. Gill retire by rotation and being eligible offer themselves for re-election.

Sydney Mason also retires by rotation and offers himself for re-election. Special notice has been given to the Company of the intention to propose the re-election of Sydney Mason as a Director of the Company as he is over the age of 70 years.

(d) J. R. Parry, H. R. Vogt, E. B. Heyland, R. S. Johnson, J. M. D. Scott, J. H. Riddell, M. M. Gill, T. Ball and R. J. G. Richards, each has a five year rolling service contract which will automatically expire on their attaining the age of 60. W. Tindale (59) has a contract which will automatically expire on his attaining the age of 60.

5 Directors (continued)

(c) The interests of the Directors (including family interests) in the share capital of the Company are shown below.

	Ordinary shares of 25p each	'A' Ordinary (limited voting) shares of 25p each	Options for 'A' Ordinary (limited voting) shares of 25p each "1961 Scheme"	Options for 'A' Ordinary (limited voting) shares of 25p each "1984 Scheme"
At 1st January 1990				
(* or date appointed)				
Beneficial holdings				
Sydney Mason	150,000	–	–	–
J. R. Parry	–	–	–	119,500
H. R. Vogt	–	7,454	–	77,300
R. A. C. Mordant	10,400	96,396	–	–
W. Tindale	–	88,083	–	76,400
E. B. Heyland	–	42,000	70,000	–
A. M. Glick	1,202	1,500	–	–
G. D. Gwilt	–	1,000	–	–
R. S. Johnson	–	2,049	–	49,300
J. M. D. Scott	–	–	5,000	51,950
J. H. Riddell	–	–	–	42,250
M. M. Gill	–	40,000	10,000	56,000
*T. Ball	–	400	60,000	–
*R. J. G. Richards	–	–	–	31,800
*G. Maitland Smith	500	–	–	–
Non-Beneficial holdings				
Sydney Mason	5,460,564	254,566	–	–
R. A. C. Mordant	5,460,564	256,290	–	–

5 Directors (continued)

	Ordinary shares of 25p each	'A' Ordinary (limited voting) shares of 25p each	Options for 'A' Ordinary (limited voting) shares of 25p each "1961 Scheme"	Options for 'A' Ordinary (limited voting) shares of 25p each "1984 Scheme"
At 31st December 1990				
Beneficial holdings				
Sydney Mason	150,000	–	–	–
J. R. Parry	–	14,000	–	80,370
H. R. Vogt	–	7,663	–	94,190
R. A. C. Mordant	10,400	96,396	–	–
W. Tindale	–	88,083	–	87,640
E. B. Heyland	–	42,000	80,000	–
A. M. Glick	1,202	1,500	–	–
G. D. Gwilt	–	1,000	–	–
R. S. Johnson	–	6,218	–	47,130
J. M. D. Scott	–	–	5,000	66,020
J. H. Riddell	–	–	–	53,480
M M. Gill	–	45,000	5,000	70,080
T. Ball	–	400	80,000	–
R. J. G. Richards	–	–	–	43,050
G. Maitland Smith	500	–	–	-
Non-Beneficial holdings				
Sydney Mason	5,460,564	254,566	–	–
R. A. C. Mordant	5,460,564	256,290	–	–

The non-beneficial holdings of Sydney Mason and R. A. C. Mordant include holdings as joint trustees with others.

The Directors have no interests in the shares or debentures of any subsidiary company.

5 Directors (continued)

(f) Between 1st January and 16th April 1991, the Directors' interests as shown above have remained unchanged.

(g) Professional fees of £179,000, as referred to in note 3 of the notes on the financial statements, were paid during the year in Canada and the United States to a partnership of which A. M. Glick is a partner.

No other Director has any disclosable interest in contracts entered into by the Group.

(h) The Company operates a Directors and Officers Liability Insurance Policy covering all Group and subsidiary company directors and officers.

6 Donations

During the year charitable and political donations made by the Group in the United Kingdom amounted to £63,227 and £25,000 respectively. The political donation was made to the Conservative and Unionist Party.

7 Scrip Dividend

The Notice of Meeting on pages 56–58 includes an ordinary resolution giving effect to the scrip dividend arrangements which are described in the accompanying document.

8 Directors' authorities to allot shares

(a) Resolution 11 set out in the Notice of Meeting empowers the Directors (inter alia) to allot and issue up to £15,681,154.08 in nominal value of Ordinary and 'A' Ordinary (limited voting) shares of 25p each for cash without being limited by the restrictions otherwise imposed by the statutory pre-emption procedure set out in section 89 of The Companies Act 1985. This power will replace a similar power given to the Directors at the Annual General Meeting of the Company in June of last year, which will expire at the end of the forthcoming Annual General Meeting.

5 **Directors (continued)**

(f) Between 1st January and 16th April 1991, the Directors' interests as shown above have remained unchanged.

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11 Close Companies

The Company is not a close company within the meaning of The Income and Corporation Taxes Act 1988.

12 Auditors

A resolution proposing the reappointment of Touche Ross & Co. as Auditors of the Company will be put to the members at the Annual General Meeting.

Registered Office:
100 Park Lane
London W1Y 4AR

By Order of the Board
R. S. Johnson
Secretary

18th April 1991

TEN YEAR SUMMARY OF RESULTS

	1981 £m	1982 £m	1983 £m	1984 £m	1985 £m	1986 £m	1987 £m	1988 £m	1989 £m	1990 £m
Rental income less property outgoings	33.5	42.2	47.5	65.6	65.8	76.4	75.9	92.2	106.1	109.6
Gross profits from property trading	1.2	2.3	1.9	2.1	3.6	6.7	5.1	22.0	14.6	17.1
Profit on ordinary activities before taxation	15.0	20.4	26.9	33.4	40.1	49.3	54.3	75.1	75.3	70.7
Less Tax on profit on ordinary activities	5.9	7.2	8.7	11.2	9.9	11.4	9.9	16.0	16.3	16.0
Profit on ordinary activities after taxation	9.1	13.2	18.2	22.2	30.2	37.9	44.4	59.1	59.0	54.7
Less Minority interests	1.3	0.7	0.7	1.1	6.1	7.7	6.7	7.5	8.8	3.2
Profit attributable to shareholders before extraordinary items	7.8	12.5	17.5	21.1	24.1	30.2	37.7	51.6	50.2	51.5
Earnings per share	7.8p	10.6p	12.9p	14.3p	16.0p	18.8p	23.3p	31.6p	30.3p	31.0p
Extraordinary items	1.1	6.8	0.5	1.2	10.6	1.5	14.0	9.2	18.4	(11.4)
Cost of dividends	5.3	8.7	11.0	12.7	15.1	17.0	18.6	28.1	32.4	34.1
Dividend per share (note (a))	5.5p	6.5p	7.5p	8.5p	9.5p	10.5p	11.5p	17.0p	19.5p	20.5p
Total net assets attributable to shareholders (note (b))	297.6	633.9	707.7	897.0	899.8	970.6	1,051.2	1,667.6	1,720.8	1,383.1
Net asset value per share (note (b))	£3.10	£4.89	£5.20	£6.02	£5.59	£6.01	£6.50	£10.08	£10.68	£8.32

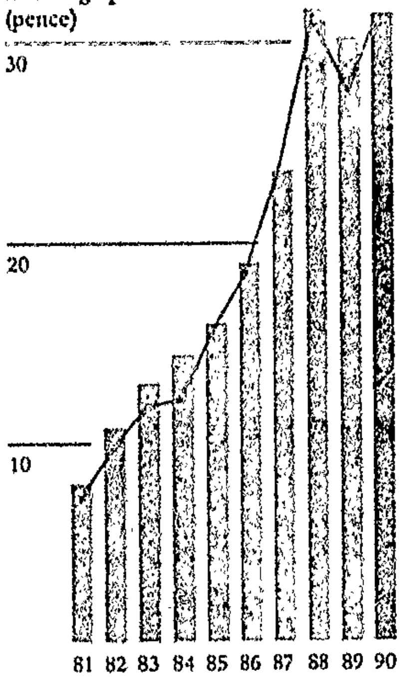
NOTES

(a) Adjusted for rights issue in 1982 and capitalisation issues in 1980 and 1984.

(b) The net asset value for 1981 reflects previous annual valuations of only some of the Group's properties. Those previous valuations were included in the notes on the relevant year's financial statements but were not shown on the face of the balance sheet.

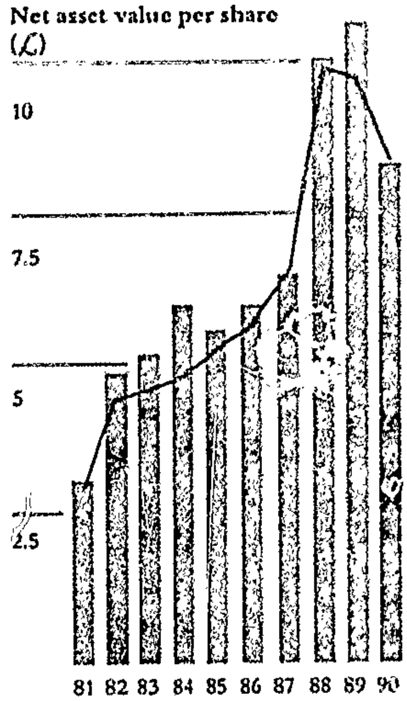
Company profile

Earnings per share
(pence)



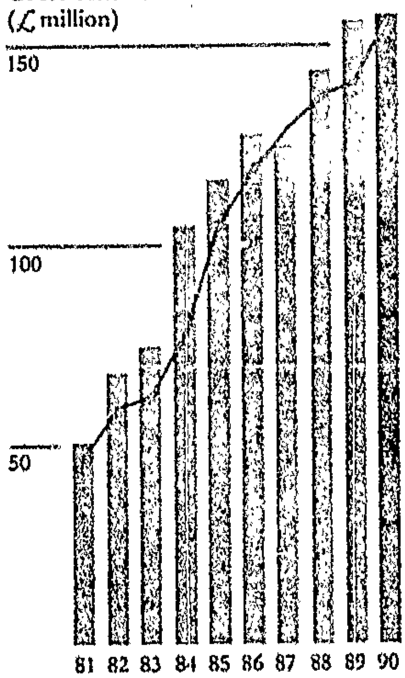
At 1990 exchange rates—

Net asset value per share
(£)



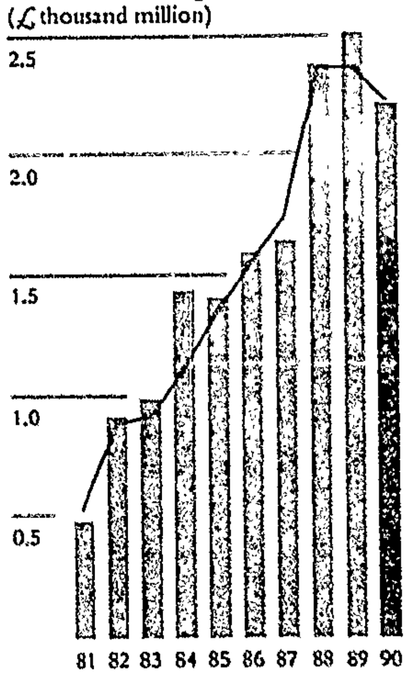
At 1990 exchange rates—

Gross rental income
(£ million)



At 1990 exchange rates—

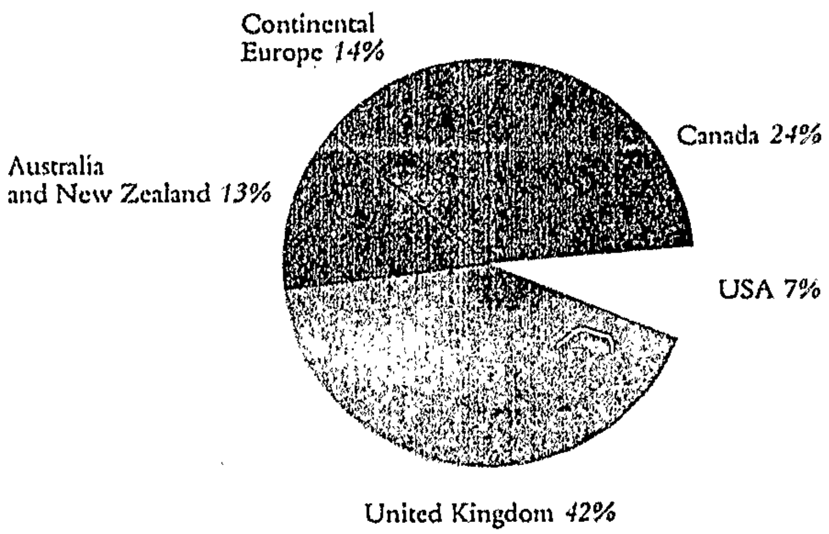
Land and buildings at valuation
(£ thousand million)



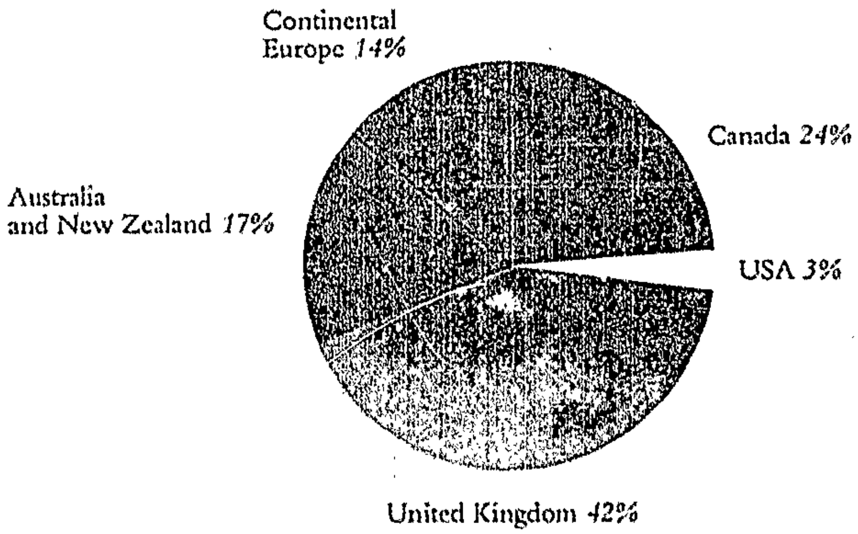
At 1990 exchange rates—

COMPANY PROFILE

Geographical split of investment and trading properties including commitments



Net rental income by region



PUBLICLY LISTED DEBT PROFILE

1 **Listed on The International Stock Exchange in London**

£100,000,000 10.75% Unsecured Notes issued by the Holding Company in March 1989 in denominations of £10,000 and £100,000 redeemable at par on 7th December 2013. Interest is payable annually in arrears on 7th December.

2 **Listed on The Frankfurt Stock Exchange**

Dm150,000,000 6% Bearer Bonds issued by the Holding Company divided into 30,000 bonds of Dm1,000 each and 12,000 bonds of Dm10,000 each redeemable at par on 1st February 1992. Interest is payable annually on 1st February.

PRINCIPAL PROPERTIES

United Kingdom	Approximate rentable area (Sq.ft)	Tenure
Shopping centres		
Brent Cross, London NW4	790,000	Leasehold
Merseyway Centre, Stockport, Greater Manchester	345,000	Leasehold
* Freshney Place, Grimsby, South Humberside	350,000	Freehold
Wulfrun Centre, Wolverhampton, West Midlands	195,000	Leasehold
Old George Mall, Salisbury, Wiltshire	105,000	Freehold
Shopping centres with office space		
Liberty Shopping Centre, Romford, Essex	410,000	Leasehold
Offices		
Woolgate House, Coleman Street, London EC2	305,000	Freehold
Marathon House, Marylebone Road, London NW1	145,000	Leasehold
40 Tower Hill, London EC3	90,000	Freehold
Selkirk House, High Holborn, London WC1	65,000	Freehold
32 & 33 St. James's Square, London SW1	50,000	Leasehold
83/85 Pall Mall, London SW1	47,000	Leasehold
* Senator House, 85 Queen Victoria Street, London EC4 (previously known as Dominant House)	155,000	Leasehold
** 48 Upper Thames Street, London EC4	–	Freehold
Offices with retail space		
Holborn Estate, London WC1	325,000	Freehold
Mitre House, Cheapside, London EC2	100,000	Leasehold
Merton Centre, Bedford	93,000	Freehold
Stone House, Bishopsgate, London EC2	70,000	Freehold
Lonsdale Chambers, Chancery Lane, London WC2	60,000	Freehold
68/71 Fleet Street, London EC4	34,000	Freehold
Thanet House, Strand, London WC2	26,000	Freehold
Manor House, Church Street, Leatherhead, Surrey	30,000	Freehold
Compter House, Wood Street, London EC2	18,000	Freehold

* In the course of redevelopment
** Site for offices

PRINCIPAL PROPERTIES

Australia	Approximate rentable area (Sq.ft)	Tenure
Shopping centres		
Warringah Mall, Brookvale, Sydney, New South Wales	1,050,000	Freehold
Carousel, Cannington, Perth, Western Australia	430,000	Freehold
Floreat Forum, Perth, Western Australia	115,000	Freehold
Offices		
Communications House, William Street, Melbourne, Victoria	345,000	Freehold
500 Collins Street, Melbourne, Victoria	260,000	Freehold
1 York Street, Sydney, New South Wales	200,000	Leasehold
167 Eagle Street, Brisbane, Queensland	160,000	Freehold
Dalgety House, Eagle Street, Brisbane, Queensland	125,000	Freehold
** 175 Eagle Street, Brisbane, Queensland	-	Freehold
New Zealand		
Shopping centre		
South Mall, Manurewa, Auckland	148,000	Freehold
Canada		
Shopping centre		
Square One, Mississauga, Ontario	1,362,000	Freehold
Offices		
70 University Avenue, Toronto, Ontario	235,000	Leasehold
201 City Centre Drive, Mississauga, Ontario	218,000	Freehold
33 City Centre Drive, Mississauga, Ontario	213,000	Freehold
77 City Centre Drive, Mississauga, Ontario	195,000	Freehold
55 City Centre Drive, Mississauga, Ontario	184,000	Freehold
Offices with retail space		
Bow Valley Square, Phases 1-4, Calgary, Alberta	1,450,000	Freehold
2 Bloor Street West, Toronto, Ontario	528,000	Leasehold

** Site for offices

PRINCIPAL PROPERTIES

	Approximate rentable area (Sq.ft)	Tenure
United States of America		
Offices		
3100 South Gessner Street, Houston, Texas	137,000	Freehold
Offices with retail space		
* 420 Fifth Avenue, New York	590,000	Freehold
Main Place, Buffalo, New York State	648,000	Freehold
Liberty Building, Buffalo, New York State	343,000	Freehold
France		
Offices		
Building E, Colline St Cloud, St Cloud	124,000	Freehold
46 avenue Kleber, Paris 16e	38,000	Freehold
16 place Vendome, Paris 1e	25,000	Freehold
4 rue Beaubourg, Paris 4e	21,000	Freehold
48 rue Croix des Petits Champs, Paris 1e	20,000	Freehold
43 avenue de Friedland, Paris 8e	17,000	Freehold
43 avenue Marceau, Paris 16e	12,000	Freehold
Retail with office space		
19/23 rue St Ferreol, Marseille	77,000	Freehold
Germany		
Shopping centres		
* Saar Galerie, Saarbrucken	249,000	Freehold
City Center, Essen (see note 10a)	277,000	Freehold
Retail with office space		
55/57 Obernstrasse, Bremen	122,000	Freehold
47 Kettwigerstrasse, Essen	118,000	Freehold
Spain		
Offices with retail space		
* 16 Paseo de Gracia, Barcelona	104,000	Freehold

* In the course of redevelopment

Corporate Advisers

Auditors
Touche Ross & Co.
Chartered Accountants
Hill House 1 Little New Street
London EC4A 3TR

Registrar and Transfer Office–United Kingdom
Barclays Registrars Ltd
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Registrar and Transfer Office–Canada
Montreal Trust Company of Canada
Corporate Services Division
151 Front Street West
8th Floor Toronto Ontario M5J 2N1

Registrar and Transfer Office–Australia
Registry Managers (Australia) Pty Ltd
160 Clarence Street
Sydney NSW 2000

Stockbrokers–United Kingdom
de Zoete & Bevan Ltd
Ebbgate House
2 Swan Lane
London EC4R 3TS

Stockbrokers–United Kingdom
Henderson Crosthwaite Ltd
PO Box No 442
32 St Mary at Hill
London EC3P 3AJ

Stockbrokers–Canada
Wood Gundy Inc
161 Bay Street
PO Box 500
Toronto Ontario M5J 2S8

Stockbrokers–Australia
McIntosh Securities Ltd
National Australia House
255 George Street
Sydney NSW 2000

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 60th Annual General Meeting of the Company will be held at the Company's head office, 100 Park Lane, London W1Y 4AR on Monday, 17th June 1991, at 12 Noon, to carry out the following business:

Ordinary Business

1 To receive the report of the Directors and the accounts for the year ended 31st December 1990.

2 To declare a dividend.

3 To re-elect Mr. Sydney Mason, aged 70, as a Director of the Company.

4 To re-elect Mr. A. S. Bell as a Director of the Company.

5 To re-elect Mr. J. M. D. Scott as a Director of the Company.

6 To re-elect Mr. J. H. Riddell as a Director of the Company.

7 To re-elect Mr. M. M. Gill as a Director of the Company.

8 To re-appoint Touche Ross & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.

9 To transact any other ordinary business of the Company.

Special Business

10 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT:

The Directors are generally and unconditionally authorised:

(i) to exercise the power contained in Article 137A of the Articles of Association of the Company so that, to the extent determined by the Directors, the holders of Ordinary shares of 25p each and 'A' Ordinary (limited voting) shares of 25p each may be permitted to elect to receive new Ordinary shares of 25p each and new 'A' Ordinary (limited voting) shares of 25p each respectively in the Company, credited as fully paid, instead of all or part of the final dividend for the financial year ended 31st December 1990 and any interim dividend resolved by the Directors to be paid in respect of the financial year ending 31st December 1991; and

(ii) to capitalise the appropriate nominal amount of additional Ordinary shares of 25p each and 'A' Ordinary (limited voting) shares of 25p each falling to be allotted pursuant to elections made as aforesaid, out of the amount standing to the credit of reserves (including any share premium account or capital redemption reserve), to apply such sum in paying up such Ordinary shares of 25p each and 'A' Ordinary (limited voting) shares of 25p each and to allot such shares to members of the Company validly making such elections."

11 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT:

subject to the provisions of The Companies Act 1985 and the Articles of Association of the Company, the Directors are hereby generally and unconditionally authorised, pursuant to section 80 of The Companies Act 1985, in substitution for any previous such authority, to allot relevant securities (as defined by the said section 80) up to a maximum aggregate nominal amount of £15,681,154.08 provided that this authority shall expire at the end of the next Annual General Meeting of the Company (unless previously revoked, varied or renewed by the Company in general meeting). This authority shall extend to the making, before its expiry, of an offer or agreement which would, or might, require relevant securities to be allotted after such expiry and to the subsequent allotment of such securities."

12 To consider, and if thought fit, to pass the following resolution as a special resolution:

"THAT:

the Directors are empowered pursuant to section 95 of The Companies Act 1985, in substitution for any previous such power, to allot equity securities (as defined in section 94 of the said Act) for cash pursuant to the general authority conferred by resolution 11 set out in the Notice of Meeting of the Company dated 16th May 1991 as though section 89(1) of the said Act did not apply to any such allotment, provided that this power shall expire at the end of the next Annual General Meeting of the Company (unless previously renewed, extended or revoked by the Company in general meeting) or of 15 months from the passing of this resolution but shall extend to the making, at any time prior to the expiry of the power, of any offer or agreement which would or might require equity securities to be allotted after its expiry and to the subsequent allotment of such securities and provided further that this power shall be limited:

(i) to the allotment of equity securities in connection with a rights issue in favour of the holders of the Ordinary shares of 25p each and 'A' Ordinary (limited voting) shares of 25p each where the equity securities respectively attributable to the interests of the Ordinary and 'A' Ordinary (limited voting) shareholders are proportionate (as nearly as may be) to the respective numbers of such shares held or deemed to be held by them, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange, or any other matter; and

(ii) to the allotment (otherwise than pursuant to paragraph (i) above) of equity securities which are to be wholly paid up in cash up to an aggregate nominal amount of £2,078,200."

13 To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"THAT:

In substitution for any existing such authority, the Company is generally and unconditionally authorised to make market purchases (as defined by section 163 of The Companies Act 1985) up to an aggregate of 8,312,800 Ordinary shares of 25p each and 'A' Ordinary (limited voting) shares of 25p each and in the case of each such share for a price not less than 25p and not more than 5 per cent above the average of the middle market quotation of the class of share to be purchased taken from the Daily Official List of The Stock Exchange in London for the 10 business days before the date of purchase. This authority shall expire at the end of the next Annual General Meeting of the Company or on 16th December 1992, whichever is the earlier date ("Expiry Date") unless it is revoked, varied or renewed prior to such date, save that this authority shall include any purchase of Ordinary shares of 25p each or 'A' Ordinary (limited voting) shares of 25p each made pursuant to a contract entered into before the Expiry Date, notwithstanding that it would, or might, be completed wholly or partly after that date."

Registered Office:
100 Park Lane
London W1Y 4AR

16th May 1991

By Order of the Board
R. S. Johnson
Secretary

Notes

(1) 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 be a member of the Company. Any form of proxy must be deposited with the Company's Registrars at the address shown on the form of proxy not later than 48 hours before the time fixed for the meeting. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting.

(2) There will be available for inspection at the Company's Registered Office during usual business hours each week on Mondays to Fridays (excluding public holidays) from the date of this notice up to the date of the meeting and at the meeting itself:

(i) the Register of Directors' interests (and their families) in the Ordinary shares of 25p each and 'A' Ordinary (limited voting) shares of 25p each of the Company; and

(ii) copies of all service contracts relating to Directors of the Company.

THE HAMMERSON PROPERTY INVESTMENT AND DEVELOPMENT CORPORATION plc

FORM OF PROXY

ANNUAL GENERAL MEETING

I/We ....
(BLOCK CAPITALS)

of ....
being (a) Member(s) of the above-named Company, hereby appoint SYDNEY MASON, or failing him, JOHN RICHARD PARRY, or failing him, HANS RAINER VOGT, all Directors of the Company, all of 100 Park Lane, London W1Y 4AR or

....
(see Note 1) as my/our proxy to vote for me/us on my/our behalf as indicated below at the Annual General Meeting of the Company to be held on Monday, 17th June 1991 and at any adjournment thereof.

DATED .... *1991. Signature(s)* ....

Please indicate with an X in the appropriate spaces below how you wish your vote to be cast in respect of each resolution. If you wish your vote to be cast in favour of a resolution, you must put an X in the space beneath the heading "FOR" or if the vote is to be cast against a resolution, put the X in the space beneath the heading "AGAINST". If you sign the form and return it to the Company's Registrars without any specific directions, the proxy will vote or abstain as he thinks fit.

	FOR	AGAINST
ORDINARY RESOLUTIONS		
1. To receive the Report and Accounts for 1990		
2. To declare a dividend		
3. To re-elect as a Director SYDNEY MASON (70)		
4. To re-elect as a Director A. S. BELL		
5. To re-elect as a Director J. M. D. SCOTT		
6. To re-elect as a Director J. H. RIDDELL		
7. To re-elect as a Director M. M. GILL		
8. To re-appoint the Auditors		
ORDINARY RESOLUTIONS		
10. To authorise the Directors to offer shares in lieu of cash dividends		
11. To authorise the Directors to allot shares		
SPECIAL RESOLUTION		
12. To disapply the statutory pre-emption rights and empower the Directors to allot shares for cash		
ORDINARY RESOLUTION		
13. To authorise market purchases by the Company of its shares		

NOTES:

(1) If any other proxy is desired, strike out the name inserted above, insert the name of the proxy preferred and initial the alteration.

(2) In the case of joint holders, this form of proxy may be signed by any one of such joint holders, but the names of all the joint holders should be stated.

(3) In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or agent, duly authorised in writing, whose designation should be stated.

(4) If your vote is cast "for" a resolution, it will be treated as being in favour of that resolution.

(5) To be valid, this form of proxy, together with the authority (if any) under which it is signed, or a certified or office copy of such authority, must be deposited with the Company's Registrar, at the address shown on the reverse of this form, by not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting at which the proxy proposes to vote.

(6) Use of this form does not preclude a member from attending the meeting and voting in person.

Third Fold and Tuck in

BUSINESS REPLY SERVICE
Licence No. MB 122

1

The Hammerson Property Investment and Development Corporation plc,
Registrar and Transfer Office,
Bourne House,
34 Beckenham Road,
Beckenham,
Kent BR3 4BR.

First Fold

Second Fold

HAMMERSON

THE HAMMERSON PROPERTY INVESTMENT AND DEVELOPMENT CORPORATION plc
100 PARK LANE, LONDON W1Y 4AR TELEPHONE: 071-629 9494 FACSIMILE: 071-629 0498