

## IMPORTANT NOTICE

**IMPORTANT:** You must read the following terms and conditions before continuing. The following terms and conditions apply to the attached document relating to Hammerson plc (the “**Company**”) dated 6 August 2020 (the “**document**” or “**Prospectus**”) and you are required to read them carefully before accessing or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications made to them from time to time by the Company. You acknowledge that the delivery of this electronic transmission and the attached document is confidential and intended for specific recipients only and you agree that you may not, nor are you authorised to, copy, refer to or reproduce the document in whole or in part in any manner whatsoever or deliver, distribute or forward the document or disclose any of its contents to any other person. Failure to comply with this directive may result in a violation of the US Securities Act of 1933, as amended (the “**US Securities Act**”), or the applicable laws of other jurisdictions. If you are not the intended recipient of this document, you must disregard it.

This electronic transmission and the Prospectus have been prepared in connection with, amongst other things: (i) the proposed rights issue by the Company of new ordinary shares (the “**New Shares**”) to existing shareholders of the Company (the “**Rights Issue**”); (ii) the proposed applications to the Financial Conduct Authority (the “**FCA**”) and the London Stock Exchange for admission of the New Shares to the premium segment of the Official List of the FCA (the “**Official List**”) and to trading on the London Stock Exchange plc’s main market for listed securities (the “**Main Market**”); and (iii) the proposed application to the JSE Limited (the “**JSE**”) for the New Shares to be admitted to listing and trading on the Main Board of the JSE. The Prospectus has been published in connection with the Rights Issue and admission of the New Shares, and is available on the Company’s website at [www.hammersontransaction.com](http://www.hammersontransaction.com). Prospective investors are advised to read the Prospectus prior to making an investment decision.

NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO, AND IN PARTICULAR, IS NOT FOR DISTRIBUTION IN THE UNITED STATES (SUBJECT TO CERTAIN LIMITED EXCEPTIONS), AUSTRALIA (SUBJECT TO CERTAIN LIMITED EXCEPTIONS), CANADA (EXCEPT THE PROVINCES OF ALBERTA, BRITISH COLUMBIA, ONTARIO AND QUEBEC AND SUBJECT TO CERTAIN LIMITED EXCEPTIONS), JAPAN, NEW ZEALAND (SUBJECT TO CERTAIN LIMITED EXCEPTIONS) OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION (THE “**EXCLUDED TERRITORIES**”). THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SECURITIES OR THE ACCURACY OR ADEQUACY OF THE ATTACHED DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This electronic transmission and the attached document do not constitute, advertise, invite or relate to an offer to the public (as defined in the South African Companies Act No. 71 of 2008, as amended (the “**South African Companies Act**”) for the sale of or subscription for, or the invitation or solicitation of an offer to buy or subscribe for, securities. In South Africa, this electronic transmission and the attached document will not be distributed to any person in any manner which could be construed as an offer to the public in terms of the South African Companies Act and is only directed at: (i) financial institutions and other persons who are referred to in section 96(1)(a) of the South African Companies Act; (ii) single persons acting as principals who acquire securities for an aggregate price of at least R1 million in accordance with section 96(1)(b); and/or (iii) holders of the Company’s securities in accordance with section 96(1)(d) of the South African Companies Act (the “**Qualifying Investors**”).

Should any person who is not a Qualifying Investor receive the Prospectus, they should not and will not be entitled to acquire any New Shares or otherwise act thereon. The Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act. Accordingly, the document does not comply with the substance and form requirements for prospectuses set out in the South African Companies Act and the South African Companies Regulations of 2011 and has not been approved by, and/or registered with, the Companies and Intellectual Property Commission, or any other South African authority. The JSE and the Financial Surveillance Department of the South African Reserve Bank have approved the Prospectus. Nothing in this electronic transmission and the attached document should be viewed, or construed, as “advice” as that term is used in the South African Financial Markets Act No. 19 of 2012, as amended and/or the South African Financial Advisory and Intermediary Services Act No. 37 of 2002, as amended (the “**FAIS Act**”) nor should anything in this electronic transmission and the attached document be construed as constituting the canvassing for, or marketing or advertising of financial services in South Africa as contemplated in FAIS Act. This electronic transmission and the attached document constitute factual, objective information about the Company and nothing contained herein should be construed as constituting any form of investment advice or recommendation, guidance or proposal of a financial nature as contemplated in the FAIS Act in respect of the Company or any transaction in relation thereto.

To the extent that any of the Company’s representatives and/or advisors, including the Banks (as defined below) are registered Financial Services Providers, none of them purport to provide, market or advertise financial services to any person in respect of the Company and this electronic transmission and the attached document does not constitute financial advice, or financial services, provided by the aforesaid to any person who is in possession of this electronic transmission and the attached document.

This electronic transmission and the attached document and the offer of New Shares when made are only addressed to and directed at persons in member states of the European Economic Area who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) (the “**Qualified Investors**”). This electronic transmission and the attached document must not be acted on or relied on in any member state of the European Economic Area, by persons who are not Qualified Investors.

**Confirmation of your representation:** You have been sent this electronic transmission and the attached document on the basis that you are deemed to have represented to the Company, and each of J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove), Morgan Stanley & Co. International plc, Lazard & Co., Limited, Barclays Bank PLC, acting through its Investment Bank, and Investec Bank Limited (together, the “**Banks**”), that: (i) you have read, understood and agree to be bound by the terms and conditions set out herein; (ii) you are (a) in the United States and, unless otherwise expressly agreed with the Company, a “qualified institutional buyer” as defined in Rule 144A under the US Securities Act (a “**QIB**”) that proposes to acquire securities for their own account or for the account or benefit of another QIB or (b) acting on behalf of, or are, an institutional investor outside the United States and the e-mail address to which this electronic transmission and the attached document have been delivered is not located in the United States; (iii) if you are in South Africa, or any person for whom you are acting is in South Africa, you (and any such person) are a Qualifying Investor; (iv) if you are in any member state of the EEA, you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors to the extent you are acting on behalf of persons or entities in the EEA; and (vi) if you are outside the United States, the United Kingdom and the EEA (and the e-mail addresses that you gave us and to which the Prospectus has been delivered are not located in such jurisdictions) you are a person into whose possession the Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

The attached document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission. Your receipt of the attached document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

None of the Company, any of its directors, officers, employees or agents, or any affiliate of such person accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy that may be provided to you at a

later date. A hard copy of the attached document will be made available to intended recipients only upon request.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Banks by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither the Banks nor any of their respective subsidiaries, branches or affiliates, accept any duty, liability or responsibility whatsoever (whether direct or indirect) to any person for any acts or omissions of the Company as to the contents of this electronic transmission or the attached document or makes any representation or warranty, express or implied, as to the contents of this electronic transmission or the attached document, including its accuracy, completeness, verification or sufficiency or for any other statement made or purported to be made by it, or on its behalf and nothing in this electronic transmission or the attached document will be relied upon as a promise or representation in this respect, whether or not as to the past or future. The Banks and their respective subsidiaries, branches and affiliates accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract, statute or otherwise (save as referred to above) in respect of this electronic transmission or attached document or any such statement or otherwise. No representation or warranty, express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this electronic transmission or attached document, and nothing in this electronic transmission or attached document will be relied upon as a promise or representation in this respect, whether or not as to the past or future.

The Banks are authorised in the United Kingdom by the Prudential Regulation Authority (the “**PRA**”) and authorised and regulated in the United Kingdom by the FCA and the PRA. Investec Bank Limited is a registered sponsor and member of the JSE.

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION**

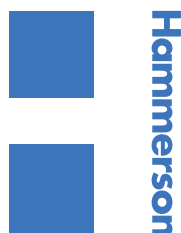
If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended (the "FSMA"), if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This document comprises: (i) a circular prepared in accordance with the Listing Rules of the Financial Conduct Authority (the "FCA") (made under section 73A of the FSMA); and (ii) a prospectus (together, the "document" or "Prospectus") relating to Hammerson plc ("Hammerson" or the "Company") prepared in accordance with the Prospectus Regulation Rules of the FCA (made under Section 73A of the FSMA) and has been filed with, and approved by, the FCA in accordance with Section 85 of the FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

This document has been approved as a prospectus by the FCA, as competent authority under Regulation (EU) 2017/1129. The FCA only approves this document as a prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; such approval should not be considered as an endorsement of the Company that is, or of the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities. This document has also been approved by the FCA as a circular for the purpose of Listing Rules 13.2.1R(1), 13.2.1R(2) and 13.2.1R(4) of the Listing Rules of the FCA.

This document is not a prospectus within the meaning of the South African Companies Act but is a circular as defined in the listings requirements of the JSE Limited (the "JSE"), as amended (the "JSE Listings Requirements"). Accordingly, a copy of this document in English has been submitted to and approved by the JSE in accordance with section 18 of the JSE Listings Requirements and the JSE Guidance Letter dated 10 March 2010 (*Corporate actions and certain other events undertaken by secondary listed companies on the JSE*).

The distribution of this document, any other offering or publicity material relating to the Disposal, the Rights Issue and the Capital Reorganisation (together, the "Transactions"), the Provisional Allotment Letter and/or the Form of Instruction and the transfer of the New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Forms of Instruction and/or the Letters of Allocation (together, the "Securities") (or any of them) into jurisdictions other than the United Kingdom and South Africa may be restricted by law and, therefore, persons into whose possession this document (and any accompanying documents) comes should inform themselves about and observe any such restrictions. The Securities are not transferable except in accordance with the restrictions set out in paragraph 11 of Part X (*Terms and Conditions of the Rights Issue*) of this document. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular this document, the Provisional Allotment Letter and/or the Form of Instruction, and any other related documents, should not be distributed, forwarded to or transmitted in or into any of the Excluded Territories.



## Hammerson plc

(Incorporated and registered in England and Wales with registered number 360632)

ISIN (Existing Shares): GB0004065016 LEI: 213800G1C9KKVVDN1A60

### **Proposed Disposal of Hammerson's 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake)**

and

### **Capital Reorganisation of 1 Consolidated Share of 5 pence nominal value for every 5 Existing Shares of 25 pence nominal value**

and

### **24 for 1 Rights Issue of 3,678,209,328 New Shares at 15 pence or ZAR3.41 per New Share**

and

### **Notice of General Meeting Morgan Stanley**

### **J.P. Morgan Cazenove**

Joint Financial Adviser, Joint UK  
Sponsor, Joint Global Coordinator,  
Joint Bookrunner and Joint Underwriter

Joint Financial Adviser, Joint UK

Sponsor, Joint Global Coordinator,  
Joint Bookrunner and Joint Underwriter

### **Lazard**

Joint Financial Adviser and Joint UK  
Sponsor

### **Barclays**

Joint Bookrunner and Joint Underwriter

### **Investec Bank Limited**

JSE Sponsor

Subject to the restrictions below, if you sell or transfer or have sold or have otherwise transferred all of your Existing Shares held in certificated form (other than ex-Rights) before 8:00 a.m. (London time) on 10 September 2020 (in the case of Shareholders whose Existing Shares are on the UK Register and which are in certificated form) or before 9:00 a.m. (South African Standard Time) on 7 September 2020 (in the case of Shareholders whose Existing Shares are on the SA Register and which are in certificated form) (the relevant "Ex-Rights Date"), please send this document and any Provisional Allotment Letter or Form of Instruction (as applicable), duly renounced, if and when received, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee except that such documents should not be sent in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, any of the United States (subject to certain limited exceptions), Australia (subject to certain limited exceptions), Canada (except the Provinces of Alberta, British Columbia, Ontario and Quebec and subject to certain limited exceptions), Japan, New Zealand (subject to certain

limited exceptions) or any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law or regulation (the “**Excluded Territories**”). If you are a Shareholder who holds Shares in certificated form and you sell or transfer or have sold or have otherwise transferred only part of your holding of Existing Shares held in certificated form (other than ex-Rights) before the relevant Ex-Rights Date, you should immediately consult the bank, stockbroker or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications in paragraph 5.6 of Part X (*Terms and Conditions of the Rights Issue*) of this document and in the Provisional Allotment Letter, if your Existing Shares are on the UK Register, or refer to paragraph 6.5 of Part X (*Terms and Conditions of the Rights Issue*) of this document and the Form of Instruction, if your Existing Shares are on the SA Register. If you are a Shareholder who holds Shares in uncertificated form and you sell or transfer or have sold or have otherwise transferred all or some of your Existing Shares (other than ex-Rights) held in uncertificated form before the relevant Ex-Rights Date, if your Existing Shares are on the UK Register a claim transaction will automatically be generated by Euroclear UK and Ireland (“**Euroclear**”) which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee, or if your Existing Shares are on the SA Register the appropriate number of Letters of Allocation will be automatically credited to the purchaser’s or transferee’s central securities depository participant (“**CSDP**”) or broker account.

Qualifying CREST Shareholders will have their Nil Paid Rights credited to their stock accounts in CREST. Qualifying South African Shareholders who hold their Existing Shares in uncertificated form will not be sent a Form of Instruction and will have their accounts at their CSDP or broker automatically credited with their Letters of Allocation (which represent their entitlement to Nil Paid Rights). Qualifying Non-CREST Shareholders will be sent a Provisional Allotment Letter (representing their entitlement to Nil Paid Rights). Qualifying South African Shareholders who hold their Existing Shares in certificated form will be sent a Form of Instruction and will have their Letters of Allocation (which represent their entitlement to Nil Paid Rights) credited to an account held with the SA Transfer Secretaries. The Nil Paid Rights will not be admitted to trading on any exchange other than the London Stock Exchange and the Letters of Allocation will not be admitted to trading on any exchange other than the JSE.

A Notice of General Meeting of the Company, to be held at 9:00 a.m. (London time) and 10:00 a.m. (South African Standard Time) on 1 September 2020 (the “**General Meeting**”), is set out at the end of this document. The General Meeting will be convened electronically in accordance with the Corporate Insolvency and Governance Act 2020 (the “**2020 Act**”). In response to the COVID-19 pandemic, the UK Government has introduced a number of measures in England aimed at controlling the spread of the virus (the “**Measures**”). On 26 June 2020, the UK Government enacted the 2020 Act, which introduces flexible arrangements to allow UK companies to hold general meetings. The Board has been closely monitoring the ongoing impact of COVID-19 in the United Kingdom, and has carefully considered the Measures, the 2020 Act and public health guidance. The Board has also taken into account the latest guidance relating to the organisation of general meetings published by the Chartered Governance Institute (“**ICSA**”) / the City of London Law Society (“**CLLS**”) on 9 July 2020 and the Department for Business, Energy and Industrial Strategy (“**BEIS**”) / the Financial Reporting Council (“**FRC**”) on 8 June 2020. Protecting the safety and wellbeing of shareholders, Hammerson employees and the public is of paramount importance to the Board. The Board is also cognisant of the evolving situation and potential for future, localised lockdowns. The Board has therefore decided to convene the General Meeting electronically in accordance with the provisions of the 2020 Act. Shareholders should vote by way of proxy in advance of the General Meeting. It is important that you complete, sign and return a Form of Proxy in accordance with the instructions printed on it or vote electronically as set out below. To ensure your vote is counted, you should appoint the ‘Chair of the meeting’ as your proxy. To be valid, the Form of Proxy must be lodged with the Company’s Registrar by not later than 9:00 a.m. (London time) and 10:00 a.m. (South African Standard Time) on 27 August 2020. Shareholders on the UK Register can obtain a copy of the UK Form of Proxy from the Company’s UK registrar, Link Asset Services. Shareholders on the South Africa share register receiving hard copies of this document or a postal alert will also have received a South Africa Form of Proxy for voting at the General Meeting. For other Shareholders on the South Africa share register, a copy of the South Africa Form of Proxy can be obtained from the SA Transfer Secretaries, Computershare Investor Services. See the notes to the Notice of General Meeting for more information.

The Company will be providing a listen-only conference call facility to enable shareholders to follow proceedings of the meeting remotely. All Shareholders are encouraged to use this facility and follow proceedings of the General Meeting in real time if they wish to do so. Shareholders will receive details of how to listen to the General Meeting separately. Shareholders with questions about this facility should contact the Company’s Registrars. Shareholders using the conference call facility will not be able to vote or ask questions using this service. The Board is committed to shareholder engagement. Shareholders who wish to put a question to the Board relating to the business to be conducted at the General Meeting should email [investorrelations@hammerson.com](mailto:investorrelations@hammerson.com) in advance of the General Meeting. We encourage shareholders to submit questions by 9:00 a.m. (London time) on 25 August 2020 and the Company will endeavour to respond on the Company’s website in advance of the proxy voting deadline on 27 August 2020 at 9:00 a.m. (London time) and 10:00 a.m. (South African Standard Time). Where questions are received after 9:00 a.m. (London time) on 25 August 2020 the Company will respond at the General Meeting or as soon as practicable or thereafter. The Company reserves the right to consolidate questions of a similar nature. The Company is not required to answer questions if: doing so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; the answer has already been given on the Company’s website in the form of an answer to a question; or it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

The Existing Shares have been admitted to the premium listing segment of the Official List of the FCA (the “**Official List**”) and to trading on the London Stock Exchange’s main market for listed securities (the “**Main Market**”). The Existing Shares have a secondary listing, and are traded, on the Main Board of the JSE.

Applications will be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares (nil paid) will commence by 8:00 a.m. (London time) on 10 September 2020 and in the New Shares (fully paid) by 8:00 a.m. (London time) on 25 September 2020.

Application will also be made to the JSE for the New Shares to be admitted to listing and trading on the Main Board of the JSE. It is expected that Admission of the New Shares will become effective and that dealings on the JSE in the Letters of Allocation

will commence at 9:00 a.m. (South African Standard Time) on 7 September 2020 and in the New Shares by 9:00 a.m. (South African Standard Time) on 21 September 2020.

You should read this entire document and the information incorporated by reference into this document in full. Shareholders and any other persons contemplating a purchase of New Shares should read in particular the part of this document entitled “Risk Factors” at pages 16 to 42 for a discussion of certain risks and other factors that should be considered when deciding on what action to take in relation to the Transactions or deciding whether or not to subscribe for New Shares.

Investors should only rely on the information contained in this document and any documents incorporated herein by reference. No person has been authorised to give any information or make any representations other than those contained in this document and any document incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been so authorised. Hammerson will comply with its obligation to publish a supplementary prospectus containing further updated information if so required by law or by any regulatory authority but assumes no further obligation to publish additional information.

No application has been or is currently intended to be made for the New Shares to be admitted to listing or trading on any other exchange. The New Shares issued by the Company pursuant to the Rights Issue will rank *pari passu* in all respects with each other and the Consolidated Shares.

The latest time and date for acceptance and payment in full in respect of the Rights Issue by Qualifying Shareholders (other than Qualifying South African Shareholders) is expected to be 11:00 a.m. (London time) on 24 September 2020, unless otherwise announced by the Company. In respect of Qualifying South African Shareholders, the latest time and date for acceptance and payment in full is expected to be 12:00 p.m. (South African Standard Time) on 23 September 2020, unless otherwise announced by the Company. The procedures for acceptance and payment are set out in Part X (*Terms and Conditions of the Rights Issue*) of this document for Qualifying Non-CREST Shareholders and Qualifying South African Shareholders who hold their Existing Shares in certificated form (other than, subject to certain exceptions as set out in paragraphs 5 and 6 of Part X (*Terms and Conditions of the Rights Issue*) of this document, Shareholders with a registered address in any of the Excluded Territories) and in the Provisional Allotment Letter or Form of Instruction, as the case may be. Qualifying CREST Shareholders should refer to paragraph 7 of Part X (*Terms and Conditions of the Rights Issue*) of this document titled “Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights and Fully Paid Rights in CREST”. Qualifying South African Shareholders who hold their Existing Shares in uncertificated form should refer to the relevant provisions contained in paragraph 6 of Part X (*Terms and Conditions of the Rights Issue*) of this document titled “Action to be taken by Qualifying South African Shareholders”.

J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name J.P. Morgan Cazenove) (“**J.P. Morgan Cazenove**”) is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the FCA and the PRA. J.P. Morgan Cazenove is acting exclusively as joint financial adviser, joint UK sponsor, joint global coordinator, joint bookrunner and joint underwriter for the Company and no one else in connection with the Transactions and will not regard any other person as its client in relation to the Transactions. J.P. Morgan Cazenove will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the Transactions or any matter referred to herein.

Morgan Stanley & Co. International plc (“**Morgan Stanley**”) is authorised in the United Kingdom by the Prudential Regulation Authority (“**PRA**”) and regulated in the United Kingdom by the FCA and the PRA. Morgan Stanley is acting exclusively as joint financial adviser, joint UK sponsor, joint global coordinator, joint bookrunner and joint underwriter for the Company and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document. Morgan Stanley will not be responsible to anyone other than the Company for providing the protections afforded to clients of Morgan Stanley, nor for providing advice in relation to any matter referred to herein.

Lazard & Co., Limited (“**Lazard**”) is authorised and regulated in the United Kingdom by the FCA. Lazard is acting exclusively as joint financial adviser and joint UK sponsor for the Company and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document. Lazard will not be responsible to anyone other than the Company for providing the protections afforded to clients of Lazard, nor for providing advice in relation to any matter referred to herein.

Barclays Bank PLC, acting through its Investment Bank (“**Barclays**”) is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA. Barclays is acting exclusively as joint bookrunner and joint underwriter for the Company and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document. Barclays will not be responsible to anyone other than the Company for providing the protections afforded to clients of Barclays, nor for providing advice in relation to any matter referred to herein.

Investec Bank Limited (“**Investec**”) is authorised and regulated in South Africa by, *inter alia*, the Financial Sector Conduct Authority (the “**FSCA**”). Investec is acting exclusively as JSE sponsor for the Company and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document. Investec will not be responsible to anyone other than the Company for providing the protections afforded to clients of Investec, nor for providing advice in relation to any matter referred to herein.

No action has been or will be taken by J.P. Morgan Cazenove, Morgan Stanley, Lazard, Barclays, Investec (together, the “**Banks**”) and the Company that would permit possession or distribution of this document or any other material relating to the New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Forms of Instruction or the Letters of Allocation in any country or jurisdiction where action for that purpose is required, other than in the United Kingdom and South Africa. This document is not an offer to sell, or the solicitation of an offer to buy or subscribe for New Shares, Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters, Forms of Instruction or Letters of Allocation in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into any of the Excluded Territories.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Banks by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither the Banks nor any of their respective subsidiaries, branches or affiliates, accept any duty, liability or responsibility whatsoever (whether direct or indirect) to any person for any acts or omissions of the Company as to the contents of this document, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness, verification or sufficiency or for any other statement made or purported to be made by it, or on its behalf and nothing in this document will be relied upon as a promise or representation in this respect, whether or not as to the past or future. The Banks and their respective subsidiaries, branches and affiliates accordingly disclaim all and any duty, liability and responsibility whether arising in tort, contract, statute or otherwise (save as referred to above) in respect of this document or any such statement or otherwise. No representation or warranty, express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not as to the past or future.

J.P. Morgan Cazenove, Morgan Stanley and Barclays (the “**Underwriters**”), in accordance with applicable legal and regulatory provisions and subject to the underwriting and sponsors’ agreement dated 6 August 2020 between and among the Company and the Underwriters, Lazard and Investec (the “**Underwriting Agreement**”), may engage in transactions in relation to New Shares, Nil Paid Rights, Fully Paid Rights, Letters of Allocation and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. In connection with the Rights Issue, the Underwriters and any of their respective affiliates, acting as investors for their own accounts may acquire New Shares as a principal position and in that capacity may retain, acquire, purchase, sell, offer to sell or otherwise deal for their own accounts in such New Shares and other securities of the Company or related investments in connection with the Rights Issue or otherwise. Accordingly, references in this document to the New Shares being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, placing or dealing by each of the Underwriters and any of their affiliates acting as investors for their own accounts. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of New Shares. The Underwriters may also coordinate a sell-down in the event that any underwriting crystallises as a result of the Rights Issue. Except as required by applicable law or regulation, the Underwriters and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

In the event that the Underwriters acquire New Shares which are not taken up by Qualifying Shareholders, the Underwriters may co-ordinate disposals of such shares in accordance with applicable law and regulation. Except as required by applicable law or regulation, the Underwriters and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

Each of the Banks and their respective affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Company and/or its affiliates for which they would have received customary fees and commissions. Each of the Banks and their respective affiliates may provide such services to the Company and/or its affiliates in the future.

In the ordinary course of their various business activities, the Banks and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company, the Group and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. In addition, certain of the Banks or their affiliates are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the Group’s credit facilities and other credit arrangements, or its respective affiliates. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company or its respective affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Banks or their affiliates that have a lending relationship with the Company may routinely hedge their credit exposure to the Company consistent with their customary risk management policies; a typical hedging strategy.

In making an investment decision, investors must rely on their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on the Banks or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document and the documents (or parts thereof) incorporated herein by reference, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Banks. None of the Company or any of the Banks or any of their respective representatives is making any representation to any offeree or acquirer of the New Shares in the Rights Issue regarding the legality of an investment by such offeree or acquirer under the laws applicable to such offeree or purchaser.

Neither the delivery of this document nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company’s affairs since the date hereof or that the information set forth in this document is correct as of any date subsequent to its date.

## **NOTICE TO OVERSEAS SHAREHOLDERS**

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation and the New Shares have not been and will not be registered under the securities laws of any Excluded Territory (which includes the United States) and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption, from and in compliance with (or in a transaction not subject to), any applicable securities laws. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation or the New Shares in any of the Excluded Territories.

All Overseas Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document, or any Provisional Allotment Letter or Form of Instruction if and when received, or any other document relevant to the Rights Issue, to a jurisdiction outside the United Kingdom or South Africa should read the information set out in paragraph 11 of Part X (*Terms and Conditions of the Rights Issue*) of this document.

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation and the New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or with any securities regulatory authority or under the relevant laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, into or within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The New Shares are being offered and sold only (i) outside the United States in reliance on Regulation S under the US Securities Act (“**Regulation S**”); and (ii) in the United States, subject to certain limited exceptions, either to persons reasonably believed to be “qualified institutional buyers” (“**QIBs**”) as defined in Rule 144A under the US Securities Act (“**Rule 144A**”) in reliance on Rule 144A or to QIBs pursuant to an exemption from or transaction not subject to the registration requirements of the US Securities Act. Prospective investors are hereby notified that the sellers of the New Shares may be relying upon the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

A QIB will be permitted to subscribe for the New Shares via the Rights Issue only if the QIB (i) returns a duly completed and executed QIB Investor Letter (as defined below) containing relevant representations and warranties, including that it and any account for which it is acting is a QIB, to and in accordance with the instructions of its custodian or nominee; and (ii) sends copies of such duly completed and executed QIB Investor Letter to Hammerson. Unless otherwise expressly agreed with the Company, any person that subscribes for the New Shares via the Rights Issue that does not sign and deliver a QIB Investor Letter will be deemed to have represented and warranted that it is located outside the United States and is subscribing for the New Shares or exercising the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or the Letters of Allocation in an offshore transaction in compliance with the provisions of Regulation S.

Neither the US Securities and Exchange Commission (“**SEC**”), nor any state securities commission in the United States nor any other US regulatory authority has approved the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation or the New Shares, nor have such authorities reviewed, passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Securities within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

#### **NOTICE TO SOUTH AFRICAN SHAREHOLDERS**

Qualifying South African Shareholders who hold their Existing Shares in certificated form will need to complete a Form of Instruction and cannot exercise or otherwise deal in their Letters of Allocation under the Rights Issue by way of a Provisional Allotment Letter. Any Provisional Allotment Letter (as opposed to a Form of Instruction) sent by a Qualifying South African Shareholder will be treated as invalid by Hammerson. Further information on the Form of Instruction is set out in paragraph 6 of Part X (*Terms and Conditions of the Rights Issue*) of this document. Qualifying South African Shareholders who hold their Existing Shares in certificated form and who have not received their Form of Instruction by 10 September 2020 and think that they are eligible to participate in the Rights Issue should contact the SA Transfer Secretaries (tel: 086 11 00 634, if calling from inside South Africa, or +27 11 370 5000 from outside South Africa).

Qualifying South African Shareholders who have dematerialised their Existing Shares and are not registered as “own name” dematerialised shareholders must instruct their CSDP or broker to act on their behalf in terms of the custody agreement entered into between the relevant Qualifying South African Shareholder and the CSDP or broker.

The Rights Issue will not constitute an “offer to the public”, as envisaged in Chapter 4 of the South African Companies Act. Accordingly: (i) this document does not, nor does it intend to, constitute a “registered prospectus”, as contemplated by the South African Companies Act; and (ii) no prospectus has been filed with CIPC in respect of the Rights Issue. As a result, this document does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC, or any other South African authority, save for the JSE and the Financial Surveillance Department of the South African Reserve Bank (“**FinSurv**”). Should any person who is not a Qualifying Shareholder receive this document, they should not, and will not be entitled to, acquire any New Shares or otherwise act thereon. Nothing in this document should be viewed, or construed, as “advice” as that term is used in the South African Financial Markets Act No. 19 of 2012, as amended and the FAIS Act. The information contained in this document constitutes factual information as contemplated in Section 1(3)(a) of the FAIS Act and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the New Shares or in relation to the business or future investments of Hammerson, is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. Hammerson is not a financial services provider licensed as such under the FAIS Act.

#### **NOTICE TO ALL INVESTORS**

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in or incorporated by reference into this document for any purpose other than in considering an investment in the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Forms of Instruction, the Letters of Allocation or the New Shares is prohibited. By accepting delivery of this document, each recipient agrees to the foregoing.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.



## INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: the price of the New Shares may decline and investors could lose all or part of their investment and the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the issue of the New Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors (in connection with the Rights Issue) who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Shares and determining appropriate distribution channels.

## WHERE TO FIND HELP

If you have any further questions, please call the UK Shareholder Helpline on +44 (0) 371 664 0321 or the South African Shareholder Helpline on 086 11 00 634 (from inside South Africa) or +27 11 370 5000 (from outside South Africa), as appropriate. The UK Shareholder Helpline will be open between 9:00 a.m. and 5:30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The South African Shareholder Helpline will be open between 8:00 a.m. and 5:00 p.m. (South African Standard Time), Monday to Friday (except South African public holidays). Calls to the South African Shareholder Helpline from within South Africa are charged at your service provider's applicable rate for calls to a standard Telkom telephone number. Calls to the South African Shareholder Helpline from outside South Africa will be charged at applicable international rates. Different charges may apply to calls to the Shareholder Helplines from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Shareholder Helplines will be only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Rights Issue or provide legal, financial, tax or investment advice.

This document is dated 6 August 2020.

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## PART I

### SUMMARY

#### A. Introduction and warnings

##### A.1.1 Name and international securities identifier number (ISIN) of the securities

Existing Shares: ISIN code GB0004065016, Nil Paid Rights: ISIN code GB00BK7YQL71, Fully Paid Rights: ISIN code GB00BK7YQM88, Letters of Allocation (JSE): ISIN code GB00BMCZL472, Consolidated Shares: ISIN code GB00BK7YQK64.

##### A.1.2 Identity and contact details of the issuer, including its Legal Entity Identifier (LEI)

Hammerson is a public company limited by shares, incorporated in England and Wales, with registered number 360632 and registered office at Kings Place, 90 York Way, London, N1 9GE, United Kingdom. The Company operates under the Companies Act 2006. The Company's telephone number is +44 (0) 20 7887 1000 and its Legal Entity Identifier is 213800G1C9KKVVDN1A60.

##### A.1.3 Identity and contact details of the competent authority approving the prospectus

This prospectus (the "**Prospectus**") has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number: +44 20 7066 1000, in accordance with Regulation (EU) 2017/1129. It has also been approved by the JSE in terms of section 18 of the JSE Listings Requirements and the JSE Guidance Letter dated 10 March 2010 (*Corporate actions and certain other events undertaken by secondary listed companies on the JSE*), with its head office at One Exchange Square, 2 Gwen Lane, Sandown, 2196, South Africa and telephone number: +27 11 520 7000, as a circular.

##### A.1.4 Date of approval of the prospectus

This Prospectus was approved on 6 August 2020.

##### A.1.5 Warning

This summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to the Prospectus. Any decision to invest in the Securities should be based on consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Securities.

#### B. Key information on the issuer

##### B.1 Who is the issuer of the securities?

##### B.1.1 Domicile, legal form, LEI, jurisdiction of incorporation and country of operation

The Company is incorporated in England and Wales with its registered office in England and its Legal Entity Identifier is 213800G1C9KKVVDN1A60. The Company was incorporated and registered in England and Wales under the Companies Act 1929 as Associated City Investment Trust Limited on 17 April 1940 with registered number 360632. The Company changed its name to Hammerson Property and Investment Trust Limited in 1954. The Company was re-registered as a public limited company in 1982 and in 1994 the Company changed its name to Hammerson plc.

##### B.1.2 Principal activities

The Group is an owner, manager and developer of retail properties in Europe with a portfolio of high-quality flagship destinations and premium outlets, providing approximately 2.2 million m<sup>2</sup> of lettable area across 14 countries as at 30 June 2020. The Group's property portfolio comprises 21 flagship destinations in the United Kingdom, France and Ireland, investments in 9 premium outlets across Europe through its holding in Value Retail, investments in 11 premium outlets across Europe through its holding in VIA Outlets and eight retail parks in the United Kingdom. Flagship destinations, premium outlets and retail parks accounted for approximately 50.9%, 34.6% and 5.7%, respectively, of the Group's total property portfolio by value as at 30 June 2020 (on a proportionally consolidated basis, including premium outlets).

On 6 August 2020, the Group entered into the share purchase agreement (the "**Sale Agreement**"), under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to Stichting Depositary APG Strategic Real Estate Pool (as depositary of APG Strategic Real Estate Pool) (the "**Purchaser**"), conditional upon Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million as at 30 June 2020 (equivalent to approximately £274 million). Should the Disposal complete, the Group's flagship destinations, premium outlets and retail parks will account for 56%, 28% and 6%, respectively, of the Group's total property portfolio by value (on a proportionally consolidated basis, including premium outlets).

The Group intends to continue to refocus its portfolio towards flagship destinations in the United Kingdom and Ireland, proactively accelerate changes to its tenant mix to reflect the broader structural shifts in the market (including increasing space for non-fashion consumer brands, food and beverage and leisure offerings and reducing department store exposure) and, over the medium term, recycle capital into the Group's mixed-use City Quarters strategy to maximise the value of the Group's land bank surrounding its flagships destinations by creating vibrant city neighbourhoods where people want to live, work and play.

### B.1.3 Major shareholders

In so far as it is known to the Company as at 5 August 2020 (being the latest practicable date prior to the publication of this document) (the "**Latest Practicable Date**"), the following persons were directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital:

Shareholder	As at the Latest Practicable Date <sup>(1)</sup>		Immediately following Admission <sup>(1)(2)</sup>	
	Number of Shares	Approximate percentage of voting shares	Number of Shares	Approximate percentage of voting shares
APG Asset Management N.V. <sup>(3)</sup> . . . . .	150,192,485	19.60%	750,962,425	19.60%
Lighthouse Capital Limited <sup>(4)</sup> . . . . .	106,581,346	13.91%	532,906,725	13.91%
BlackRock Inc . . . . .	67,737,815	8.84%	338,689,075	8.84%
Baillie Gifford & Co Ltd . . . . .	43,278,005	5.65%	216,390,025	5.65%
Coronation Asset Managers (Pty) Limited . . . . .	30,445,019	3.97%	152,225,075	3.97%
State Street Global Advisors Ltd . . . . .	27,820,421	3.63%	139,102,100	3.63%
The Vanguard Group Inc . . . . .	24,899,022	3.25%	124,495,100	3.25%
Legal & General Investment Management Ltd . . . . .	24,715,593	3.23%	123,577,950	3.23%
Norges Bank Investment Management . . . . .	23,954,135	3.13%	119,770,675	3.13%

(1) Based on the total number of Existing Shares in issue at the Latest Practicable Date, which was 766,293,613 Shares of £0.25 each.

(2) Assuming that each of the above Shareholders takes up its rights in full pursuant to the Rights Issue, 3,678,209,328 New Shares are issued in connection with the Rights Issue, there are no other changes to the holdings of the above Shareholders and no other issues of Shares occur between the Latest Practicable Date and Admission.

(3) Of these Shares: (i) 119,446,555 Shares are beneficially owned by participants in the APG Strategic Real Estate Pool (the "**APG Strategic Pool**"), with the legal title for such Shares held by Stichting Depositary APG Strategic Real Estate Pool (the "**Stichting Strategic Depositary**"); and (ii) 30,745,930 Shares are beneficially owned by participants in the APG Tactical Real Estate Pool (the "**APG Tactical Pool**"), with the legal title for such Shares held by Stichting Depositary APG Tactical Real Estate Pool (the "**Stichting Tactical Depositary**"). APG Asset Management N.V. manages the APG Strategic Pool and the APG Tactical Pool and APG Asset Management N.V. has the power to act generally on behalf of the Stichting Strategic Depositary and the Stichting Tactical Depositary.

(4) In addition, Lighthouse Capital Limited has an economic interest in 9,216,616 Existing Shares through derivatives.

### B.1.4 Key managing directors

David Atkins is the Chief Executive of the Company and James Lenton is the Chief Financial Officer of the Company. David Tyler is Non-Executive Chair of the Company.

On 27 May 2020, the Company announced that, with the agreement of the Board, David Atkins had decided to step down as Chief Executive of the Company and would remain in position until spring 2021 at the latest while the Board conducts a search for his successor.

On 15 June 2020, the Company announced that Robert Noel is to succeed David Tyler as Non-Executive Chair of the Company. Robert Noel will join the Board and take over the position with effect from a date to be confirmed but no later than 1 October 2020, at which point David Tyler will step down from the Company.

### B.1.5 Identity of the statutory auditors

The statutory auditor of the Company for the three years ended 31 December 2019, 2018 and 2017 was PricewaterhouseCoopers LLP, whose registered address is at 1 Embankment Place, London, WC2N 6RH, United Kingdom.

### B.2 What is the key financial information regarding the issuer?

The selected financial information in the tables below has been extracted without material adjustment from the 2020 Interim Financial Statements, 2019 Annual Financial Statements, the 2018 Annual Financial Statements and the 2017 Annual Financial Statements are incorporated by reference into this document, as set out in Part XXI (*Documentation Incorporated by Reference*) of this document.

Summary Consolidated Income Statements

	Six months ended 30 June		Year ended 31 December		
	2020	2019	2019 <sup>(1)</sup>	2018	2017
	(unaudited)		(unaudited) (£ million)	(audited)	
<b>Revenue</b>	<b>93.0</b>	<b>124.8</b>	<b>246.2</b>	<b>292.4</b>	<b>320.6</b>
<b>Operating profit before other net losses and share of joint ventures and associates</b>	<b>18.2</b>	<b>59.1</b>	<b>111.0</b>	<b>152.2</b>	<b>174.2</b>
Other net (losses)/gains	(337.9)	(264.8)	(595.8)	(245.7)	7.7
Share of results of joint ventures	(500.2)	(188.4)	(429.1)	(106.4)	180.5
Impairment of investment in joint ventures	(9.6)	—	—	—	—
Share of results of associates	(127.7)	121.1	209.4	57.7	223.0
Impairment of investment in associates	(94.3)	—	—	—	—
<b>Operating (loss)/profit</b>	<b>(1,051.5)</b>	<b>(273.0)</b>	<b>(704.5)</b>	<b>(142.2)</b>	<b>585.4</b>
Net finance costs	(36.3)	(46.2)	(74.8)	(124.5)	(172.0)
<b>(Loss)/Profit before tax</b>	<b>(1,087.8)</b>	<b>(319.2)</b>	<b>(779.3)</b>	<b>(266.7)</b>	<b>413.4</b>
Tax charge	(0.6)	(0.6)	(1.9)	(1.8)	(1.8)
<b>(Loss)/Profit for the period</b>	<b>(1,088.4)</b>	<b>(319.8)</b>	<b>(781.2)</b>	<b>(268.5)</b>	<b>411.6</b>

(1) Retail parks operations presented as discontinued for the year ended 31 December 2019 have been re-presented as continuing operations as the IFRS 5 criteria ceased to be met in the period as detailed in Note 1 to the Hammerson Half-Year Results 2020. The re-presented 2019 income statement has been extracted from the comparative information in the interim financial statements of the Group as at and for the six months ended 30 June 2020. Audited information for 2019 is set forth in the 2019 Annual Financial Statements.

Summary Consolidated Balance Sheets

	As at 30 June		As at 31 December		
	2020	2019	2019	2018	2017
	(unaudited)		(£ million)	(audited)	
<b>Non-current assets</b>	<b>5,982.2</b>	<b>8,359.1</b>	<b>6,702.9</b>	<b>8,748.9</b>	<b>9,522.0</b>
—Investment and development properties	2,354.4	3,568.9	2,098.7	3,830.4	4,686.1
—Investment in joint ventures	2,222.5	3,365.6	3,017.1	3,604.5	3,673.7
<b>Current assets</b>	<b>867.2</b>	<b>191.8</b>	<b>612.5</b>	<b>173.1</b>	<b>353.7</b>
—Assets held for sale	269.1	—	465.7	—	—
<b>Total assets</b>	<b>6,849.4</b>	<b>8,550.9</b>	<b>7,315.4</b>	<b>8,922.0</b>	<b>9,875.7</b>
<b>Current liabilities</b>	<b>(355.5)</b>	<b>(220.5)</b>	<b>(218.8)</b>	<b>(244.4)</b>	<b>(263.3)</b>
<b>Non-current liabilities</b>	<b>(3,126.2)</b>	<b>(3,336.5)</b>	<b>(2,719.4)</b>	<b>(3,244.7)</b>	<b>(3,574.9)</b>
—Loans	(2,892.0)	(3,094.8)	(2,504.9)	(3,013.9)	(3,352.4)
<b>Total liabilities</b>	<b>(3,481.7)</b>	<b>(3,557.0)</b>	<b>(2,938.2)</b>	<b>(3,489.1)</b>	<b>(3,838.2)</b>
<b>Net Assets</b>	<b>3,367.7</b>	<b>4,993.9</b>	<b>4,377.2</b>	<b>5,432.9</b>	<b>6,037.5</b>
<b>Total equity</b>	<b>3,367.7</b>	<b>4,993.9</b>	<b>4,377.2</b>	<b>5,432.9</b>	<b>6,037.5</b>

Summary Consolidated Statements of Cash Flows

	Six months ended 30 June		Year ended 31 December		
	2020	2019	2019	2018	2017
	(unaudited)		(£ million)	(audited)	
Cash flows from operating activities	(42.9)	66.8	167.1	114.5	139.3
Cash flows from investing activities	20.9	1.3	426.6	434.8	419.6
Cash flows from financing activities	407.9	(33.7)	(593.7)	(724.7)	(428.3)
<b>Net increase/(decrease) in cash and deposits</b>	<b>385.9</b>	<b>34.4</b>	<b>—</b>	<b>(175.4)</b>	<b>130.6</b>
Opening cash and deposits	29.8	31.2	31.2	205.9	74.3
Exchange translation movement	1.9	(0.1)	(1.4)	0.7	1.0
<b>Closing cash and deposits</b>	<b>417.6</b>	<b>65.5</b>	<b>29.8</b>	<b>31.2</b>	<b>205.9</b>

The review and audit reports on the financial statements of the Group incorporated by reference in this document do not contain any qualifications. The review report with respect to the interim financial statements of the Group as at and for the six months ended 30 June 2020 contains an emphasis of matter highlighting certain conditions, including a shareholder vote and successful completion of the Rights Issue, which indicate the existence of a material uncertainty which may cast significant doubt upon the Group's ability to continue as a going concern. The review report also contains an emphasis of matter with respect to significant estimation uncertainty in the valuation of the Group's investment and development properties as at 30 June 2020 as a result of the COVID-19 pandemic.

#### *Unaudited Pro Forma Financial Information*

The unaudited pro forma statement of net assets of the Group (the "**Unaudited Pro Forma Statement of Net Assets**") has been prepared on the basis of the unaudited consolidated balance sheet of the Group as at 30 June 2020 to illustrate the effect of the Rights Issue and the Disposal as if they had taken place on 30 June 2020.

The unaudited pro forma income statements of the Group (the "**Unaudited Pro Forma Income Statements**", together with the Unaudited Pro Forma Statement of Net Assets, the "**Unaudited Pro Forma Financial Information**") have been prepared on the basis of:

- the unaudited consolidated income statement of the Group for the six months ended 30 June 2020 to illustrate the effect of the Rights Issue, the Disposal and the other disposals completed by the Group in 2020 as if they had taken place on 1 January 2020; and
- the unaudited consolidated income statement of the Group for the year ended 31 December 2019 to illustrate the effect of the Rights Issue, the Disposal and other disposals completed by the Group in 2019 and 2020 as if they had taken place on 1 January 2020.

The Unaudited Pro Forma Financial Information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results of operations nor is it indicative of its future results.

The Unaudited Pro Forma Financial Information is presented on the basis of the accounting policies adopted by the Group in preparing the unaudited interim financial statements for the six months ended 30 June 2020 and in accordance with Annex 20 of the Prospectus Delegated Regulation.

The unaudited consolidated pro forma net assets as at 30 June 2020 was £3,892.4 million.

The unaudited consolidated pro forma loss before tax for the six months ended 30 June 2020 was £1,065.3 million.

The unaudited consolidated pro forma loss before tax for the year ended 31 December 2019 was £838.7 million.

### **B.3 What are the key risks that are specific to the issuer?**

- If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment.
- The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group.
- The Group's borrowings place restrictions on its financial and operational flexibility and the Group's ability to service and refinance its indebtedness is influenced by factors beyond the Group's control.
- The Group may be unable to access credit markets, or may be able to access them only on unfavourable terms, and the Group's ability to service and refinance its indebtedness is influenced by factors beyond the Group's control.
- Opportunities to execute further divestments of properties or interests therein at an acceptable price are severely limited in the near term by illiquidity in the property market, which could prevent or delay the ability of the Group to execute its strategy, and if applicable, engage in successful mitigating actions.
- Completion of the Disposal is subject to a number of conditions, including Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, which may not be satisfied and, as a result, the Disposal may not proceed in a timely manner or at all. In the event that, following the completion of the Rights Issue, the Disposal does not ultimately complete, the Rights Issue would not be unwound and the Company would retain the net proceeds of the Rights Issue.
- Deterioration in retail property values and demand for retail property has had, and may continue to have, a significant impact on the value of the Group's property portfolio.
- Increased costs and weak retail sales have adversely affected the financial condition of the Group's tenants, and if these trends continue it would likely result in lower net rental income and higher vacancy costs for the Group.
- Failure to anticipate and respond to developments in the consumer and retail market, including omnichannel retailing, digital technology and changing trends, could have an adverse effect on the Group's business, results of operations, financial condition and prospects.
- Property valuation is inherently subjective, and the Group's properties are currently subject to material valuation uncertainty as a result of the COVID-19 pandemic.
- The Group may fail to complete development projects as planned or on commercially favourable terms and, once completed, a substantial proportion of a development may remain vacant or be let on unfavourable terms.
- The Group's joint ventures and other forms of co-ownership subject the Group to certain risks of shared ownership, including reduced liquidity, operational effectiveness and control.
- Significant macroeconomic uncertainty has had, and may continue to have, an adverse effect on the Group.

## **C. Key information on the securities**

### **C.1 What are the main features of the securities?**

#### **C.1.1 Type, class and ISIN**

When admitted to trading on the LSE, the Nil Paid Rights will be registered with ISIN: GB00BK7YQL71 and SEDOL: BK7YQL7 and the Fully Paid Rights will be registered with ISIN: GB00BK7YQM88 and SEDOL: BK7YQM8. When admitted to trading on the JSE, the Letters of Allocation will be registered with ISIN: GB00BMCZL472 and SEDOL: BMCZL47. The Consolidated Shares will be registered ISIN: GB00BK7YQK64 and SEDOL: BK7YQK6.

#### **C.1.2 Currency, denomination, par value, number of securities issued and duration**

The Shares held on the UK Register and the SA Register are denominated in pounds sterling. As at the Latest Practicable Date, the Company had in issue 766,293,613 Existing Shares of £0.25 each (all of which were fully paid or credited as fully paid).

Following the Capital Reorganisation and the purchase by the Company of Deferred Shares created thereby, it is expected that the Company will have 153,258,722 Shares of £0.05 each in issue. Pursuant to the Rights Issue, the Company is proposing to issue 3,678,209,328 New Shares.

#### **C.1.3 Rights attached to the Shares**

The rights attaching to the New Shares and the Consolidated Shares will, once issued, be uniform in all respects and they will form a single class for all purposes, including with respect to voting, pre-emption rights and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Subject to the provisions of the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to the holders of Shares in the capital of the Company in proportion to their holdings. On a show of hands, every shareholder who is present in person shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote per ordinary share held by it. Except as provided by the rights and restrictions attached to the Shares, upon Admission, shareholders will under law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

#### **C.1.4 Rank of securities in the issuer's capital structure in the event of insolvency**

The Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The New Shares will, on Admission, rank *pari passu* in all respects with the Consolidated Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company.

#### **C.1.5 Restrictions on the free transferability of the securities**

There are no restrictions on the free transferability of the Shares. However, the making of the proposed offer of New Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom and South Africa, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such New Shares.

#### **C.1.6 Dividend or payout policy**

As a UK REIT, the Company is obliged to distribute 90% of its tax-exempt income to shareholders as property income distributions ("PIDs") each year. In France, the Company has elected for SIIC tax status and the Company is required to distribute 100% of the dividends received from French subsidiaries benefiting from the SIIC regime. Dividends are ordinarily paid approximately 40% as an interim dividend and 60% as a final dividend. The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Shares in issue at the time the New Shares are issued, including the right to receive and retain dividends and other distributions declared, made or paid after the date of issue of the New Shares.

On 30 March 2020, the Group announced that the Board would no longer be recommending a final dividend of 14.8 pence per share for the financial year ended 31 December 2019.

Assuming the successful completion of all of the Transactions, the Board intends to propose an enhanced scrip dividend, with a cash alternative, in the second half of 2020 in order to satisfy the Group's 2019 REIT PID obligation of £70 million, details of which will be provided in a circular to be published in due course. Taking a prudent approach to liquidity and the preservation of capital, absent any further material disposals, the Board intends to retain a scrip option in 2021 in respect of the Group's 2020 REIT PID obligation, before intending to return to cash dividends in 2022.

In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group's 2019 REIT PID obligation, in order to avoid a tax liability of up to £14 million becoming payable and delay the proposed scrip dividend until 2021.

### **C.2 Where will the securities be traded?**

The Existing Shares are currently admitted to the premium segment of the Official List and to trading on the Main Market. The Existing Shares are also listed and traded in South Africa on the securities exchange operated by the JSE through a secondary listing. The JSE is not a regulated market under the Markets in Financial Instruments Directive 2004/39/EC. Applications will be made to: (1) the FCA for the New Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market; and (2) the JSE for the admission to trading of the Letters of Allocation and the New Shares on the Main Board of the JSE. The Deferred Shares will not be listed on the Official List or admitted to trading on the London Stock Exchange, the JSE or any other investment exchange.

### **C.3 What are the key risks that are specific to the securities?**

The market price of the Securities could be subject to significant fluctuations due to a change in sentiment in the market regarding the Securities (or securities similar to them), including, in particular, in response to various facts and events, including any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors.

Shareholders who do not subscribe for New Shares as part of the Rights Issue will experience dilution in their ownership of the Company as a result of the Rights Issue. Further, a Shareholder with fewer than 4 Existing Shares at the Capital

Reorganisation Record Date will have their entire holding sold as part of the Consolidation process and will no longer be a Shareholder in Hammerson and will not be entitled to participate in the Rights Issue.

**D. Key information on the admission to trading on a regulated market**

**D.1 Under which conditions and timetable can I invest in this security?**

The Company is proposing to raise proceeds of approximately £525 million (net of fees, costs and expenses) by way of the Rights Issue. The Rights Issue will result in an offer of a total of 3,678,209,328 New Shares (representing 2400.0 % of Hammerson's existing issued share capital (adjusted for the Consolidation) and 96.0% of the enlarged issued share capital (adjusted for the Consolidation) of Hammerson immediately following completion of the Rights Issue (the "Enlarged Issued Share Capital").

The Rights Issue will take place following approval at the General Meeting and in conjunction with the Capital Reorganisation. The Rights Issue and the Capital Reorganisation will involve the following:

- (i) **Capital Reorganisation:** on the dealing day following the General Meeting, the Capital Reorganisation will become effective, under which:
- each Existing Share of 25 pence nominal value will be subdivided and converted into one intermediate share ("Intermediate Share") of 1 penny nominal value and one Deferred Share of 24 pence nominal value; and
  - immediately thereafter, every 5 Intermediate Shares of 1 penny nominal value will be consolidated into 1 Consolidated Share of 5 pence nominal value.

**Rights Issue:** an offer of 3,678,209,328 New Shares of 5 pence nominal value at a price of 15 pence or ZAR3.41 per New Share to Qualifying Shareholders, on the basis of 24 New Shares for every 1 Consolidated Shares held.

- (ii) The Rights Issue is fully committed and underwritten, taking into account the APG Irrevocable, the Lighthouse Irrevocable and the Underwriting Agreement.

The Rights Issue has been underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement, with the exception of all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable.

Under the APG Irrevocable, APG has irrevocably undertaken to take up its rights in full, amounting to 720,923,928 New Shares.

Under the Lighthouse Irrevocable, Lighthouse has irrevocably undertaken to take up its rights in full, amounting to 511,590,456 New Shares, and in relation to 28,935,856 of such New Shares only, subject to the satisfaction of the Financing Condition. If the Financing Condition is not fulfilled, this will not breach the Lighthouse Irrevocable.

Under the Underwriting Agreement, and subject to its conditions, the Underwriters have underwritten 234,305,053 New Shares of the 511,590,456 New Shares under the Lighthouse Irrevocable such that in the event that the Financing Condition in relation to the 28,935,856 New Shares is not fulfilled, the Rights Issue is still fully committed and underwritten.

The Rights Issue is conditional on all Resolutions, including the resolution to approve the Disposal, having been passed by Shareholders at the General Meeting. However, the Rights Issue is not conditional on completion of the Disposal, which is expected to occur in the fourth quarter of 2020.

**Rights Issue**

The Company is proposing to offer 3,678,209,328 New Shares in connection with the Rights Issue to Qualifying Shareholders other than, subject to certain exemptions, to those Qualifying Shareholders with a registered address, or resident, in one of the Excluded Territories. Taking into account the Capital Reorganisation, the Rights Issue will be made on the basis of 24 New Shares of 5 pence nominal value for every 1 Consolidated Shares of 5 pence nominal value held by and registered in the names of Qualifying Shareholders at the close of business on the relevant Record Date.

The Rights Issue is to be made at the UK Issue Price of 15 pence per New Share, in the case of Qualifying Shareholders (other than Qualifying South African Shareholders), and, in the case of Qualifying South African Shareholders, the SA Issue Price of ZAR3.41 per New Share, payable in full on acceptance by no later than 11:00 a.m. (London time) on 24 September 2020 in the case of Qualifying Shareholders (other than Qualifying South African Shareholders) and by no later than 12:00 p.m. (South African Standard Time) on 23 September 2020 in the case of Qualifying South African Shareholders.

Taking into account the Capital Reorganisation, the UK Issue Price represents a 41.4% discount to the theoretical ex-rights price based on the LSE Closing Price of 55.96 pence per Share on the Latest Practicable Date, being 5 August 2020, and the SA Issue Price represents a 41.4% discount to the theoretical ex-rights price based on the JSE Closing Price of ZAR12.70 per Share on 5 August 2020.

**Dilution**

If a Qualifying Shareholder does not take up any of his or her Rights to subscribe for New Shares, such Qualifying Shareholder's holding, as a percentage of the Enlarged Issued Share Capital, will be diluted by 96.0% as a result of the Rights Issue.

**Costs and expenses**

The total estimated costs and expenses of the Rights Issue payable by the Company are approximately £27 million (excluding recoverable VAT). Shareholders will not be charged expenses by the Company in respect of Rights Issue.

**D.2 Why is this prospectus being produced?**

The purpose of this document is to explain the background to and reasons for the Transactions and the use of proceeds, and to explain why the Board considers the Transactions to be in the best interests of all Shareholders.

The Transactions are expected to raise approximately £794 million in net proceeds in aggregate, comprising approximately £269 million of estimated net cash proceeds from the Disposal and £525 million of net proceeds from the Rights Issue.



The Directors expect the Group to use the entire net proceeds to reduce its outstanding net debt, which totalled £3,003.4 million as at 30 June 2020. Retaining the net proceeds of the Transactions as surplus cash or short term deposits will reduce net debt and the Group will, over time, also use the net proceeds to reduce its gross borrowings to optimise its debt management. The Directors expect to use the net proceeds to repay £568 million of drawings under the Group's Revolving Credit Facilities when individual drawings mature (within six months) without prepayment penalties. The Group may also use net proceeds to repay the Group's other borrowings either at their respective maturities or by early prepayment. Pursuant to the June 2020 amendments to the Note Purchase Agreements, the Group is required to make an offer to prepay at par such proportion of the Private Placement Senior Notes as is equal to 30% of any applicable proceeds of the Rights Issue and the Disposal in excess of the Prepayment Threshold. The amount actually applied in prepayment of the Private Placement Senior Notes pursuant to this provision will depend on the extent to which this offer is taken up by noteholders. Accordingly, up to approximately £248 million of the net proceeds from the Rights Issue and the Disposal, together with an amount representing accrued interest to the date of the prepayment and any swap reimbursement amounts, if applicable, may be used to repay the Private Placement Senior Notes.

The Rights Issue is fully committed and underwritten, taking into account the APG Irrevocable, the Lighthouse Irrevocable and the Underwriting Agreement.

The Rights Issue has been underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement, with the exception of all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable.

Because of its size, the Disposal constitutes a Class 1 transaction for the purposes of the Listing Rules and requires the approval of Shareholders. The Disposal constitutes a related party transaction under the Listing Rules, as APG Asset Management N.V. ("**APG**") is a substantial shareholder in the Company, and therefore requires approval of Shareholders (excluding APG and its associates).

## PART II

### RISK FACTORS

*An investment in the Securities is subject to a number of risks and uncertainties. Accordingly, prospective investors and Shareholders should carefully consider the risks and uncertainties associated with the Transactions, any investment in the Securities and the Group's business and the industry in which it operates, together with all other information contained or incorporated by reference in this Prospectus, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. If any of the following risks or uncertainties actually materialises, the Group's business, results of operations, financial condition and prospects could be materially adversely affected. In such case, the market price of the New Shares could decline and investors and shareholders may lose all or part of their investment. Prospective investors and Shareholders should note that the risks and uncertainties summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor or shareholder of whether to invest in the Securities. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors and Shareholders should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The risks and uncertainties described below are not the only ones the Group faces. Additional risks and uncertainties not presently known to the Directors or the Group, or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and prospects and could negatively affect the market price of the New Shares.*

#### **1. Risks relating to the Group's financial condition and the impact of the COVID-19 pandemic**

##### **1.1 *If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment.***

The Group's private placement senior notes (the "**Private Placement Senior Notes**"), publicly-traded bonds (the "**Bonds**") and syndicated revolving credit facilities (the "**Revolving Credit Facilities**") include a number of financial covenants, including gearing covenants and interest cover covenants and, in the case of the Private Placement Senior Notes, an unencumbered asset covenant. These covenants, other than the interest cover covenants, apply at all times, and the Group is required to certify compliance with the covenants as at 30 June (in the case of certain of its debt instruments) and 31 December (in the case of all of its debt instruments), when the financial statements as at and for the relevant periods are made available, as well as at 31 October 2021 in respect of the unencumbered asset covenant only (in the case of the Private Placement Senior Notes). The unencumbered asset covenant would be breached if at any time the Group's unencumbered-assets-to-net-unsecured-borrowings ratio falls below 125% during the period from 30 June 2020 to and including 30 October 2021, 140% during the period from 31 October 2021 to and including 30 December 2021 or 150% for dates after 30 December 2021. The tightest gearing covenant would be breached if the Group's net-borrowings-to-tangible-net-worth ratio exceeds 150% and the tightest interest cover covenant would be breached if the Group's net-rental-income-to-interest-charges ratio falls below 125% for any six month period ended 30 June or any 12 month period ended 31 December.

On 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant, the Group obtained amendments to the 2013 Note Purchase Agreement and the 2016 Note Purchase Agreement (together, the "**Note Purchase Agreements**") to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio: (1) from 150% to 125% for the period from 30 June 2020 to and including 30 October 2021, which includes the 30 June 2020, 31 December 2020 and 30 June 2021 covenant testing dates; and (2) from 150% to 140% for the period from 31 October 2021 to and including 30 December 2021, which includes a new covenant testing date as at 31 October 2021. For the purposes of determining compliance with the unencumbered assets covenant for the period from 31 October 2021 to and including 30 December 2021, the value of unencumbered assets is calculated with reference to the 30 June 2021 financial statements after giving effect to any acquisition and/or

disposal of unencumbered assets since 30 June 2021 and net unsecured borrowings are determined as at 31 October 2021.

Whilst the Group certified compliance with its covenants as at the 30 June 2020 covenant testing date, the levels of headroom have diminished significantly in light of decreases in the Group's property valuations and net rental income. As at 30 June 2020 and calculated as per the relevant debt instruments, the Group's unencumbered-assets-to-net-unsecured-borrowings ratio was 154%, the Group's net-borrowings-to-tangible-net-worth ratio was 97.5% (in the case of the Private Placement Senior Notes and Revolving Credit Facilities) and 79.2% (in the case of the Bonds) and the Group's net-rental-income-to-interest-charges ratio was 214%.

If the Group's property valuations or net rental income continue to decline, this will (in the absence of reductions in the Group's debt levels) further reduce covenant headroom and increase the risk of a future covenant breach. This risk is heightened as the Group's ability to execute disposals at acceptable prices in the near term has been adversely affected by the COVID-19 pandemic's impact on retail real estate investment markets and the general economic environment. See also "*—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*", "*—Deterioration in retail property values and demand for retail property has had, and may continue to have, a significant impact on the value of the Group's property portfolio*" and "*—Opportunities to execute further divestments of properties or interests therein at an acceptable price are severely limited in the near term by illiquidity in the property market, which could prevent or delay the ability of the Group to execute its strategy, and if applicable, engage in successful mitigating actions*" below.

If the Group experiences a decrease in property valuations of 15% (as compared to 30 June 2020) across its portfolio over the next twelve months, then in the event that the Rights Issue does not complete successfully (and in the absence of successful and timely mitigating actions discussed below), the Group would likely breach its unencumbered asset covenant and its tightest gearing covenant at its 30 June 2021 covenant testing date. In such a scenario and in the absence of the Rights Issue completing successfully (or other successful and timely mitigating actions), the Directors expect the Group would also have minor unwaived forecast loan to value covenant breaches in a number of joint ventures secured debt facilities and limited headroom under other financial covenants at their testing dates during the period covered by the working capital statement.

In the event of such a covenant breach, the lenders under the debt instrument containing the relevant covenant (or having most favoured lender or cross default rights) would have the right to demand immediate repayment of all amounts due under such debt instrument, and any such demand would trigger the right of lenders under the Group's other debt instruments to similarly demand immediate repayment. The amounts outstanding under the Private Placement Senior Notes, the Bonds and the Revolving Credit Facilities amounted to approximately £3,045.9 million in aggregate as at 30 June 2020 and the Group would be unlikely to obtain the funds necessary to repay such amounts if they became immediately due and payable upon the demand of the lenders following a covenant breach. In such circumstances, the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders would be at risk of losing all or a substantial portion of their investment.

If the Rights Issue does not successfully complete and the Group's property valuations or net rental income continue to decline, the Group would consider a range of mitigating actions to attempt to avoid a covenant breach, including the following:

- The Group would attempt to renegotiate with its lenders, noteholders and bondholders to secure appropriate waivers or amendments. However, the Directors are not confident that any such waivers or amendments could be secured at an acceptable cost and, even if secured, such waivers and amendments would likely cause the Group to incur significant additional costs and subject the Group to onerous financial and operational restrictions. In the event that the Group entered into a debt-for-equity swap with its lenders, noteholders or bondholders, such an equity issuance could materially dilute Shareholders.
- If only the unencumbered asset covenant were at risk of breach (because the Group had avoided a breach of the gearing covenant as values had not fallen sufficiently or through some other mitigating actions), a breach potentially could be avoided by redeeming the Private Placement Senior Notes prior to their stated maturity date. The amount payable on any such early

redemption may substantially exceed the principal amount of the debt. For example, early repayment of all of the Private Placement Senior Notes as at 30 June 2020 would have required a repayment of approximately £798.4 million (including make-whole premiums and swap break costs), which was £66.3 million in excess of the carrying value of such debt. Such a repayment could potentially be settled using the Group's existing liquidity, being cash and the undrawn element of the Revolving Credit Facilities, which totalled approximately £1.2 billion at 30 June 2020, assuming there were no other unexpected cash requirements and the Revolving Credit Facilities had not by that time otherwise become unavailable for drawing. However, this would reduce the Group's liquidity to a level which the Directors would likely regard as insufficient for the Group and the Group would therefore need to pursue other mitigating actions, which may not be successful.

- The Group may also attempt to sell additional assets or interests in assets on an accelerated timetable. However, in particular in the near term in light of the impact the COVID-19 pandemic has had on retail real estate investment markets, the Directors are not confident that any such sales could be negotiated in a timely manner or at an acceptable price or (even if agreed) that the sale would ultimately complete successfully. For example, the Group exchanged contracts for the sale of seven UK retail parks with Orion European Real Estate Fund V ("**Orion**") on 20 February 2020 for a headline price of £400 million. However, on 23 April 2020, the Group announced that Orion had notified the Group that it did not intend to complete the purchase and on 6 May 2020 the Group announced that it would terminate the contract and access the £21 million deposit which had been held in escrow.
- The Group may consider seeking an alternative investment or another form of equity issuance. However, the Directors are not confident that any such investment or issuance could be secured, or as to the terms of any such investment or issuance. Such an investment or issuance could materially increase costs for the Group and dilute Shareholders, adversely affect the market price of the Shares and/or result in one or more third parties taking controlling interests in the Group. The Group may also consider entering into a formal sale process under the City Code on Takeovers and Mergers (the "**Takeover Code**") or taking other action to solicit bids for the Company from third parties. The Directors are not confident that any such action would result in a bid capable of execution being received, and any such bid could be at a price that is unattractive to Shareholders and that represents a significant loss on their investment.
- The Group would put in place an action plan to further reduce property, administration and capital expenditure and would also seek to negotiate with HMRC to extend the period in which to settle the 2019 UK REIT PID requirement of £70 million which currently must be distributed by 31 December 2020 in order to avoid a tax liability of up to £14 million becoming payable. However, any such actions, even if successful, would be unlikely to prevent a covenant breach in the absence of other successful mitigating actions.

The Directors believe that if the Rights Issue does not successfully complete, then:

- the Group is unlikely to be able to execute its business strategy over the short and medium term, including continuing to refocus its portfolio towards flagship destinations in the United Kingdom and Ireland, proactively accelerating changes to its tenant mix to reflect the broader structural shifts in the market and developing its mixed-use City Quarters strategy;
- the Group will continue to be highly leveraged and the Group's credit rating agencies Fitch and Moody's may downgrade the Group's unsecured credit or long-term issuer default ratings further, which may increase the Group's financing costs and make it more difficult and costly for the Group to raise finance in the future;
- in the medium term, the Group may be unable to repay or refinance its debt as it matures, with (for example) £452.6 million due in 2022, which would likely result in the Group becoming insolvent; and
- as noted above, the Group may breach its financial covenants, which in turn would trigger cross-default rights, and ultimately the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders may lose all or a substantial portion of their investment.

The completion of the Disposal ("**Completion**") is subject to a number of conditions, including obtaining merger control approvals in Germany, Spain and Portugal. See "*—Completion of the*

*Disposal is subject to a number of conditions, including Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, which may not be satisfied and, as a result, the Disposal may not proceed in a timely manner or at all. In the event that following the completion of the Rights Issue, the Disposal does not ultimately complete, the Rights Issue would not be unwound and the Company would retain the net proceeds of the Rights Issue” below.* In the event that Shareholder approval for the Transactions is obtained at the General Meeting, the Rights Issue will proceed and is expected to complete before the remaining conditions for the Disposal can be satisfied. In the event that, following the completion of the Rights Issue, the Disposal does not ultimately complete due to any failure to obtain merger control approvals in Germany, Spain or Portugal, or for any other reason, the Directors believe that the Group would, taking into account the Facilities available to the Group, have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document. However, in such a scenario, the Directors expect that the Group’s covenant headroom would remain constrained and the Group would have higher levels of net indebtedness, which would likely have a material adverse effect on the Group’s ability to execute its business strategy over the short to medium term, including continuing to refocus its portfolio towards flagship destinations in the United Kingdom and Ireland, proactively accelerating changes to its tenant mix to reflect the broader structural shifts in the market and developing its mixed-use City Quarters strategy.

**1.2 The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group.**

In December 2019, a novel coronavirus (“COVID-19”) surfaced in Wuhan, China. The World Health Organisation declared a global emergency on 30 January 2020 and characterised the outbreak as a pandemic on 11 March 2020. The COVID-19 pandemic has spread globally, causing governments and other parties in various jurisdictions to impose unprecedented restrictions to mitigate the spread of the virus, including quarantines, closures and travel restrictions. In particular, lockdown and social distancing measures have been implemented to prevent gatherings in public spaces. These restrictions have had a material adverse effect on the Group’s business by causing the temporary closure of the vast majority of the properties operated by tenants of the Group, a severe reduction in footfall and sales at the Group’s flagship destinations, retail parks and premium outlets and an acute decline in economic activity in Europe (including in the United Kingdom, France and Ireland, where the Group’s flagship destinations and retail parks are located).

In the United Kingdom, the Group’s flagship destinations and retail parks closed on 24 March 2020 and reopened in England on 15 June 2020 (with Highcross in Leicester being closed again from 30 June 2020 to 27 July 2020 due to local lockdown restrictions) and in Scotland on 13 July 2020 (other than essential retail as defined by the UK Government, which accounted for approximately 4% of UK flagship passing rent (“**Passing Rent**”) as at 31 December 2019). In France, the Group’s flagship destinations closed on 15 March 2020 and reopened in May and June 2020 (other than essential retail as defined by the French government, which accounted for approximately 8% of French Passing Rent as at 31 December 2019). In Ireland, the Group’s flagship destinations closed on 25 March 2020 and reopened on 15 June 2020 (other than essential retail as defined by the Irish government, which accounted for approximately 8% of Irish Passing Rent as at 31 December 2019). A majority of the Group’s premium outlets were also closed during April and May 2020 following government directives in relevant regions but were all reopened by 15 June 2020. Following reopening in the United Kingdom and Ireland, not all stores immediately reopened, particularly food and beverage and leisure operators who, due to government directives, were unable to reopen in England until 4 July 2020 (as at 31 July 2020, 81% of eligible stores were trading in England) and were unable to reopen in Ireland until 29 June 2020 (as at 31 July 2020, 88% of eligible stores were trading in Ireland). As at 31 July 2020, apart from the theatre and concert hall at Italie Deux, Paris, all stores had reopened in France. Footfall and sales have been and will likely continue to be adversely impacted (notwithstanding reopening) by changes in consumer behaviours, particularly whilst social distancing measures remain in place.

The majority of the Group’s rent is billed quarterly in advance and the COVID-19 pandemic has had a significant adverse effect on rent collections and bad debt provisioning. As at 31 July 2020, for the United Kingdom, France and Ireland the Group had received in aggregate only 73%, 73% and 68%, respectively, of rent billed for the first and second quarters of 2020, excluding rent deferred or not yet due in the period, and had agreed rent abatements averaging 1.1 months’ rent and rent deferrals

averaging 0.8 months' rent with tenants whose units in aggregate accounted for 26% of Passing Rent. The Group is currently engaged in discussions regarding rent abatement and deferral arrangements with the majority of its other tenants. In addition, in the six months ended 30 June 2020, 36 of the Group's tenants have entered into administration or similar proceedings or undertaken a compulsory voluntary agreement ("**CVA**"), affecting 88 units, of which 49 continue to trade. As at 30 June 2020, 202 units across the Group's portfolio were subject to a CVA or administration, of which 150 continue to trade representing £17.1 million or 5.9% of total Passing Rent. If a significant proportion of the Group's tenants continue to fail to pay their rent in full when due, request further rent abatements or deferrals, undertake CVAs or enter into administration, or governments continue to enforce restrictions on the ability of landlords to enforce rent collection, then the Group's business, results of operations, financial condition and prospects will be further materially adversely impacted and the Group may breach its interest cover covenants (see "*—If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment*" above).

In response to the COVID-19 pandemic, on 30 March 2020 the Group announced it had suspended its dividend payments and reduced capital expenditure and administrative costs. The Group has also received approval to issue up to £300 million in commercial paper pursuant to the CCFF, with £75 million issued thereunder as at the date of this document, and drawn £400 million under the Revolving Credit Facilities to hold as cash reserves. In addition to these measures, the Board, including the Group's Executive Directors, agreed to a temporary 20% reduction in their pay from April 2020 until June 2020. While these measures were designed to help protect the Group's financial condition and cash flows during a period of crisis, they may also have negative impacts on the Group. For example, a reduction in capital expenditure will delay the completion of extension and development projects (including the delivery of development projects in connection with the Group's mixed-use City Quarters strategy), and the market price of the New Shares may be adversely affected by market perceptions regarding the ability of and timing for the Group to resume dividend payments in the future.

While certain effects of the COVID-19 pandemic have been or are expected to be temporary, such as the national and local lockdowns adopted by various jurisdictions, the full extent of the impacts of the pandemic are unknown, evolving and likely to continue for some time. However, it is clear that the COVID-19 pandemic has had a material adverse effect on the Group's financial results for the six months ended 30 June 2020 and that it will also have a material adverse effect on the Group's financial results for the year ending 31 December 2020. In particular, the COVID-19 pandemic and related impacts have had and are expected to continue to have a material adverse effect on the Group's net rental income and the valuations of the Group's properties, and have severely negatively impacted (and are expected to continue to negatively impact) the businesses of many of the Group's tenants and in some cases have undermined (and may in the future undermine) their ability to meet their lease payment obligations or to extend or renew their leases with the Group. The Group's tenants have not reopened all of the units that were closed as a result of the government restrictions, particularly where such tenants recently underwent a CVA or entered into administration or similar proceedings. In addition, the restrictions imposed on international travel have prevented, and are expected to continue to prevent or substantially reduce the number of, overseas tourists from visiting the Group's properties, adversely affecting footfall and sales, particularly at the Group's Value Retail premium outlets.

If in the future lockdown or other restrictive measures are reinstated (or more restrictive social distancing or other protective measures are implemented, including restrictions on trading hours and limitations on the number of customers permitted in stores), the Group and its tenants may be further adversely affected. In particular, food and beverage and leisure tenants may experience significant financial distress if restrictions continue to apply to dining, live events and other activities that generally involve large gatherings. Fashion tenants may also be adversely affected if customers are restricted from trying on merchandise while browsing.

Over the longer term, the COVID-19 pandemic and related impacts could result in significant changes to consumer behaviour. For example, even after government restrictions are fully lifted, footfall and sales remain, and may continue to remain, subdued at the Group's flagship destinations, retail parks and premium outlets for a significant period as tenants impose social distancing and other protective measures and consumers voluntarily engage in social distancing or are more cautious about visiting the Group's properties. Moreover, the temporary closure of non-essential properties and stores may

have hastened and exacerbated the trend towards online shopping, which could in turn have a significant adverse effect on footfall and sales at the Group's properties.

Furthermore, the COVID-19 pandemic and related impacts are expected to cause a deep recession in the jurisdictions in which the Group's properties are located. A decline in gross domestic product ("GDP") and significant increase in unemployment in the Group's key markets is likely to lead to lower consumer spending, exacerbating existing pressures on the Group's tenants and further negatively impacting the Group.

In addition, the extensive government programmes that have been implemented in a number of European jurisdictions during the COVID-19 pandemic to support businesses and mitigate rises in unemployment levels may have a number of adverse macroeconomic effects, including significantly increased taxation or reduced state expenditure in future years, volatility in inflation or interest rates and an increase in the likelihood of future sovereign debt crises. Any such event may have a significant impact on consumer confidence and spending levels and further materially adversely impact the Group.

No assurance can be given that additional waves of COVID-19 cases will not impact some or all the jurisdictions in which the Group's properties are located or that additional national or local lockdowns or other restrictive measures will not be reinstated. Even in the absence of such restrictive measures, disease containment measures, including significant social distancing and other protective measures, may need to remain in place into 2021, which would result in more severe impacts on affected economies (with GDP and consumer spending suffering further reductions and unemployment rates increasing further) and in weaker retail occupational and investment markets (with increased tenant trading challenges leading to rising insolvencies, higher vacancy rates and downward pressure on the Group's property valuations and net rental income). Any such reinstatement of lockdowns or other restrictive measures or extension of the period during which significant social distancing and other protective measures remain in place would have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The Company has considered this risk factor when preparing its reasonable worst case scenario for the working capital statements.

### ***1.3 The Group's borrowings place restrictions on its financial and operational flexibility and the Group's ability to service and refinance its indebtedness is influenced by factors beyond the Group's control.***

Following the completion of the Transactions, the Group will continue to maintain significant levels of indebtedness. The indebtedness of the Group may lead to consequences over the longer term for its financial and operational flexibility including, but not limited to:

- being unable to support delivery of its business strategy, particularly development opportunities;
- a significant portion of cash flow being required to service debt obligations, thereby reducing financial flexibility and cash available to pay dividends to shareholders or invest in the business;
- changes in debt credit ratings having a negative impact on the cost, terms, conditions and availability of financing;
- limits on any additional borrowing, capital expenditure, acquisitions and developments or debt service requirements, or the ability to refinance existing indebtedness;
- increased vulnerability to general adverse economic and industry conditions, including increases in interest rates, inflation, credit spreads or foreign exchange rate fluctuations; and
- increased vulnerability to any decreases in the rent received from the Group's tenants, whether as a result of short-term macroeconomic events, such as the COVID-19 pandemic, or longer-term trends in the retail property market, such as channel shift to online shopping, rising operating costs for retailers or excess supply of physical retail space.

The Group's ability to generate sufficient cash flows to make scheduled payments on its indebtedness over the longer term, and to refinance borrowings when due, will depend on its future financial performance, its credit ratings and general market conditions. The Group's financial position is affected by a range of macroeconomic, competitive and business factors, many of which are outside of its control. For example, the Group has been materially adversely affected by the COVID-19 pandemic (see "*—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material*

*adverse effect on the Group*" above). In addition, any significant failures in the banking market could lead the Group to have insufficient liquidity and significant fluctuations in sterling or euro exchange rates or a significant increase in interest rates could cause the Group to experience increased costs and financial losses. See also "*If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment*" above.

**1.4 The Group may be unable to access credit markets, or may be able to access them only on unfavourable terms, and the Group's ability to service and refinance its indebtedness is influenced by factors beyond the Group's control.**

The Group's operations are highly capital intensive. The ability of the Group to raise additional debt or to refinance existing debt on favourable terms will depend on, among other things, the Group's ability to negotiate new, increased or longer term financings and a lender's estimate of the stability of the Group's cash flows, as well as general macroeconomic, political and capital market conditions and credit availability. Although the Group has historically been able to obtain financing on reasonable terms, there is no assurance that future financing will be available on acceptable terms or will not be on terms more onerous than the terms of the Group's existing financing. In the current environment, which has been marked by significant economic uncertainty as a result of the COVID-19 pandemic, deterioration in the retail property market and reductions in the value of the Group's property portfolio, certain lenders may be less willing to allow the Group to refinance its existing debt or to offer new lending to the Group. Any failure by lenders to fulfil their obligations may have a negative impact on the Group's cash flow and liquidity. Additionally, on 15 May 2020, Fitch changed the outlook on the Company's long-term issuer rating of BBB from stable to negative due to downward pressures on rents and valuations, indicating the potential for a further ratings downgrade in the next 18 to 24 months. On 16 July 2020, Moody's also downgraded its credit rating of the Company from Baa2 to Baa3 and the outlook as at the date of this document is under review. If the Group's credit rating is withdrawn or downgraded below investment grade, the Group is required to pay a fee to the holders of the Notes of 1.00% per annum of the outstanding principal amount of the Notes. Any further downgrades in credit ratings and outlook are possible and may increase the Group's financing costs and make it more difficult and costly for the Group to raise finance in the future.

**1.5 Opportunities to execute further divestments of properties or interests therein at an acceptable price are severely limited in the near term by illiquidity in the property market, which could prevent or delay the ability of the Group to execute its strategy, and if applicable, engage in successful mitigating actions.**

The disposal of properties or interests therein has featured, and will continue to feature, among the mitigating measures that the Group seeks to implement to reduce debt and strengthen its balance sheet. Since 1 January 2019, the Group has raised gross proceeds of £605 million through disposals, including the sale of a 75% interest in Italie Deux for £363 million in December 2019. In addition, on 6 August 2020, the Group entered into the Sale Agreement, under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser, conditional upon Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million).

However, the Group continues to face a number of risks in relation to its ability to dispose of properties or interests therein, many of which are outside of its control. In particular, there can be no assurance that the Group will obtain the necessary approvals from its joint venture partners to dispose of properties or interests therein (see "*The Group's joint ventures and other forms of co-ownership subject the Group to certain risks of shared ownership, including reduced liquidity, operational effectiveness and control*" below), or that purchasers will not fail to complete after the Group has contracted a sale with them. For example, the Group exchanged contracts for the sale of seven UK retail parks with Orion on 20 February 2020 for a headline price of £400 million. On 23 April 2020, Orion notified the Group that it did not intend to complete the purchase and on 6 May 2020 the Group announced that it would terminate the contract and access the £21 million deposit which had been held in escrow. Although the Group still intends to exit the UK retail parks sector over the medium term, there can be no assurance that it will find suitable purchasers for its UK retail parks on acceptable terms or in a timely manner. In particular, the unprecedented disruption to the European retail market caused by the COVID-19 pandemic (see "*The COVID-19 pandemic, together with the*



*closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group” above)* has severely limited the opportunity for the Group to dispose of properties or interests therein in the near term.

In addition, by reducing property valuations, the COVID-19 pandemic and related impacts have had a material adverse effect on the amount of consideration which the Group can reasonably expect to receive for its properties or interests therein. For example, if the Disposal does not complete, the Group may be unable to secure a more favourable or equivalent valuation in any future attempted transaction involving VIA Outlets. The Group also requires the approval of the relevant joint venture partner, currently the Purchaser, if it wishes to dispose of its interest in VIA Outlets on or before 31 December 2021, and the Group may fail to obtain such approval if the Disposal does not complete. See “*—If the Disposal does not complete, the Group may not be able to dispose of its interest in VIA Outlets at a later date and the future proceeds for the investment may be materially lower than the value expected to be realised by the Disposal*” below.

Any inability to successfully dispose of properties or interests therein at an acceptable price could prevent or delay the ability of the Group to execute its strategy (including reducing its level of indebtedness and recycling capital into the Group’s mixed-use City Quarters strategy), engage in successful mitigating actions, if applicable (see “*—If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment*” above) or access credit markets on reasonable terms and otherwise may have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

## **2. Risks relating to the Disposal**

### **2.1 Completion of the Disposal is subject to a number of conditions, including Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, which may not be satisfied and, as a result, the Disposal may not proceed in a timely manner or at all. In the event that following the completion of the Rights Issue, the Disposal does not ultimately complete, the Rights Issue would not be unwound and the Company would retain the net proceeds of the Rights Issue.**

Completion of the Disposal is subject to the satisfaction or waiver of certain conditions, including: (i) the approval of Shareholders at the General Meeting and (ii) obtaining merger control approvals in Germany, Spain and Portugal.

There can be no assurance that these conditions will be satisfied or waived in the necessary time frame and the Disposal may therefore be delayed or not complete. In the event that the Disposal is not approved by Shareholders at the General Meeting (or the Sale Agreement is terminated for any other reason prior to UK Admission), then neither the Rights Issue nor the Disposal will proceed and there will be severe adverse implications for the Group, including a breach of one or more of the Group’s covenants. See “*—If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment*” above.

In the event that, following the completion of the Rights Issue, the Disposal does not ultimately complete due to any failure to obtain merger control approvals in Germany, Spain or Portugal, or for any other reason, the Rights Issue would not be unwound and the Company would retain the net proceeds from the Rights Issue. In such a scenario, the Directors expect that the Group’s covenant headroom would remain constrained and the Group would have higher levels of net indebtedness, which would likely have a material adverse effect on the Group’s ability to execute its business strategy over the short to medium term, including continuing to refocus its portfolio towards flagship destinations in the United Kingdom and Ireland, proactively accelerating changes to its tenant mix to reflect the broader structural shifts in the market and developing its mixed-use City Quarters strategy. In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group’s 2019 REIT PID obligation and delay the scrip dividend into 2021, to avoid a tax liability of up to £14 million becoming payable. See “*—The Company’s dividend policy will depend on the financial condition of the Group*” below.

The receipt of merger control approvals may involve undertakings, commitments, remedies and/or modifications to the Disposal, which (if they do not result in the Sale Agreement being terminated) could materially delay Completion. Any such material delay will prolong the period of uncertainty for

the Group and may result in the accrual of additional costs to the Group's business. For example, the Group's management may be required to spend significant time in connection with the Disposal, which could otherwise be spent on the other activities of the Group.

**2.2 *If the Disposal does not complete, the Group may not be able to dispose of its interest in VIA Outlets at a later date and the future proceeds for the investment may be materially lower than the value expected to be realised by the Disposal.***

In the event that the Disposal is not approved by Shareholders at the General Meeting, then neither the Rights Issue nor the Disposal will proceed and there will be severe adverse implications for the Group. See “—*If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment*” above.

In addition, if the Disposal does not complete, there can be no assurance that the Group would be able to dispose of its interest in VIA Outlets at a later date. In particular, the sale and/or transfer of the Group's interest in VIA Outlets is governed by a lock-in provision, which requires the Group to obtain the approval of the relevant joint venture partner, currently the Purchaser, if it wishes to dispose of its interest on or prior to 31 December 2021, which in practice means that the Group would be unlikely to be able to dispose of its interest in VIA Outlets to a party other than the Purchaser before that date. Even if such approval were obtained for any future attempted transaction involving VIA Outlets, the value realised in any subsequent sale may be materially lower than the value expected to be realised by the Disposal. Structural changes in the retail industry have resulted in substantial property valuation declines in recent years and the COVID-19 pandemic has further exacerbated these negative trends. See “—*The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*” above and “—*Deterioration in retail property values and demand for retail property has had, and may continue to have, a significant impact on the value of the Group's property portfolio*” below. Accordingly, no assurance can be given that the valuation of VIA Outlets under the Sale Agreement would be available in any future attempted transaction by the Group.

**2.3 *There are a number of warranties, indemnities and undertakings in the Sale Agreement pursuant to which the Group is exposed to liability risk.***

The Sale Agreement contains customary warranties and indemnities (including in relation to tax) given by the sellers under the Sale Agreement in favour of the Purchaser. Any liability to make a payment arising from a successful claim by the Purchaser under the warranties or the indemnities could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**2.4 *The Group's reputation and/or the market price of the Shares may be materially affected if the Disposal does not complete.***

If the Disposal does not complete, there may be an adverse impact on the reputation of the Group and/or the market price of the Shares due to amplified media scrutiny in connection with the attempted Disposal. This is likely to be exacerbated, in particular, by the fact that the Group's disposal of seven UK retail parks did not complete in April 2020. See “—*Opportunities to execute further divestments of properties or interests therein at an acceptable price are severely limited in the near term by illiquidity in the property market, which could prevent or delay the ability of the Group to execute its strategy, and if applicable, engage in successful mitigating actions*” above. The classification of assets as held for sale in connection with the Disposal may also have a material effect on the way that market analysts evaluate the Group. Any such market price and/or reputational impact could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**3. Risks relating to the retail property market**

**3.1 *Deterioration in retail property values and demand for retail property has had, and may continue to have, a significant impact on the value of the Group's property portfolio.***

The Group is an owner, manager and developer of retail property in Europe. Its ability to generate revenues from, and maintain the value of, its property portfolio is dependent on the general

macroeconomic climate and the condition of the retail property market in the jurisdictions in which its properties are located. As at 30 June 2020, 48% of the Group's portfolio by property value was represented by properties located in the United Kingdom, and 52% was represented by properties located elsewhere in Europe (primarily in France and Ireland). If the Disposal successfully completes, the Group's exposure to the United Kingdom will increase, as the outlets that are the subject of the Disposal are not located in the United Kingdom.

Retail property values are affected by the nature, location, accessibility and physical condition of the property concerned, as well as factors specific to the local market in which the property is located, including the supply of available space, demand for retail property, competition and consumer sentiment and behaviour. Historically, retail property values have been cyclical and related to the condition of the economy as a whole. More recently, the COVID-19 pandemic and related impacts have had a material adverse effect on the valuations of the Group's properties (see "*—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*" above). In addition to the COVID-19 pandemic, the decline in retail property values in recent years has been driven by a lack of transactional evidence, continuing market uncertainty, the underlying investment attractiveness of the jurisdictions in which the Group's properties are located, weak occupational markets in these countries, the United Kingdom's withdrawal from the European Union, growth in online penetration rates and increasing tenant failures and restructurings.

In the United Kingdom, the retail property environment has deteriorated over the last few years, impacted by, among other things, ongoing structural changes in the retail sector. Weaker retailers have struggled to remain viable in an omnichannel environment, as the volume of online retail sales has increased and the profitability of retailers more generally has been impacted by heightened political uncertainty, weaker consumer confidence and, more recently, the COVID-19 pandemic. These dynamics have contributed to reduced demand for retail properties and caused some of the Group's tenants to close their units, enter administration or restructure their lease obligations through negotiation or by undertaking a CVA. This in turn has added, and may continue to add, to the downward pressure on property valuations, particularly if the affected retailers are major or anchor tenants. As a result of these trends, the Group's UK investment portfolio value on a proportionally consolidated basis, excluding premium outlets, declined from £2,939.1 million as at 31 December 2019 to £2,407.7 million as at 30 June 2020, a negative capital return of approximately 19.3%, and declined further to £2,345.8 million as at 31 July 2020. The Directors expect that the value of the Group's UK investment portfolio is likely to continue to experience further declines in the near term as reductions in footfall and sales are expected to continue, with risks of more significant declines if the current market outlook worsens. In the reasonable worst case scenario that the Group modelled for purposes of the working capital statements contained in this document, the Group assumed decreases in capital value over the period from 30 June 2020 to 31 December 2021 of approximately 32% for flagship destinations in the United Kingdom.

The retail property environments in France and Ireland have also been negatively impacted by channel shift to online shopping and adverse macroeconomic conditions, albeit to a lesser extent than in the United Kingdom. In France, market conditions have recently been negatively affected by civil unrest and strikes, such as the "Gilets Jaunes" protests. The effects of adverse market conditions in France and Ireland on the Group have been tempered to some extent by certain structural features of the retail markets in these countries, including lower volumes of online sales and population density, more attractive lease structures, less developed home delivery networks and less volatility in the underlying macroeconomic environments as compared to the United Kingdom. The Group's French investment portfolio value on a proportionally consolidated basis, excluding premium outlets, declined from £1,269.0 million as at 31 December 2019 to £1,229.1 million as at 30 June 2020, a negative capital return of approximately 9.4%, and declined further to £1,229.0 million as at 31 July 2020. The Group's Irish investment portfolio value on a proportionally consolidated basis, excluding premium outlets, declined from £860.0 million as at 31 December 2019 to £833.7 million as at 30 June 2020, a negative capital return of approximately 9.9%, and declined further to £830.8 million as at 31 July 2020. The Directors expect that the values of these two investment portfolios are likely to continue to experience further declines in the near term as reductions in footfall and sales are expected to continue with risks of more significant declines if the current market outlook worsens. In the reasonable worst case scenario that the Group modelled for purposes of the working capital statements contained in this document, the Group assumed decreases in capital value over the period

from 30 June 2020 to 31 December 2021 of approximately 25% for flagship destinations in France and Ireland.

In response to adverse market conditions, the Group and many of its tenants have reduced capital expenditure on property and unit maintenance and major development projects. If the retail property markets where the Group's properties are located deteriorate further, the Group and its tenants may continue to reduce such expenditure and the value of the Group's property portfolio would likely continue to decline. The Group's management may fail to anticipate the magnitude of any such declines and may be unable to adopt sufficient mitigating actions. In the event that the Group's properties experience significant further decreases in value and the Transactions do not complete successfully, the Group's ability to comply at all times with the financial covenants contained in its debt instruments would be adversely affected. See *"—If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment"* above. A significant decline in the value of the Group's property portfolio would also materially reduce the Group's expected proceeds from any property disposals and could result in further downgrades to the Group's credit ratings and outlook. In any such cases, the Group's business, results of operations, financial condition and prospects would likely suffer a material adverse effect.

**3.2 Increased costs and weak retail sales have adversely affected the financial condition of the Group's tenants, and if these trends continue it may result in lower net rental income and higher vacancy costs for the Group.**

The Group's income is substantially derived from retail tenants that rent space in the Group's properties. The underlying performance of these tenants is primarily influenced by GDP growth rates, disposable income levels, unemployment levels, inflation, consumer spending and business confidence, interest rates and foreign exchange movements. The COVID-19 pandemic and related impacts have had, and may continue to have, a material adverse effect on a number of these factors. See *"—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group"* above.

In addition, retailer profitability has been, and may continue to be, under pressure due to increased business rates, rising employment costs and weak retail sales. Although many of the Group's tenants have temporarily benefited from business rates relief and reduced their expenditure on maintenance and development projects as a result of the COVID-19 pandemic and related impacts, expenditure on real estate taxes, service charges and renovation and maintenance costs in recent years has either grown or not reduced in proportion to any decline in revenue from such tenants' properties. As a result of these trends, leases have been negotiated on terms which are less favourable to the Group and, for some expiring leases, the tenant has chosen to vacate the premises. Indeed, the Directors believe that in the United Kingdom rents in certain cases have become disconnected from a viable level and that there needs to be a fundamental overhaul in the approach to leasing towards a more flexible, risk-sharing and performance-based relationship. Although the Directors believe that such an approach should ultimately result in a more sustainable relationship with its retail tenants, it is likely to result in further reductions in the Group's net rental income from retail tenants.

In addition, in response to the COVID-19 pandemic, governments in various jurisdictions (including in the United Kingdom, France and Ireland) have imposed, and may continue to impose, restrictions on the ability of landlords to enforce rent collection, which has also had and may continue to have an adverse impact on the Group's net rental income. The challenging trading environment has also resulted in a significant number of the Group's tenants seeking relief from rent payment obligations, including rent reductions, deferrals and switching from quarterly to monthly rent payments. In the reasonable worst case scenario that the Group modelled for purposes of the working capital statements contained in this document, the Group assumed decreases in net rental income on a like-for-like basis (excluding premium outlets) over the two year period ending 31 December 2021 (as compared to the year ended 31 December 2019) of approximately 33% overall, including reductions of approximately 37% in the United Kingdom, 30% in France and 19% in Ireland.

Tenant leases with respect to the Group's properties do not generally contain provisions designed to monitor the tenant's creditworthiness. The amounts payable in certain cases to the Group are not typically covered by collateral (other than small rent deposits or guarantees in certain cases) and the Group is not insured against lease defaults by tenants. Therefore, the Group is exposed to the credit

risk of its tenants. If a tenant undertakes a CVA or enters into administration, the property which it occupies may experience a decrease in income. CVAs permit distressed retailers to restructure their debt and costs to allow them to continue trading by applying to court and seeking approval from a supermajority of creditors. Landlords are usually the most compromised creditor group in connection with CVAs, as cost reduction plans often focus on rent cuts and store closures.

Tenant restructuring, in the form of CVAs and administrations, has been one of the most significant factors reducing income for the Group in recent years, particularly in the United Kingdom. During the year ended 31 December 2019, 33 of the Group's UK retailers undertook a CVA or went into administration, including Arcadia and Debenhams, affecting 94 units and reducing Passing Rent by £2.9 million. During the six months ended 30 June 2020, 21 of the Group's UK tenants undertook a CVA or went into administration, affecting 47 units, of which 28 continue to trade, and reducing Passing Rent by £1.9 million. In addition, the COVID-19 pandemic has severely affected and may continue to affect new leasing volumes, and occupancy rates at the Group's properties decreased to 94.2% as at 30 June 2020 (compared to 96.7% as at 30 June 2019).

Although the Group may take steps or make arrangements with tenants in financial difficulty to proactively manage these situations, such as finding replacement tenants, agreeing monthly rental payments or temporary reductions in rent, such steps may not prevent a loss of net rental income, and there can be no assurance that new tenants will not experience future financial difficulties, go into administration or enter into CVAs. In the event of a lease default by a bankrupt or insolvent tenant, the Group would likely also experience defaults for any outstanding lease payments and incur costs in enforcing rights as landlord (which may not be fully recovered from the defaulting tenant). In such cases, the Group would likely need to write-off any unamortised lease incentives and could suffer a void period whilst the unit is relet. These factors, which tend to be more common in periods of economic downturn and have been prevalent during the COVID-19 pandemic, could result in higher vacancy rates, lower net rental income and revaluation losses on the value of the investment properties, or otherwise have a material adverse effect on the results of operations and financial condition of the Group.

The Group derives a significant portion of its revenue directly or indirectly from monies received from its major retail tenants, including anchor tenants. Major retail tenants generally pay a significant portion of the total income and service charge at a property and, in some cases, contribute to the success of securing other tenants by attracting significant numbers of consumers to the property. A downturn in business or bankruptcy, insolvency or administration could cause a major tenant to default on its lease obligations and/or vacate the premises, which would likely result in a loss of rental income, void costs, an increase in bad debts and/or a decrease in the value of the property. Certain of the Group's major tenants, including House of Fraser, have vacated their units in response to adverse market conditions in the past and the Group may experience similar losses in the future. The Group may be unable to replace a major tenant with another tenant of equivalent standing, or on equally favourable terms. Any of the foregoing events would likely have an adverse effect on the Group's business, results of operations, financial condition and prospects.

***3.3 Failure to anticipate and respond to developments in the consumer and retail market, including omnichannel retailing, digital technology and changing trends, could have an adverse effect on the Group's business, results of operations, financial condition and prospects.***

The Group owns and operates physical properties in a dynamic retail marketplace. Retailers are increasingly required to compete in an omnichannel retail environment, driven by consumers' use of digital technology and online social interaction. The growth of omnichannel retailing may lead retailers at the Group's properties to change the nature of their space requirements or reduce the number of physical stores in response to an increasing share of retail sales being transacted online. If the Group or its tenants fail to anticipate and address such developments in consumer and occupational markets more swiftly and effectively than their competitors, there may be a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's properties or developments may become less desirable due to changing tastes or trends (due to, among other things, perceptions by retail tenants and consumers of the attractiveness, convenience or safety of the property's location and structure). A location or type of offering may become less popular due to trends away from a specific location or type of offering, which may in turn cause the value of and demand for certain properties to decrease. If the Group is unable to attract

new tenants to such properties and proactively accelerate changes to its tenant mix to reflect the broader structural shifts in the market (including increasing space for non-fashion consumer brands, food and beverage and leisure offerings and reducing department store exposure), its financial condition may be adversely affected. Certain retail categories, in particular, have been adversely impacted by changing consumer shopping habits, such as department stores and traditional high street fashion.

Recently, as a result of the COVID-19 pandemic, the Group's flagship destinations, retail parks and premium outlets were temporarily closed (other than essential retail) (see "*—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*" above). Over the longer term, disruption to the retail markets in which the Group operates caused by closures and social distancing measures could result in permanent changes to consumer and tenant preferences and behaviour. For example, notwithstanding developments toward an omnichannel retail environment, a wider proportion of the consumers who historically have visited the Group's properties may become more comfortable with online shopping or may reduce their spending levels more generally, and retailers that rent space in the Group's properties may reduce their physical retail operations.

In response to these trends, retailers have been and may increasingly continue to shrink their store portfolios and restructure, creating an oversupply of physical retail space. A number of major retailers have recently announced plans to close stores—for example, in June 2020 the owner of Zara indicated it will permanently close up to 1,200 stores worldwide and in July 2020 John Lewis announced that it would not reopen eight stores in the United Kingdom (including a large department store at the Group's Grand Central flagship destination in Birmingham). Retailer profitability has generally declined, particularly in the United Kingdom, as a result of increased business rates, higher employment costs and the erosion of margins. These factors have weakened the Group's position in lease negotiations, resulting in some cases in rent concessions and a higher proportion of tenants occupying under flexible lease arrangements.

The ability of the Group to enter into leases on favourable terms will also depend on the trends and market practice at the time that it is negotiating a renewal with an existing tenant or a new lease with a prospective tenant. There has been an increasing trend towards shorter leases, including "pop-up" businesses requiring short-term leases that provide significantly reduced security of income for property owners who are required to renew existing leases or find new tenants on a more regular basis. An increasing number of tenants are requesting break clauses in leases with longer terms and alternative rental payment structures whereby a proportion of the rent is contingent on the turnover achieved by the tenant in the respective unit. Although the Directors believe that alternative payment structures will ultimately strengthen the Group's relationships with its tenants, depending on the commercial terms they could have a material adverse impact on the Group's net rental income.

The outbreak of COVID-19 has also impacted the Group's existing lease arrangements with its tenants (see "*—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*" above). In particular, the Group has accepted, and may continue to accept, individual tenant requests for monthly payments and rent deferrals and abatements. If such arrangements are extended for a significant period of time, or to an increasing number of tenants, the Group's business, results of operations, financial condition and prospects would be adversely impacted.

In the event that the Group is required to find new tenants for existing leases, there can be no assurance that new tenants (if any) will be of an equivalent standing to the previous tenants. In addition, there can be no assurance that a significant number of existing and/or future leases will not expire at the same time or within a short period of each other, either with respect to any particular property or across a large number of properties, thereby concentrating any such leasing and occupancy risk within a limited time period. Any vacant units are likely to incur empty rates and service charge liabilities. Any prolonged period of reduced occupancy or leases on less favourable terms would have an adverse effect on the Group's business, results of operations, financial condition and prospects.

### **3.4 The Group's properties compete with other retail developments and other retail sales channels.**

Competition from new or existing retail offerings within the Group's catchment areas, together with competition from other retail sales channels, may have a negative impact on the Group. In particular, the existence of such competition may significantly increase the Group's expenditure on marketing, renovation and improvement of facilities to distinguish the Group from its competitors. The growth of online shopping has had, and may continue to have, an adverse effect on the Group, and there can be no assurance that any benefit for the Group's portfolio of high footfall, city centre flagship destinations from developments toward an omnichannel retail environment will be sufficient to counteract the negative impacts of online shopping (see "*—Failure to anticipate and respond to developments in the consumer and retailer market, including omnichannel retailing, digital technology and changing trends, could have an adverse effect on the Group's business, results of operations, financial condition and prospects*" above). In addition to channel shift, the amount of lettable space in the relevant area, the quality of facilities and the nature of stores at such competing retail offerings could each have a material adverse effect on the Group's ability to retain tenants and lease space and on the level of rent that the Group can obtain. Further, as a result of such competition, the Group may not be able to acquire properties or develop land at a satisfactory cost. Any of the foregoing factors could have an adverse effect on the Group's business, results of operations, financial condition and prospects.

## **4. Risks relating to the Group's business**

### **4.1 Property valuation is inherently subjective, and the Group's properties are currently subject to material valuation uncertainty as a result of the COVID-19 pandemic.**

The value of the Group's portfolio on a proportionally consolidated basis, including premium outlets, has declined from £10,560 million as at 31 December 2017 to £9,938 million as at 31 December 2018, £8,327 million as at 31 December 2019, £7,692 million as at 30 June 2020 and £7,628 million as at 31 July 2020. The COVID-19 pandemic, in particular, has exacerbated value declines and led a number of valuers in the United Kingdom to determine that a material valuation uncertainty exists with respect to their valuations. CBRE, Cushman & Wakefield and JLL have indicated that the Valuation Reports included at Appendix 1 of this Prospectus are subject to a material valuation uncertainty, based in particular on the observation that the COVID-19 pandemic has had and is expected to continue to have a significant impact on market activity and, as a result, valuers have attached less weight to previous market evidence to inform their opinions of value.

More generally, the valuation of the Group's properties is inherently subjective due to, among other factors, the individual nature, location and expected future rental revenue of each particular property and the level of investment market transactions. As a result, the valuations of the Group's properties will be subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate. This risk is heightened in periods of volatility or low transaction flow in the commercial real estate property market. The Valuation Reports included at Appendix 1 of this Prospectus contain a number of assumptions upon which CBRE, Cushman & Wakefield, and JLL have based their valuations of the Group's properties. Incorrect assumptions underlying the valuation reports could negatively affect the value of the Group's properties. In addition, the valuations reflected in the Valuation Reports speak only as at their date, and market volatility since the date of the Valuation Reports may cause significant further declines in the value of the Group's properties following that date.

In accordance with IAS 40, as adopted in the European Union, the Group's properties are externally valued on a semi-annual basis, and any increase or decrease in the value of its properties, after taking account of any capital expenditure or change in ownership, is recorded as a revaluation gain or loss in the relevant consolidated income statement for the period during which the revaluation occurs. As a result, the Group has had, and will likely continue to have, significant non-cash revenue gains and losses from period to period depending on the change in the fair market value of its properties, whether or not such properties are sold. For the years ended 31 December 2017, 2018 and 2019, the Group recorded a revaluation surplus of £246.5 million, a revaluation deficit of £392.4 million and a revaluation deficit of £828.2 million, respectively. In the six months ended 30 June 2020, the Group recorded a revaluation deficit of £939.6 million.

Any further reductions in the valuations of the Group's properties may have a material adverse effect on the consideration the Group could expect to receive for the sale of its properties and may impact the market price of the Shares and the Group's financial condition. Divestment of properties at a lower value or lower than the expected value may result in a deterioration in the valuations of the remaining property portfolio.

The value of the properties may also be affected by other factors outside the Group's control, including declining demand for retail property, changes in general macroeconomic conditions, legislative changes and changing supply within a particular geographic location and attractiveness of retail property relative to other investment choices.

The above factors may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***4.2 The Group may fail to complete development projects as planned or on commercially favourable terms and, once completed, a substantial proportion of a development may remain vacant or be let or sold on unfavourable terms.***

As at 30 June 2020, development properties accounted for approximately 7% of the Group's total portfolio by value. As a result of the COVID-19 pandemic, the Group's two on-site development projects in Paris were temporarily suspended between 17 March 2020 and 4 May 2020 as the workforce was unable to be on site. Although work on these projects recommenced in May 2020 following the easing of lockdown restrictions, no new major expenditure is expected to be committed by the Group in the near term, and development projects that require substantial capital expenditure to deliver, such as the City Quarters schemes, have been delayed. The duration and financial impact of these disruptions cannot be reasonably estimated at this time; however, it is highly likely that the Group's total development expenditure in 2020 will be significantly impacted.

Property development activities, particularly for large retail developments and for mixed-use developments such as the Group's City Quarters strategy (which typically involve combining numerous uses into one development, including residential, workspace, leisure, hotel, educational, cultural, and/or public space uses), are complex, involve a higher degree of risk than other types of investment properties, require significant capital investment, have long delivery times with multiple milestones, including planning and leasing, and are management intensive. The time and costs required to complete new developments may be subject to a variety of factors, including, among other things, shortages of materials, equipment, technical skills and labour, defective building methods or materials, adverse weather conditions, natural disasters, labour disputes, foreign exchange movements, disputes with contractors, contractor default, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseen problems and circumstances. In particular, the Group operates in jurisdictions that impose significant planning restrictions on new developments. The Group's level of indebtedness may also impact its ability to execute development projects.

In addition to capital expenditure in connection with any new developments, the Group's operations also require ongoing expenditure for property maintenance and refurbishment. If the Group is required to further reduce expenditure on its property portfolio, whether as a result of the COVID-19 pandemic or otherwise, its properties may become less attractive over the longer term, which could lead to a decrease in rental income and reduced property valuations.

The Group depends on skilled third party contractors to provide construction, design and various other services for these purposes, which exposes the Group to a number of additional risks. In particular, the Group has been involved in from time to time, is currently involved in and may in the future be involved in disputes with third party contractors, which increases the Group's exposure to potential liabilities and may cause the Group to incur significant legal or increased construction costs and suffer reputational damage. If a third party contractor becomes insolvent, the Group may face cost overruns, programme delays and acceptance of riskier contractor covenants. It may not be possible for the Group to recover cost overruns under insurance policies or from the responsible contractor or sub-contractor. The Group's development projects are also subject to the hazards and risks normally associated with the construction and development of commercial real estate, including personal injury and property damage. The occurrence of any of these events could result in significant increased operating costs, reputational damage, fines, legal fees or criminal prosecution.



Inaccurate assessment of a development opportunity, or a decrease in demand due to competition from other properties and developments, adverse market conditions or other factors beyond the Group's control, could result in a substantial proportion of the development remaining vacant after completion or being let or sold on unfavourable terms, and unsuccessful projects can result in significant adverse financial and reputational outcomes for the Group. The Group has less experience in developing mixed-use developments and planning such developments is complex and requires the exercise of significant judgment (including regarding the levels of likely future demand for particular types of spaces typically years in advance and in a context where market dynamics and other factors beyond the Group's control can shift before a development can be completed). Exposure to development projects also increases the potential financial impact of an economic downturn, adverse valuation and construction price inflation, which could overstretch the Group's financial capacity. In addition, any inability by the Group to successfully dispose of properties or interests therein at acceptable prices could prevent or delay the ability of the Group to execute its strategy (including recycling capital into the Group's mixed-use City Quarters strategy). See "*—Opportunities to execute further divestments of properties or interests therein at an acceptable price are severely limited in the near term by illiquidity in the property market, which could prevent or delay the ability of the Group to execute its strategy, and if applicable, engage in successful mitigating actions*" above.

**4.3 External events beyond the control of the Group, including pandemics, terrorism and other catastrophic events, may adversely impact the Group's reputation, business, results of operations, financial condition and prospects.**

The Group's operations, shopper safety, reputation and financial performance could be significantly affected by a major event such as a pandemic, terrorist attack, serious health and safety incidents, power shortages, extreme weather conditions, flooding, fires, civil unrest or strikes and it is not possible to fully mitigate these risks and the related impacts. Any such major event could inhibit or prevent access to the Group's properties or adversely impact the demand for and the value of the properties due to, for example, reduced consumer footfall and negative publicity for the Group. This is particularly the case in light of the development of social media platforms, through which negative publicity may spread widely and rapidly. There can be no assurance that the Group's employees, management, suppliers and other commercial parties will refrain from engaging in theft or other misconduct which, if publicised, could damage the Group's reputation or brand. Insurance cover in respect of any of the foregoing risks may not be sufficient to cover the full extent of any loss or damage suffered and if a major event were to occur, it may not be possible for the Group to secure adequate insurance cover in the future.

Any of the foregoing risks could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**4.4 The Group's joint ventures and other forms of co-ownership subject the Group to certain risks of shared ownership, including reduced liquidity, operational effectiveness and control.**

A significant number of the Group's operations or developments are conducted through joint ventures or other similar arrangements and the relevant properties are partially or majority owned by non-affiliated partners through joint venture arrangements or other forms of co-ownership. As at 30 June 2020, 69% of the value of the Group's portfolio, including premium outlets, was held with third parties. The Group may enter into additional co-ownership structures in the future to strengthen its balance sheet through partial disposals. These structures may affect the operational effectiveness and financial flexibility of the Group and the level of control the Group has over the assets, particularly if partners are not strategically aligned, which may in turn reduce liquidity.

The Group's interests in Value Retail premium outlets are externally managed, and while the Group has governance oversight, it does not exercise day-to-day operational control over such properties.

Further, the Group's premium outlets are particularly exposed to declining economic and market conditions due to a significant number of retail tenants entering into lease agreements where the amount of rent payable is calculated by reference to the turnover of the store occupying the leased property. The COVID-19 pandemic and related impacts have exacerbated the negative consequences of this exposure by preventing overseas tourists from visiting the Group's properties, reducing footfall and sales in particular at the premium outlets, and there may be no recovery in the number of overseas tourists visiting the Group's properties for a substantial period of time or at all. Continued

reduced turnover or further decreases in turnovers at the Group's premium outlets could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

Due to the nature of some of the co-ownership arrangements, the Group is subject to certain limitations on control over strategy and operating decisions, and may not have direct day-to-day operating control of the properties and corporate entities. For example, material decisions regarding the properties are likely to require the consent of other partners, which may restrict the Group's ability to proceed with a planned operational change, acquisition, disposal or development, or the refinancing or repayment of debt. Conflict with partners may lead to deadlock and result in the Group being unable to pursue a desired strategy or having to dispose of its investment on unfavourable terms. In particular, the Group's premium outlets are externally managed by specialist outlet operators and the Group's understanding of the performance of these outlets is dependent on the quality of reporting procedures of its partners. In such cases, there is increased exposure to the risk that the internal controls over accounting and financial reporting may not be designed or operated effectively by the partners, which could affect the accuracy or timeliness of receipt of financial information related to such investments.

There may be various restrictive provisions and rights governing the sale or transfer of interests in the joint ventures or similar arrangements for example by giving the partner(s) a pre-emptive right or requiring the approval of the partner(s) for disposal to a particular purchaser or at a particular time. In particular, the Group and its partners typically have rights in the event of transfers or proposed transfers of interests in the businesses, including rights of pre-emption, consent rights and options triggered upon a change of control or an event of default, which may complicate any sale process and may make these investments less attractive to third-party purchasers. From time to time, as a result of such liquidity rights, the Group may be forced to sell its interests in the relevant joint venture or otherwise pursue an exit (either through the sale of its interests in the relevant joint venture or through the sale of the relevant property asset). Accordingly, these rights may affect the ability of the Group to dispose of its interest in the joint venture or similar arrangements at the most advantageous time or value.

The bankruptcy, insolvency or severe financial distress of a partner could materially and adversely affect the relevant co-owned vehicle or property or properties. If an investment has incurred recourse obligations, the insolvency of a partner may, in certain circumstances, result in the Group assuming liability for a greater portion of those obligations than it would otherwise bear, or result in the winding up or sale of the joint venture or similar arrangement. There may be the right to acquire the partner's interests in the relevant vehicle upon the insolvency or other default of such partner (in some instances even at a discount to value), however the Group may be unwilling or may not have sufficient funds to do so. In addition, the insolvency of a partner could result in a third party acquiring the interest in the relevant co-owned property or properties, who may have different strategic or operational objectives. Any of the foregoing factors may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***4.5 The Group's success will depend on attracting and retaining key personnel and changes to the senior management team could lead to operational or strategic uncertainty.***

The success of the Group will depend on the ability and experience of its management and employees. In addition, the ability to continue to identify, manage and develop properties depends on management's knowledge of, and expertise in, the property and retail markets.

A number of changes to the Group's senior management team are expected over the next 12 months. David Tyler, who is currently Non-Executive Chair of the Company, will be stepping down from his position on a date to be confirmed but no later than 1 October 2020. David Tyler will be succeeded by Robert Noel. Additionally, David Atkins, who is currently Chief Executive of the Company, has announced his decision to step down. David Atkins will remain in his position until spring 2021 at the latest, while the Board seeks a new Chief Executive to replace him. No assurance can be given that an appropriate replacement will be found in a timely manner. Such changes to the senior management team could lead to operational or strategic uncertainty and may increase turnover among the Group's managers, executives and employees generally, which may in turn have a material adverse effect on the Group's operations and performance.

There can be no assurance that other members of management or key personnel will remain employed by the Group. Any further loss of members of management or key personnel, due to resignation, dismissal or absence, or a delay in replacing a departed member of management or employee, may result in the loss of industry and property specific knowledge as well as relationships with lenders, potential tenants, industry personnel and, in respect of the Group's joint venture investments, with the relevant joint venture partners. In particular, the head office of the Group has a relatively small headcount, which could have an adverse effect on the achievement of business objectives, particularly in times of significant activity, if there was any further loss of services of members of management or key personnel.

Market uncertainty may also adversely impact employee morale, retention and external recruitment. Although voluntary employee turnover across the Group was only 10.1% in 2019, down from 13.4% in 2018, there can be no guarantee that the Group will continue to be able to retain or recruit key personnel.

**4.6 *Interruption or failure of the Group's information technology systems, including as a result of cyber-attacks, could damage the Group's reputation and business.***

The Group is dependent on the proper functioning of its information systems and processes. The infrastructure and systems that support the business are vulnerable to damage or interruption from various factors, including but not limited to cyber-attacks, power loss, telecommunication failures, data corruption, network failure, computer viruses, security breaches, natural disasters, theft, vandalism or other incidents. These threats may also derive from fraud or malice on the part of employees, contractors or other third parties, or may result from human error or accidental technological failure. A disaster or disruption in the infrastructure and systems that support the Group's business (for example, for the collection of rent, communications with consumers and the proper functioning of financial and treasury operations) could lead to loss of control over critical business, project information or systems and adversely impact their ability to operate effectively. Such failure may, in turn, lead to a loss of revenue and profitability, the incurring of significant remedial costs and reputational harm. The Group's disaster recovery procedures may not be sufficient to mitigate the harm that may result from such a disaster or disruption, including loss of data. In addition, the wider use of technology across the Group also increases the risks associated with cyber security. Risks in this area are continually evolving and may impact both the Group's flagship destinations, retail parks and premium outlets and also its corporate offices, which could adversely affect its operations and those of its tenants.

Any of the foregoing risks could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**4.7 *The Group relies on third parties to manage certain aspects of its properties, and a failure by one or more third parties could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.***

The Group is reliant upon third party service providers to perform services which are integral to its operations at a number of its flagship destinations and retail parks, including rental collection, facility management, security, service charge management and car park management. Any significant failure or underperformance by such third party service providers with respect to the Group, including as a result of the COVID-19 pandemic, could result in damage to the Group's relationships with tenants, its reputation and could cause disruptions to the tenants' businesses. Replacement of any third party service provider, including the search for a suitable replacement and the transition to such replacement service provider, may take time, which could increase costs and adversely affect the Group's operation and performance. If any of the third party service providers become bankrupt or insolvent, the Group may be subject to operational risk and may be required to make strategic decisions in relation to the scope and scale of planned constructions.

In addition, the Group's premium outlets are externally managed by third party outlet operators. These arrangements reduce the Group's ability to exercise control over the operations, financing and performance of its premium outlets and limit the Group's access to rental and valuation data. Such access is dependent on the strength of the Group's relationship with these operators and, as a result, may be further restricted if their relationship deteriorates in the future. See "*The Group's joint ventures and other forms of co-ownership subject the Group to certain risks of shared ownership, including reduced liquidity, operational effectiveness and control*" above. If any of the outlet operators

become financially distressed, the Group's reputation, business, results of operations, financial condition and prospects may be adversely impacted.

#### **4.8 The Group is exposed to potential claims by tenants, contractors and other commercial parties.**

The Group may become subject to disputes with tenants, contractors and other commercial parties in the retail property or related industries. As at 30 June 2020, the Group was subject to claims of £60.6 million in aggregate (£77.8 million in aggregate including the Group's share of contingent liabilities arising within joint ventures). No assurance can be given that the Group will be successful in defending such claims or that the Group will not become subject to additional claims in the future. In addition, the provisions recorded by the Group in respect of claims may prove insufficient to cover the Group's actual liabilities and the Group may be required to increase its provisions.

In particular, the Group may be subject from time to time to claims due to defects in quality relating to the development and leasing of its properties. This liability may apply to defects in properties that, while not known at the time of development, acquisition or lease of the relevant property, could have, or should have, been discovered. Although typically it would be possible to bring a claim against the building contractor or professional team in connection with such defects or recourse to latent defects insurance may be available, there can be no assurance that the full loss will be recovered, if at all. In addition, the Group may be exposed to substantial undisclosed or unascertained liabilities embedded in properties that were incurred or that arose prior to the Group acquiring such properties. These liabilities could include, but are not limited to:

- (i) liabilities for the remediation of contamination (including the presence of hazardous waste, asbestos or other toxic substances) or other environmental conditions;
- (ii) in cases where the Group acquired the entity which owned the property, liabilities (including tax liabilities and other liabilities, to state entities) to existing tenants, creditors or other persons involved with the properties prior to the acquisition;
- (iii) indemnification claims by parties claiming to be indemnified by the former owners of the properties;
- (iv) an obligation on the Group to pay deferred consideration for the properties if certain events occur (for example, the grant of planning permission upon letting or completion of the development); and
- (v) changes in legislation which retroactively impose additional compliance or administrative costs on the Group.

Although it is standard practice to obtain contractual protections against future claims and liabilities arising when acquiring a property, there can be no assurance that such contractual protections will allow the Group to recover sufficient compensation in the event that any risks materialise in the future. In addition, any claim for recourse against the constructor or contractor could fail because of the expiration of warranty periods or the statute of limitations, the claim being uncollectible, the insolvency of the seller, or as a result of a number of factors affecting the difficulty of succeeding in bringing a claim and securing damages such as lack of evidence that the previous seller was aware, or should have been aware, of the defect.

In addition, the Group may be at risk from potential litigation and business claims in relation to divested properties where it has provided representations and warranties and/or indemnities to the purchaser or has continuing obligations. Claims may arise in connection with such obligations and liabilities due to tenant failure, the inability to let vacant units or in relation to inaccuracies in warranties. The Group may also be subject to claims by tenants. Such claims could relate to, among other things, delays in construction, title to the property, environmental liabilities, tax liabilities or structural defects. As a result, the Group could become party to claims, disputes or litigation concerning such representations and warranties and may be required to make payments to third parties. In addition, following the future disposal of any property, the Group may be obligated under contract or by law to retain certain liabilities or potential liabilities that exist in respect of such assets, such as liabilities for environmental clean-up or remediation.

Whether or not any dispute actually proceeds to litigation, the Group may be required to devote significant management time and attention to its successful resolution (through litigation, rectification,

settlement or otherwise), which would detract from focus on its respective business. The resolution of a dispute could involve significant costs being incurred by the Group, even where it is successful in defending a claim. In addition, the resolution of a dispute could involve the Group agreeing to terms that restrict the operation of its business. The costs of any such claims, disputes, litigation or remediation, to the effect they materialise, would reduce the Group's available cash flow and could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

#### **4.9 The Group may be insufficiently insured.**

The Group's insurance policies are subject to policy exclusions and limitations of liability both in amount and with respect to the insured loss events.

Certain types of losses may be subject to market wide exclusions, such as those caused by acts of war, electronic risks, nuclear contamination, gradually operating causes such as wear and tear and faulty or defective workmanship or design. The Group's ability to recover losses incurred in connection with the COVID-19 pandemic under its insurance policies is likely to be severely limited. There may also be policy limits on the recovery of losses caused by terrorism for assets outside of the United Kingdom. Factors such as inflation, changes in building codes and ordinances, and environmental considerations, including damage as a result of gradual pollution and other factors, may result in insurance proceeds, if any, being insufficient to repair or replace a property if it is damaged or destroyed.

In the event of a loss occurring, there can be no guarantee that the insurance proceeds, if any, will fully cover the Group's loss with respect to the affected properties. The occurrence of an uninsured loss or a loss in excess of insured limits could result in the loss of capital invested and the requirement for increased capital to pay for the uninsured damage in the affected property as well as a loss in anticipated future revenue from that property depending on lease obligations. In addition, there could be liability to repair damage caused by uninsured risks and there may remain liability for any debt or other financial obligation related to that property.

The ability to put in place public liability insurance cover in the future may be adversely affected if there is a very significant volume of accidents involving the public where the Group is legally liable and is proven to have been negligent. This may result in increased premiums, less appetite from insurers and a greater focus by insurers on risk management procedures.

The Group acts as manager on the majority of its properties, excluding premium outlets, on behalf of its joint ventures and similar arrangements. Key activities include asset and development management services, financial reporting and company secretarial support. The Group maintains public indemnity insurance in case of negligence in undertaking these activities, however there is a risk that a claim may exceed the policy limits and result in financial and reputational loss. Also, significant claims are likely to increase the cost of insurance or may limit the Group's ability to obtain appropriate insurance cover in the future.

The Company has undertaken to set up a £21.4 million trust for the benefit of the existing Directors and the Proposed Director on or before 28 August 2020, unless prior to that date the Company is able to procure directors and officers insurance that the existing Directors and the Proposed Director consider satisfactory such that the trust is not required. During the duration of the trust, unless the Company is able to procure insurance that the existing Directors and the Proposed Director consider satisfactory such that the trust is no longer required, the Group will not be able to access the cash in the trust and will only be able to access any remaining cash following the expiry of the trust after 75 months or, if later, when any relevant outstanding claims against the existing Directors or the Proposed Director are resolved.

There can be no guarantee that the Group will be sufficiently and effectively insured against all contingencies, and the Group may not be able to recover its losses if the relevant insurer is unable meet its obligations under the insurance contract, for example if it becomes insolvent. The Group may also be exposed to potential losses if the third party outlet operators which manage its premium outlets fail to maintain sufficient insurance cover. Should an incident attract publicity or be of a size or nature that is not adequately covered by insurance, the resulting publicity and costs could negatively impact the Group's reputation. Any of the foregoing factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

#### **4.10 The Group may be adversely affected by climate-related risks.**

The Group may face physical risks to its business, including high temperatures, flooding, storm damages and fires, as well as longer term transitional risks as a result of climate change. There can be no guarantee that the Group will successfully mitigate these climate-related risks and the related impacts. In the event of extreme weather, flooding or significant issues with the Group's energy supply, the Group's operations may be adversely impacted.

The Group has developed certain environmental objectives. In 2017, the Group launched its net “**Net Positive**”) objectives in which it has committed to meeting certain environmental and socio-economic targets. Over the next 12 months, the Group plans to undertake a climate risk scenario project to address longer term climate change transitional risks. This work will impact the Group's City Quarters strategy and inform the Group's wider business strategy. Although these environmental objectives are not a strict legal or regulatory requirement, failure to meet such objectives may adversely impact the reputation and financial performance of the Group.

### **5. Risks relating to the macroeconomic environments in which the Group operates and the financial markets**

#### **5.1 Significant macroeconomic uncertainty has had, and may continue to have, an adverse effect on the Group.**

The Group is directly affected by the macroeconomic conditions in the countries in which it operates, and the values of its properties are materially affected by shifts in the economic cycle. The Group has experienced in the past, and expects to experience in the future, negative impacts from periods of economic slowdown and recession and corresponding declines in demand for property.

The COVID-19 pandemic has significantly increased the level of macroeconomic and property market uncertainty globally (including in Europe). Furthermore, the extensive government programmes that have been implemented in a number of European jurisdictions to support businesses and mitigate rises in unemployment levels may have a number of adverse macroeconomic effects, including resulting in significantly increased taxation or reduced state expenditure in future years, volatility in inflation or interest rates and an increase in the likelihood of future sovereign debt crises. Other factors that may impact the real estate market in the jurisdictions in which the Group operates include the United Kingdom's departure from the European Union and the terms of any future trading relationship between the United Kingdom and the European Union, and general political uncertainty. In particular, challenging market conditions have had, and may continue to have, a material adverse effect on net rental income as a result of tenant restructurings, CVAs and administrations. For example, a number of tenants of the Group, including Arcadia, Debenhams, Jack Wills, L.K.Bennett, Monsoon and Victoria's Secret, have restructured since 1 January 2019.

Real estate markets, including the retail property market, may lag behind the broader economy. As a result, when macroeconomic indicators improve in a given market, it may take additional time for these improvements to take effect in the retail property market. There can be no guarantee that retail spending and demand for retail property will increase in the future in response to any stabilisation in macroeconomic conditions in Europe. In the absence of any such improvement, or in the event of a substantial delay in any such improvement, the Group's business, results of operations, financial condition and prospects would be materially adversely affected.

#### **5.2 The United Kingdom's withdrawal from the European Union may adversely impact the Group.**

In October 2019, a withdrawal agreement (the “**Withdrawal Agreement**”) setting out the terms of the United Kingdom's exit from the European Union, and a political declaration on the framework for the future relationship between the United Kingdom and European Union was agreed between the UK and EU governments. The Withdrawal Agreement, which became effective on 31 January 2020, includes the terms of a transition period until 31 December 2020, during which time the United Kingdom and European Union will continue to negotiate the terms of a trading arrangement which will apply following the transition period. Until the United Kingdom exits the transition period, EU laws and regulations will continue to apply in the United Kingdom.

There is no guarantee that the terms of a trading agreement will be ratified by the UK Government or the European Union prior to the end of the transition period. On 12 June 2020, the UK Government

announced that it would not seek to extend the transition period. As a result, the trading relationship between the United Kingdom and the European Union will be governed by WTO rules from 31 December 2020 unless a trading arrangement is agreed and ratified by both parties before that date.

If the transition period ends with no trading arrangement in place, there may be significant macroeconomic deterioration in the international markets due to the size and importance of the UK economy and the United Kingdom's legal, political and economic relationship with the European Union. Such macroeconomic effects may include, but are not limited to, decreases in global stock exchange indices, increased foreign exchange volatility (in particular, a further weakening of the pound sterling and the euro against other leading currencies), decreased consumer confidence and GDP in the United Kingdom and Ireland. Any such deterioration could result in further reductions in property valuations and negative investor sentiment towards retail and commercial property markets. The financial performance of the Group's tenants, particularly those in the United Kingdom who rely on imports or sales to tourists, or those who employ EU nationals, could also be significantly impacted if fiscal or other restrictions on the free movement of goods (including customs duties, import tariffs or other restrictions on trade) and labour are implemented or if there is any significant reduction in tourism to the United Kingdom (whether due to the introduction of visa restrictions, mandatory quarantines or for any other reason). If the revenue of the Group's tenants decreases, their decisions to renew leases or rent more space, as well as their ability to pay their rent, may be affected, which could reduce the occupancy levels and rental values at the Group's properties.

If the Disposal successfully completes, the proportion of the value of the Group's properties located in the United Kingdom will increase. Accordingly, by reducing the geographical diversification of the Group's property portfolio, the Disposal may exacerbate the adverse effects of the United Kingdom's withdrawal from the European Union on the Group's business, results of operations, financial condition and prospects.

**5.3 The Group is exposed to market risk, including interest rate and foreign exchange risk, and may enter into hedging transactions that limit gains or incur losses.**

The financial performance of the Group is directly impacted by interest rate and foreign exchange movements. Whilst the majority of the Group's borrowings are at fixed rates of interest, adverse movements in interest rates may affect the amount of interest paid on existing and future borrowings and the return on cash investments. Interest rates on real estate loans are also affected by other factors specific to the United Kingdom and European real estate finance and equity markets, such as changes to real estate values and overall liquidity in the real estate debt and equity financial markets.

The Group's financial statements are in sterling. The Group's investments, liabilities, revenues and costs are predominantly valued in and generated by a combination of sterling, euro and US dollars and therefore the value of these balances and flows will be exposed to fluctuations in foreign exchange rates. The consideration for the JV Sale Interests is denominated in Euros. The covenants in the Revolving Credit Facilities are also expressed in sterling and euro. In addition, the Group engages overseas suppliers and contractors and purchases materials from overseas, particularly in relation to development projects. If such contracts are denominated in foreign currencies, or if contracts for materials and services required are to be sourced overseas and have not yet been entered into, the Group may be adversely impacted by fluctuations in foreign currency exchange rates as a result of such contracts.

The Group uses derivatives to hedge its respective liabilities, including against its exposure to interest rate and foreign exchange movements, which creates certain risks. This includes credit risk based on hedge counterparties' inability to perform their obligations due to factors outside of the control of the Group such as adverse economic conditions. To the extent that the Group does not hedge its exposure to interest rate and foreign exchange rate movements, or to the extent that such hedging is inaccurate or otherwise ineffective, the Group may be exposed to adverse movements in interest rate or foreign exchange rates.

A large number of major international financial institutions are counterparties to the interest rate derivatives and foreign exchange contracts or deposits and investments contracted by the Group. In the case of default by a counterparty, the Group may lose all or part of its deposits and investments or may lose the benefit from hedges signed with such counterparties. This loss could result in an

increase in interest rate or currency exposure, which in turn could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

## **6. Risks relating to legal and regulatory requirements**

### **6.1 *The Group is subject to various laws and regulations in the jurisdictions in which it operates, which create an administrative burden, and may face liabilities under such laws and regulations.***

The Group is required to comply with a variety of laws, regulations and administrative policies in each of the jurisdictions in which it operates, which relate to, among other matters, listing regulations, tax, REITs, financial accounting, tenancy, planning, developing, building, land use, fire, health and safety, data protection, privacy, bribery, the environment and employment. These laws and regulations often give broad discretion to the administrative authorities. Compliance with law and regulation may result in significant compliance costs and restrictions on the Group and any failure to comply may lead to significant penalties or private damages awards. The impact of any new, or changes to existing, laws or regulations could have an adverse effect on the Group's business, results of operations, financial condition and prospects. For example, there may be changes in environmental laws that require significant capital expenditure and changes or increases in real estate taxes that cannot be recovered from the Group's tenants.

The United Kingdom's future relationship with the European Union creates uncertainty, as the future tax, legal and regulatory environment in which the Group operates will in part depend on the outcome of ongoing negotiations between the United Kingdom and the European Union. In addition, the recent outbreak of COVID-19 has prompted various jurisdictions to adopt new social distancing, "deep cleaning", personal protective equipment and other measures to mitigate the spread of the virus. Such measures have imposed additional health and safety costs and restrictions on businesses (see also "*—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*" above).

The Group has incurred, and will continue to incur, expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations relating to the collection, use and security of personal information data. This includes stringent compliance with the EU General Data Protection Regulation and the Data Protection Act 2018 ("**GDPR**"). Failure to comply with such data privacy laws and regulations may lead to unintentional disclosure of protected, sensitive or personal data, which could result in investigations by regulators, fines, penalties, claims and reputational damage. If data security controls fail or there is a breach of data privacy laws resulting in a material violation of data privacy laws and regulations, the fines imposed on or reputational harm to the Group could be significant. In particular, under the GDPR requirements, the Group would be required to notify the UK Supervisory Authority and, in some cases, the individual concerned, of GDPR breaches. If a GDPR breach were to occur, the Group could suffer reputational damage, may be ordered to compensate any individuals concerned and may be subject to increased fines of the higher of between 2% and 4% of annual turnover.

In addition, any property (or part of any property) in the United Kingdom may be compulsorily acquired by a Government department or local authority in connection with a proposed redevelopment or infrastructure project. If a compulsory purchase order were made, compensation would be payable on the basis of the value of all owners' and tenants' proprietary interests in the relevant property at the time of such purchase, as determined by reference to a statutory compensation code. If the Group was required to sell a property as a result of a compulsory purchase order, the compensation received may be less than the property's current market value. Further, if the amount received from the proceeds of purchase of the relevant freehold, heritable or long leasehold estate were inadequate, the Group's business, results of operations, financial condition and prospects may be adversely affected.

Each aspect of the legal and regulatory environment is subject to change, which may be retrospective. Changes in existing laws or regulations, or in their interpretation or enforcement, could require additional costs in complying with the laws, or require changes to investment strategy, operations or accounting and reporting systems, leading to additional costs and tax liabilities or loss of revenue. For example, there could be changes in tenancy laws that limit the ability to recover certain property operating expenses, limiting the ability to review rent on an upwards-only basis, or altering the frequency of collection of income, which is typically quarterly in advance. In addition, there could also



be changes or increases in real estate taxes that cannot be recovered from tenants. These changes could affect operational costs, costs of buying and owning property, the rate of building obsolescence and the value of the properties, all of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**6.2 *The Group may be adversely affected by changes to, or interpretation of, tax legislation in the jurisdictions in which it operates, including legislation affecting its REIT, SIIC and QIAIF status.***

The Group is subject to new and existing tax laws and regulations, which may lead to an increase in future tax liability in any or all of the jurisdictions in which it operates. The real estate sector, in particular, has suffered from a rising tax burden through recent increases in stamp duty and business rates and any future rises will negatively impact the financial performance of the Group. For example, the recent 1.5% increase in Irish stamp duty reduced the valuation of the Group's Irish portfolio by £15 million in 2019. Given the increased risk of future tax increases across Europe to pay for the governmental support during the COVID-19 lockdown, if real estate continues to be seen as a source of additional tax revenues, the Group's operational and financial performance may be adversely affected.

In addition, the implementation in the United Kingdom of the living wage, the apprenticeship levy and rising business rates, while not having a significant direct impact on the Group, have an adverse financial impact on the profitability of the Group's tenants and the wider retail sector. A shortfall in tax revenues due to a slowing economic environment may also lead to an increase in the frequency and size of such changes and could lead to the Group's assets or income being subject to additional taxes. The United Kingdom's decision to leave the European Union creates further uncertainty over the future UK tax environment. The Group may also be adversely affected by differences between anticipated and actual tax liabilities (whether as a result of a change in law or otherwise) and by disputes with tax authorities over tax payments. Any of the above factors could adversely affect the Group's business, reputation, and the amount of cash available for distribution to shareholders.

The Group acquired REIT status in the United Kingdom in 2007 and SIIC status in France in 2004. Under its REIT status, the Group benefits from an exemption from UK corporation tax on income and on gains arising in connection with its property rental business. The Group benefits from similar tax exemptions in France through its SIIC status. To continue to qualify as a REIT and a SIIC, the Group will have to continue to meet a number of conditions. In relation to REIT status, these include, but are not limited to, distributing at least 90% of the Group's UK tax exempt profit as PIDs, compliance with group ownership and residence requirements, and satisfaction of the property rental business conditions. To continue to qualify as a SIIC, the relevant company within the Group must (among other things) remain listed in a regulated market complying with the provisions of EU Directive 2004/39/EC, at least 80% of its assets must be employed in property investment intended for rental and, additionally, with limited temporary exceptions, no non-SIIC shareholder (or group of shareholders acting in concert) may hold 60% or more of its shares. It must also distribute to its shareholders (i) 95% of its French rental income, (ii) 70% of any capital gains realised on the transfer of French real property or shares in certain partnerships or companies which elected for the SIIC regime, and (iii) 100% of dividends paid out of exempt income from subsidiaries which elected for the SIIC regime. In order to maintain the Group's SIIC status in France, in relation to a capital gain from the Group's disposal of a 75% interest in *Italie Deux* in December 2019, the Group's distributions are required to total approximately €270 million (approximately £245 million) over the period from the beginning of 2020 to the end of 2022, which can be satisfied by cash or scrip dividends over this period. In Ireland, the Group is a QIAIF, which is regulated by the Central Bank of Ireland. A QIAIF provides similar tax benefits to those of a UK REIT and a French SIIC without the distribution requirements. However, distributions that are paid and, since 2019, certain excessive interest payments are subject to a 20% withholding tax.

There can be no assurance that the Group will continue to maintain REIT, SIIC or QIAIF status. The Group could lose its REIT, SIIC and QIAIF status not only as a result of some act or omission of the Group but also as a result of the actions of third parties (for example, in the event of a successful takeover by a company that is not a REIT, a SIIC or a QIAIF). If the Group fails to meet the REIT, SIIC or QIAIF conditions, the taxation benefits of these regimes would cease to apply from the start of the year such that income and gains on disposals of properties and gains on disposal of shares in and

dividends from certain subsidiaries would become taxable. This could adversely affect the Group's financial condition, results of operations and the amount of cash available for payment of dividends.

**6.3 *If the Group's REIT status were to be terminated, it could have a material adverse effect on the Group and Shareholders.***

Although the Directors intend that the Group will continue to be organised and operate in a manner that will qualify as a REIT, no assurance can be given that the Group will continue to qualify as a REIT, particularly where the relevant requirements under the REIT rules depend on factors outside the control of the Group.

If the Group fails to meet or breaches one or more of the REIT conditions, the Group may (depending on the nature of the breach) have its REIT status terminated or incur additional tax liabilities. In particular, it is noted that the REIT rules will subject the Group to tax charges where there is a failure to satisfy the REIT requirement that at least 90% of the Group's UK profits from its qualifying property rental businesses arising in a particular financial year is distributed following the end of that financial year (a "**PID Shortfall**"). With respect to the financial year ended 31 December 2019, if the Group does not make a distribution of £70 million by 31 December 2020, then this will give rise to a PID Shortfall which could result in a tax charge for that financial year of up to £14 million. This could adversely affect the Group's financial condition, results of operations and the amount of cash available for payment of dividends. In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group's 2019 REIT PID obligation and delay the scrip dividend into 2021. See "*—The Company's dividend policy will depend on the financial condition of the Group*" below.

A breach consisting of a PID Shortfall will not itself result in the Group's REIT status being terminated but may, depending on the nature and magnitude of the breach, result in HMRC exercising its discretion to terminate the Group's REIT status. The loss of REIT status could have a negative impact on the tax treatment of the Group's profits and any distributions payable to Shareholders.

**6.4 *The Group is subject to environmental legislation and regulation and therefore may be exposed to significant liability relating to its current and former operations and property or which may increase costs or affect viability of existing properties.***

The Group is subject to existing and future environmental laws and regulations which could lead to an increase in costs or make properties obsolete. In particular, non-compliance with, or liabilities arising from, existing or future environmental laws and regulations, including any failure to hold the requisite permits or licences, could result in fines, penalties, third-party claims and other costs.

There can be no assurance that the Group will be able to plan for and comply with the extensive and onerous framework of environmental legislation and regulation applicable to its operations in each jurisdiction in which it operates. In the United Kingdom, for example, owners and occupiers of property are under a duty to locate, record, manage and (where appropriate) remove asbestos from relevant properties. Landlords are under a duty to co-operate with tenants in this regard and will have responsibility for common areas within properties or parts of properties that are temporarily or permanently vacant. Failure to comply with this duty is an offence and could give rise to contingent civil liabilities in respect of personal injury arising out of exposure to asbestos.

Environmental legislation imposes strict and retrospective liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination in circumstances where such contamination is causing, or where there is a significant possibility of it causing, significant harm to people or the environment. An owner or occupier of contaminated land could become liable as a "knowing permitter" if they become aware of pollution capable of causing significant harm to man or the environment, have the necessary degree of control over operations on the land to prevent such harm and fail to take any action to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused or knowingly permitted the presence of the substances which have led to the pollution. Therefore, if land owned by the Group is contaminated, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, they may be liable for potentially major costs of cleaning up such contamination. A polluter or owner/occupier of contaminated land can also be liable to third parties for harm caused to them or their property as a result of the

contamination. Laws and regulations can also limit the development of, and impose liability for the disturbance of, wetlands or the habitats of threatened or endangered species.

In addition, new environmental legislation, including amended legislation following the United Kingdom's withdrawal from the European Union or local climate-related initiatives, may require retail properties to meet certain environmental criteria (such as a minimum level of energy efficiency) before they are permitted to sell a property. This may result in certain properties becoming obsolete, requiring a significant financial commitment to ensure compliance or divestment of such properties. If any such legislation comes into force, the cost and time implications of compliance could have a negative impact on the Group's ability to divest of certain properties and could result in some properties becoming obsolete.

## **7. Risks relating to the New Shares**

### ***7.1 The market price of the New Shares may fluctuate.***

The share prices of publicly traded companies can be highly volatile. The market price of the New Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Disposal and the issue of the New Shares, including, in particular, in response to various facts and events, including any regulatory and tax changes affecting the Group's operations, variations in the Group's operating results and financial position or business developments of the Group or its competitors, the operating and share price performance of other companies in the industries and markets in which the Group operates, large sales or purchases of shares (including as a result of speculative activity), the publication of research analysts' reports regarding the Group, its competitors or the retail property sector in which the Group operates generally, and general economic conditions unrelated to the Group's actual performance or conditions in its key markets, such as the impact of COVID-19 on the Group's business. Stock markets have, in recent periods, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. In addition, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. General fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, the New Shares, regardless of the Group's actual operating performance. In particular, the trading price of the Existing Shares may drop below the Issue Price in the Rights Issue, impacting the existing Shareholders' decision on whether to participate in the Rights Issue.

### ***7.2 Shareholders may experience dilution in their ownership of the Company as a result of the Rights Issue and the Consolidation.***

The economic and voting interests of Shareholders who do not participate in the Rights Issue will be diluted by 96.0% as a result of the Rights Issue.

A Shareholder who participates in the Rights Issue but does not take up their rights in full may also experience dilution. There can be no certainty that this dilution will be compensated by way of the proceeds of the sale of any rights not taken up by Shareholders. In addition, Shareholders who hold a small number of Existing Shares that, under the Consolidation, will be consolidated into a fraction of a Consolidated Share will no longer be a Shareholder in the Company and will not be entitled to participate in the Rights Issue.

### ***7.3 The Company may issue additional shares or securities in the future, which may adversely affect the market price of the New Shares and dilute the holdings of Shareholders.***

Other than in connection with the Rights Issue or pursuant to employee share plans, the Group has no current plans for any offering of its shares or securities or of rights or invitations to subscribe for the New Shares in the next 12 months. However, the Group may offer additional shares or securities, including future public offerings or private placements of shares or securities that are convertible into or exercisable for the New Shares, for capital raising purposes or for other business purposes. Any such offering by the Group, or the public perception that an offering may occur, could have an adverse effect on the market price of the New Shares and dilute the holdings of Shareholders. In such cases, the offering price, conversion price or exercise price may also be below the Issue Price or the prevailing market price of the New Shares.

#### ***7.4 Certain Shareholders are likely to have significant influence over the Group.***

Following the completion of the Rights Issue, APG Asset Management N.V. (“**APG**”) and Lighthouse Capital Limited (“**Lighthouse**”) are each expected to exercise, or control the exercise of, more than 19.6% and 13.9%, respectively, of the voting rights in the Company. On 15 June 2020, the Board announced that Desmond de Beer, a non-executive director of Lighthouse, would join the Board as a non-executive director with immediate effect. APG and Lighthouse will, through the votes they will be able to respectively exercise at general meetings of the Company, likely be able to exercise a significant degree of influence over all matters requiring approval by Shareholders, including the appointment and removal of Directors and the approval of significant transactions by the Group, and this may result in the Company being unable to pass a shareholder resolution that it would otherwise wish to be passed. The interests of one or more of these Shareholders may not align with those of other Shareholders.

#### ***7.5 The Company's dividend policy will depend on the financial condition of the Group.***

Under English company law, a company can only pay cash dividends to the extent that it has sufficient distributable reserves and cash available for this purpose. The Group may decide to use all or part of such cash for another purpose, for example, to invest in and further develop the Group's business. There is no guarantee that the Group will be able to make dividend payments in the future, or to sustain dividend payments at any particular level.

Any decision to declare and pay dividends in the future (whether paid in cash or in the form of a scrip dividend) will be made at the discretion of the Board and will depend on, among other things, applicable law, regulation, the Group's financial position, working capital requirements, finance costs, general economic conditions and other factors the Board deems significant from time to time. The Group's ability to pay dividends will also depend on the level of dividends and other distributions, if any, received from its subsidiaries. To the extent that the Group or its subsidiaries experience an adverse effect on their results of operations, cash flows or financial condition, or such other relevant factor, the Board may decide at its discretion to decrease the amount of dividends, change or revoke the dividend policy or discontinue paying dividends entirely. In particular, as a result of liquidity or cash flow concerns, declines in its property valuations, a reduction in the level of distributable reserves and the impact of the COVID-19 pandemic on the Group's business, the Board will not pay a final dividend for the year ended 31 December 2019. Assuming the successful completion of all of the Transactions, the Board intends to propose an enhanced scrip dividend, with a cash alternative, in the second half of 2020 in order to satisfy the Group's 2019 REIT PID obligation of £70 million, details of which will be provided in a circular to be published in due course. Taking a prudent approach to liquidity and the preservation of capital, absent any further material disposals, the Board intends to retain a scrip option in 2021 in respect of the Group's 2020 REIT PID obligation, before intending to return to cash dividends in 2022. In order to maintain the Group's SIIC status in France, in relation to a capital gain from the Group's disposal of a 75% interest in Italie Deux in December 2019, the Group's distributions are required to total approximately €270 million (approximately £245 million) over the period from the beginning of 2020 to the end of 2022, which can be satisfied by cash or scrip dividends over this period. In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group's 2019 REIT PID obligation, in order to avoid a tax liability of up to £14 million becoming payable and delay the proposed scrip dividend until 2021. However, due to a number of factors outside of the Group's control, as discussed elsewhere herein, the Board cannot be certain when it will resume making payments of dividends in the future. If the Group continues to postpone its payment of dividends, the market price of the New Shares may be adversely impacted.

#### ***7.6 Shareholders outside the United Kingdom may not be able to exercise pre-emption rights or participate in future equity issues.***

The securities laws of certain jurisdictions outside the United Kingdom may restrict the participation by, or the Group's ability to allow participation of, certain Shareholders in such jurisdictions in any future issues carried out by the Group of New Shares or of other securities. In the case of a future allotment of New Shares for cash, the then existing Shareholders will have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of the Shareholders at a general meeting. An issue of New Shares not for cash, or when pre-emption rights have been disapplied, could dilute the ownership and voting interests of the then-existing Shareholders.

Even where pre-emption rights do apply, Shareholders who are located in the US may not be able to exercise their pre-emption rights unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements thereunder is available. There can be no assurance that the Group will file any such registration statement, or that an exemption to the registration requirements of the US Securities Act will be available, which would result in Shareholders in the US being unable to exercise their pre-emption rights.

Further, South African Exchange Control laws may prevent or have the effect of preventing participation by Shareholders in South Africa. South African Exchange Control laws and securities laws of certain other jurisdictions may restrict the participation, or the Group's ability to allow participation, by certain Shareholders in such jurisdictions in any future issue of New Shares or other securities carried out by the Group.

Any of the foregoing may result in the Group being unable to raise funds to meet its business requirements and adversely impact the market price of the New Shares, which in turn could adversely affect the Group's business, results of operations, financial condition and prospects.

***7.7 The ability of overseas Shareholders to bring actions or enforce judgments against the Group or the Directors may be limited.***

The ability of an overseas Shareholder to bring an action against the Group may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of Shareholders are governed by English law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The majority of the Directors and executive officers of the Company are residents of the United Kingdom. Consequently, it may not be possible for an overseas Shareholder to effect service of process upon the Directors and executive officers within the overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive officers who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

***7.8 Overseas Shareholders may face currency exchange risks by investing in the New Shares.***

The New Shares are denominated in pounds sterling and Rand, and any dividends to be paid in respect of the New Shares (other than the New Shares listed and trading on the JSE) will be denominated in pounds sterling. Shareholders that hold New Shares listed and trading on the JSE will receive any cash dividend in Rand. The pound sterling to Rand conversion rate will be communicated to these Shareholders before dividends are paid. As a result, Shareholders may experience material adverse effects on the value of their dividends, as a result of movements in the exchange rate between pound sterling and Rand. An investment in the New Shares by an investor whose principal currency is not pounds sterling exposes the investor to currency exchange rate risk that may impact the value of the investment in the New Shares or any dividends paid to such investor.

***7.9 The payment of dividends to South African Shareholders must comply with South African Exchange Control Regulations.***

In terms of the inward-listing approval by FinSurv in relation to the secondary listing of the New Shares on the JSE and the Exchange Control Regulations, all dividends and any other distributions declared and paid by the Company to South African Shareholders are required to be remitted by the Company to a specially designated account in South Africa in terms of Regulation 6 of the Exchange Control Regulations and paid to South African Shareholders in Rand, at the then prevailing exchange rate.

Any requests to issue the New Shares or other securities to South African Shareholders in lieu of a cash dividend will be subject to the prior approval of FinSurv, and if such prior approval is not obtained

by the Company, South African Shareholders may not be entitled to participate in any such issue of the New Shares or other securities.

***7.10 An active trading market may not develop in respect of the Nil Paid Rights, the Fully Paid Rights or the Letters of Allocation.***

The Nil Paid Rights will not be admitted to trading on any exchange other than the LSE and the Letters of Allocation will not be admitted to trading on any exchange other than the JSE. An active trading market in the Nil Paid Rights or the Fully Paid Rights may not develop on the LSE during the trading period. Further, an active trading market in the Letters of Allocation may not develop on the JSE during the trading period. As the trading price of the Nil Paid Rights, the Fully Paid Rights and the Letters of Allocation depends on the trading price of the Shares, the Nil Paid Rights, the Fully Paid Rights and the Letters of Allocation prices may be volatile and subject to the same risks as noted above.

***7.11 The Company may be treated as a passive foreign investment company for US federal income tax purposes which may result in adverse tax consequences for US Shareholders.***

The application of the United States federal income tax rules relating to passive foreign investment companies (“PFICs”) to the Company is subject to some uncertainty. If the Company is a PFIC for any taxable year, then unless a US Shareholder makes a valid mark-to-market election with respect to shares or Rights, a US Holder generally will be required to treat any excess distribution received on its shares (including New Shares), or any gain realised upon the disposition of shares, Nil Paid Rights or Fully Paid Rights, as ordinary income, and to pay an interest charge on a portion of such distribution or gain. US Holders who are in doubt as to the US federal income tax consequence of the Rights Issue and of holding and disposing of Company shares should consult their professional tax advisers.

## PART III

### IMPORTANT INFORMATION

#### 1. General

The Company will update the information provided in this document by means of a supplement if a significant new factor that may affect the evaluation by prospective investors of the offer occurs after the publication of this document or if this document contains any material mistake or substantial inaccuracy. This document and any supplement will be subject to approval by the FCA (as competent authority under Regulation (EU) 2017/1129) and the JSE and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this document is published prior to Admission of the New Shares, investors shall have the right to withdraw their applications for New Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear Business Days after publication of the supplement).

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of the FSMA and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor any issue or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

#### 2. Forward-looking statements

This document includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this document, including, without limitation, those regarding the Group's intentions, beliefs or current expectations concerning, among other things, their future financial condition and performance and results of operations; their strategy, plans, objectives, prospects, growth, goals and targets; future developments in the industry and markets in which the Group participate or are seeking to participate; and anticipated regulatory changes in the industry and markets in which the Group operate. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "project", "should" or "will" or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Shareholders and potential investors are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial condition, results of operations, cash flows and distributions to shareholders and the development of their financing strategies, and the development of the industry in which they operate, may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if their financial condition, results of operations, cash flows and distributions to shareholders and the development of their financing strategies, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements should, therefore, be construed in light of the foregoing risk factors and the other factors identified in Part II of this document entitled "Risk Factors". Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are made as at the date of this document and are not intended to give any assurance as to future results. The Group will update this document as required by applicable law, including the Listing Rules, Prospectus Regulation Rules, MAR, the Disclosure Guidance and Transparency Rules, the requirements of the LSE and the JSE, but otherwise the Group and the Banks expressly disclaim any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. You are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, the Summary section and Part II (*Risk Factors*), Part XII (*Business Overview of the Group*) and Part XVI (*Operating and*

*Financial Review*) of this document. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may or may not occur. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital.

### 3. Market and industry data

Certain information in this document has been sourced from third parties. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

All information contained in this document which has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references to market data, industry statistics and forecasts and other information in this document consist of estimates based on data and reports compiled by industry professionals, organisations, analysts, publicly available information or the Company's own knowledge of its sales and markets.

Market data and statistics are inherently speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (1) the markets may be defined differently, (2) the underlying information may be gathered by different methods and (3) different assumptions may be applied in compiling the data. Accordingly, the market statistics included in this document should be viewed with caution.

### 4. Presentation of financial and other information

#### 4.1 Sources of financial information

Unless otherwise indicated, the financial information included in this document has been extracted without material adjustment from the following sources:

- the unaudited interim financial statements of the Group as at and for the six months ended 30 June 2020 (the “**2020 Interim Financial Statements**”) included in the Group's 2020 half-year results announcement dated 6 August 2020 (the “**Hammerson Half-Year Results 2020**”);
- the consolidated financial statements of the Group as at and for the year ended 31 December 2019 (the “**2019 Annual Financial Statements**”) included in the Group's 2019 annual report made available to shareholders on 17 March 2020 (the “**Hammerson Annual Report 2019**”);
- the consolidated financial statements of the Group as at and for the year ended 31 December 2018 (the “**2018 Annual Financial Statements**”) included in the Group's 2018 annual report made available to shareholders on 19 March 2019 (the “**Hammerson Annual Report 2018**”); and
- the consolidated financial statements of the Group as at and for the year ended 31 December 2017 (the “**2017 Annual Financial Statements**” and, together with the 2019 Annual Financial Statements and the 2018 Annual Financial Statements, the “**Annual Financial Statements**”) included in the Group's 2017 annual report made available to shareholders on 12 March 2018 (the “**Hammerson Annual Report 2017**”).

The 2020 Interim Financial Statements, the 2019 Annual Financial Statements, the 2018 Annual Financial Statements and the 2017 Annual Financial Statements (collectively, the “**Financial Statements**”) are incorporated by reference into this document as set out in Part XXI (*Documentation Incorporated by Reference*) of this document. The Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”).

PricewaterhouseCoopers LLP reviewed the 2020 Interim Financial Statements and audited the Annual Financial Statements. The review and audit reports on the Financial Statements do not contain any qualifications. The review report with respect to the 2020 Interim Financial Statements contains an



emphasis of matter highlighting certain conditions, including a shareholder vote and successful completion of the Rights Issue, which indicate the existence of a material uncertainty which may cast significant doubt upon the Group's ability to continue as a going concern. The review report also contains an emphasis of matter with respect to significant estimation uncertainty in the valuation of the Group's investment and development properties as at 30 June 2020 as a result of the COVID-19 pandemic. See also paragraph 4.1 (*"—Property valuation is inherently subjective, and the Group's properties are currently subject to material valuation uncertainty as a result of the COVID-19 pandemic"*) of Part II (*Risk Factors*) and paragraph 20 (*Importance of your vote*) of Part VIII (*Chair's Letter*) of this document.

As at 31 December 2019, the Group's UK retail parks portfolio was being actively marketed with an expectation of transacting within 12 months. Consequently, the UK retail parks portfolio met the IFRS 5 criteria of "held for sale" and in the Hammerson Annual Report 2019 the retail parks portfolio, together with associated assets and liabilities, were separately classified as assets and liabilities held for sale in the balance sheet as at 31 December 2019 and were classified as discontinued operations in the income statement for the year ended 31 December 2019.

In February 2020, the Group announced a sale of seven UK retail parks to Orion. In April 2020, Orion notified the Group that it no longer intended to complete the purchase. Hammerson subsequently terminated the sale contract in May 2020 and accessed the £21 million deposit which had been held in escrow.

In connection with the preparation of the Hammerson Half-Year Results 2020, management concluded that whilst the Group remains committed to the plan to dispose of the UK retail parks portfolio, it no longer met the criteria of "held for sale" as defined by IFRS 5 as the sale was no longer deemed to be highly probable at that time. Consequently, the UK retail parks portfolio was reclassified from assets held for sale in May 2020. In the Hammerson Half-Year Results 2020, the income statement for the year ended 31 December 2019 comparative period was re-presented to disclose the UK retail parks as part of continuing operations, whilst the balance sheet comparatives as at 31 December 2019 and the cash flow comparatives for the year ended 31 December 2019 remained unchanged.

Unless otherwise indicated, the income statement information for the year ended 31 December 2019 in this document has been extracted or derived from the unaudited re-presented comparative information for the year ended 31 December 2019 in the 2020 Interim Financial Statements (consistent with the presentation of the UK retail parks in the 2018 Annual Financial Statements and the 2017 Annual Financial Statements). As the balance sheet comparatives as at 31 December 2019 and the cash flow comparatives for the year ended 31 December 2019 were unchanged in the 2020 Interim Financial Statements, unless otherwise indicated, the balance sheet information as at 31 December 2019 and the cash flow information for the year ended 31 December 2019 in this document have been extracted or derived from the audited financial information in the 2019 Annual Financial Statements.

#### **4.2 Non-IFRS measures of the Group's performance**

Management reviews the performance of the Group's property portfolio on a proportionally consolidated basis and monitors certain key performance indicators ("**KPIs**"), each as presented in this document and described in more detail below. The Group's proportionally consolidated information and financial KPIs comprise financial measures that are alternative performance measures ("**APMs**") not specified under IFRS. Many of the Group's APMs are based on the European Public Real Estate Association ("**EPRA**") Best Practice Recommendations reporting framework, which aims to improve the transparency, comparability and relevance of the published results of listed European real estate companies. The Directors use proportionally consolidated information and financial KPIs, which are derived from but are not presented in accordance with or specified under IFRS, to monitor the performance of the Group's business and as a basis for strategic planning and forecasting. The Directors believe that proportionally consolidated information and the financial KPIs provide investors, research analysts, brokers and other market participants with relevant supplemental information on the Group's business, results of operations, financial condition and prospects.

The proportionally consolidated information and financial KPIs contained in this document have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, the measures presented in accordance with IFRS that are also contained in this document. The

proportionally consolidated information and financial KPIs presented by the Group may not be comparable to similarly titled measures presented by other businesses, as such businesses may define and calculate such proportionally consolidated information and financial KPIs differently than the Group. Accordingly, prospective investors and Shareholders should not place undue reliance on the proportionally consolidated information and financial KPIs contained in this document and are advised to review them in conjunction with the Financial Statements incorporated by reference herein.

#### **4.3 Proportionally consolidated information**

A significant proportion of the Group's property portfolio, including a significant portion of its flagship destinations and its two premium outlet investments, VIA Outlets and Value Retail, is held in conjunction with third parties, principally through joint ventures and associates. Under IFRS 11, the results of and net investment in joint ventures and associates are accounted for using the equity method and presented within single lines in the Group's income statement and balance sheet, regardless of whether the Group retains operational management of the jointly-owned properties or acts in a more passive capacity. However, the Group retains operational management of its flagship destinations, retail parks and developments even when held through joint ventures or associates and the Group's management principally reviews the financial performance of such joint ownerships, together with its wholly-owned property portfolio, on a proportionally consolidated basis. The Directors believe that proportional consolidation, consistent with the EPRA Best Practice Recommendations, is widely used by other companies in the real estate industry as a means of analysing, managing and reporting the results of their businesses. Proportionally consolidated measures are also used by the Group's lenders to define and test certain financial covenants under the Group's existing borrowings (other than the Bonds).

The Group does not proportionally consolidate its two premium outlet investments, which are held through the Group's interests in Value Retail and VIA Outlets. The Group's premium outlets are externally managed by specialist outlet operators, independently financed and have operating metrics which differ from the Group's other properties. The Group reviews the performance of its premium outlets separately from the rest of the proportionally consolidated portfolio.

The following tables provide a detailed bridge from the Group's consolidated income statement figures as reported under IFRS to the Group's adjusted income statement figures under proportional consolidation principles for the periods indicated. The tables show the Group's (loss)/profit for the accounting period on a proportionally consolidated basis in column C, by aggregating the Reported Group's results under IFRS (shown in column A) with those from its Share of Property interests (shown in column B). Column B has been reallocated to the relevant financial statement lines. The Group's share of results arising from its interests in its two premium outlets has not been proportionally consolidated as discussed above and hence these have not been reallocated to the relevant financial statement lines, but are shown within "Share of results of joint ventures" and "Share of results of associates" in column C. The Group's proportionally consolidated (loss)/profit for the period in column C is then allocated between "Adjusted" (shown in column D) and "Capital and other" (shown in column E) for the purposes of calculating figures in accordance with the EPRA Best Practice Recommendations reporting framework.

On 6 August 2020, the Group entered into the Sale Agreement, under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser, conditional upon Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million).

Six months ended 30 June 2020

	Proportionally consolidated				
	Reported Group	Share of Property interests	Proportionally consolidated	Adjusted	Capital and other
	A	B	C	D	E
			(unaudited) (£ million)		
<b>Gross rental income<sup>(1)</sup></b>	<b>65.4</b>	<b>78.9</b>	<b>144.3</b>	<b>144.3</b>	<b>—</b>
Ground and equity rents payable	(0.6)	(0.7)	(1.3)	(1.3)	—
Gross rental income, after rents payable	64.8	78.2	143.0	143.0	—
Service charge income	15.7	16.6	32.3	32.3	—
Service charge expenses	(16.9)	(18.9)	(35.8)	(35.8)	—
Net service charge expenses	(1.2)	(2.3)	(3.5)	(3.5)	—
Inclusive lease costs recovered through rent	(1.7)	(1.7)	(3.4)	(3.4)	—
Other property outgoings	(15.1)	(17.7)	(32.8)	(32.8)	—
Property outgoings	(18.0)	(21.7)	(39.7)	(39.7)	—
Change in the provision for impairment of unamortised tenant incentives	(5.3)	(3.6)	(8.9)	(8.9)	—
Change in the provision for amounts not yet recognised in the income statement <sup>(2)</sup>	(2.2)	(4.9)	(7.1)	—	(7.1)
<b>Net rental income</b>	<b>39.3</b>	<b>48.0</b>	<b>87.3</b>	<b>94.4</b>	<b>(7.1)</b>
Administration costs	(33.0)	(0.2)	(33.2)	(33.2)	—
Property fee income	7.7	—	7.7	7.7	—
Employee and corporate costs	(25.3)	(0.2)	(25.5)	(25.5)	—
Joint venture and associate management fees	4.2	—	4.2	4.2	—
Net administration expenses	(21.1)	(0.2)	(21.3)	(21.3)	—
<b>Operating profit before other net losses and share of results of joint ventures and associates</b>	<b>18.2</b>	<b>47.8</b>	<b>66.0</b>	<b>73.1</b>	<b>(7.1)</b>
(Loss)/Profit on sale of properties <sup>(3)</sup>	16.0	—	16.0	—	16.0
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations	(0.1)	—	(0.1)	—	(0.1)
Revaluation losses on properties	(274.6)	(527.8)	(802.4)	—	(802.4)
Reversal of impairment on reclassification from assets held for sale	22.4	—	22.4	—	22.4
Impairment recognised on reclassification to held for sale	(101.6)	—	(101.6)	—	(101.6)
<b>Other net losses</b>	<b>(337.9)</b>	<b>(527.8)</b>	<b>(865.7)</b>	<b>—</b>	<b>(865.7)</b>
<b>Share of results of joint ventures</b>	<b>(500.2)</b>	<b>479.3</b>	<b>(20.9)</b>	<b>5.6</b>	<b>(26.5)</b>
<b>Impairment of investment in joint ventures</b>	<b>(9.6)</b>	<b>—</b>	<b>(9.6)</b>	<b>—</b>	<b>(9.6)</b>
<b>Share of results of associates</b>	<b>(127.7)</b>	<b>7.7</b>	<b>(120.0)</b>	<b>(13.0)</b>	<b>(107.0)</b>
<b>Impairment of investment in associates</b>	<b>(94.3)</b>	<b>—</b>	<b>(94.3)</b>	<b>—</b>	<b>(94.3)</b>
<b>Operating (loss)/profit</b>	<b>(1,051.5)</b>	<b>7.0</b>	<b>(1,044.5)</b>	<b>65.7</b>	<b>(1,110.2)</b>
Net finance costs <sup>(4)</sup>	(36.3)	(7.0)	(43.3)	(47.4)	4.1
<b>(Loss)/Profit before tax</b>	<b>(1,087.8)</b>	<b>—</b>	<b>(1,087.8)</b>	<b>18.3</b>	<b>(1,106.1)</b>
Tax charge	(0.6)	—	(0.6)	(0.6)	—
<b>(Loss)/Profit for the period attributable to equity shareholders</b>	<b>(1,088.4)</b>	<b>—</b>	<b>(1,088.4)</b>	<b>17.7</b>	<b>(1,106.1)</b>

(1) Included in gross rental income on a proportionally consolidated basis in column D is £1.3 million (30 June 2019: £3.9 million; 31 December 2019: £8.5 million) of contingent rents calculated by reference to tenants' turnover.

(2) Relates to the impairment of lease receivables relating to the period after 1 July 2020 where the corresponding deferred income balance is classified as another payable <1 year.

(3) Includes £17.4 million relating to the deposit received on the aborted sale of the retail parks less associated fees.

(4) Adjusted finance costs presented on a proportionally consolidated basis are shown in Table 16 on page 90 of the Hammerson Half-Year Results 2020.

Year ended 31 December 2019

	Proportionally consolidated				
	Reported Group	Share of Property interests	Proportionally consolidated	Adjusted	Capital and other
	A	B	C	D	E
			(unaudited) (£ million)		
<b>Gross rental income<sup>(1)</sup></b>	<b>182.1</b>	<b>178.9</b>	<b>361.0</b>	<b>361.0</b>	—
Ground and equity rents payable	(1.4)	(1.8)	(3.2)	(3.2)	—
Gross rental income, after rents payable	180.7	177.1	357.8	357.8	—
Service charge income	39.5	32.7	72.2	72.2	—
Service charge expenses	(43.5)	(37.6)	(81.1)	(81.1)	—
Net service charge expenses	(4.0)	(4.9)	(8.9)	(8.9)	—
Inclusive lease costs recovered through rent	(4.7)	(2.9)	(7.6)	(7.6)	—
Other property outgoings	(13.2)	(19.6)	(32.8)	(32.8)	—
Property outgoings	(21.9)	(27.4)	(49.3)	(49.3)	—
<b>Net rental income</b>	<b>158.8</b>	<b>149.7</b>	<b>308.5</b>	<b>308.5</b>	—
Administration costs	(72.4)	(0.5)	(72.9)	(72.9)	—
Property fee income	15.7	—	15.7	15.7	—
Employee and corporate costs	(56.7)	(0.5)	(57.2)	(57.2)	—
Joint venture and associate management fees	8.9	—	8.9	8.9	—
Net administration expenses	(47.8)	(0.5)	(48.3)	(48.3)	—
<b>Operating profit before other net losses and share of results of joint ventures and associates</b>	<b>111.0</b>	<b>149.2</b>	<b>260.2</b>	<b>260.2</b>	—
(Loss)/Profit on sale of properties <sup>(2)</sup>	(105.8)	14.1	(91.7)	—	(91.7)
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations	13.8	—	13.8	—	(13.8)
Revaluation losses on properties <sup>(2)</sup>	(412.2)	(615.8)	(1,028.0)	—	(1,028.0)
Impairment recognised on reclassification to held for sale	(91.6)	(0.4)	(92.0)	—	(92.0)
<b>Other net losses</b>	<b>(595.8)</b>	<b>(602.1)</b>	<b>(1,197.9)</b>	—	<b>(1,197.9)</b>
<b>Share of results of joint ventures</b>	<b>(429.1)</b>	<b>463.4</b>	<b>34.3</b>	<b>14.6</b>	<b>19.7</b>
<b>Share of results of associates</b>	<b>209.4</b>	<b>1.2</b>	<b>210.6</b>	<b>31.2</b>	<b>179.4</b>
<b>Operating (loss)/profit</b>	<b>(704.5)</b>	<b>11.7</b>	<b>(692.8)</b>	<b>306.0</b>	<b>(998.8)</b>
Net finance costs <sup>(3)</sup>	(74.8)	(11.4)	(86.2)	(89.8)	3.6
<b>(Loss)/Profit before tax</b>	<b>(779.3)</b>	<b>0.3</b>	<b>(779.0)</b>	<b>216.2</b>	<b>(995.2)</b>
Tax charge	(1.9)	(0.3)	(2.2)	(2.2)	—
<b>(Loss)/Profit for the year attributable to equity shareholders</b>	<b>(781.2)</b>	<b>—</b>	<b>(781.2)</b>	<b>214.0</b>	<b>(995.2)</b>

(1) Included in gross rental income on a proportionally consolidated basis in column C is £8.5 million of contingent rents calculated by reference to tenants' turnover.

(2) Reclassification of £14.1 million between "(Loss)/Profit on sale of properties" and "Revaluation losses on properties" in column B, to present the sale of the 75% interest in Italie Deux on a proportionally consolidated basis.

(3) Adjusted finance costs presented on a proportionally consolidated basis are shown in Table 16 on page 90 of the Hammerson Half-Year Results 2020.

Year ended 31 December 2018

	Proportionally consolidated				
	Reported Group	Share of Property interests	Proportionally consolidated	Adjusted	Capital and other
	A	B	C	D	E
			(unaudited) (£ million)		
<b>Gross rental income<sup>(1)</sup></b>	<b>223.3</b>	<b>175.5</b>	<b>398.8</b>	<b>398.8</b>	<b>—</b>
Ground and equity rents payable	(1.4)	(2.1)	(3.5)	(3.5)	—
Gross rental income, after rents payable	221.9	173.4	395.3	395.3	—
Service charge income	44.0	38.5	82.5	82.5	—
Service charge expenses	(47.1)	(42.0)	(89.1)	(89.1)	—
Net service charge expenses	(3.1)	(3.5)	(6.6)	(6.6)	—
Inclusive lease costs recovered through rent	(5.3)	(2.4)	(7.7)	(7.7)	—
Other property outgoings	(16.8)	(16.7)	(33.5)	(33.5)	—
Property outgoings	(25.2)	(22.6)	(47.8)	(47.8)	—
<b>Net rental income</b>	<b>196.7</b>	<b>150.8</b>	<b>347.5</b>	<b>347.5</b>	<b>—</b>
Administration costs	(69.6)	(0.2)	(69.8)	(69.8)	—
Property fee income	14.8	—	14.8	14.8	—
Employee and corporate costs	(54.8)	(0.2)	(55.0)	(55.0)	—
Joint venture and associate management fees	10.3	—	10.3	10.3	—
Net administration expenses	(44.5)	(0.2)	(44.7)	(44.7)	—
<b>Operating profit before other net losses and share of results of joint ventures and associates</b>	<b>152.2</b>	<b>150.6</b>	<b>302.8</b>	<b>302.8</b>	<b>—</b>
(Loss)/Profit on sale of properties <sup>(2)</sup>	(79.9)	15.0	(64.9)	—	(64.9)
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations	2.0	—	2.0	—	2.0
Acquisition-related costs <sup>(3)</sup>	(6.4)	—	(6.4)	—	(6.4)
Revaluation losses on properties <sup>(2)</sup>	(161.4)	(287.2)	(448.6)	—	(448.6)
<b>Other net losses</b>	<b>(245.7)</b>	<b>(272.2)</b>	<b>(517.9)</b>	<b>—</b>	<b>(517.9)</b>
<b>Share of results of joint ventures</b>	<b>(106.4)</b>	<b>131.0</b>	<b>24.6</b>	<b>15.1</b>	<b>9.5</b>
<b>Share of results of associates</b>	<b>57.7</b>	<b>(0.9)</b>	<b>56.8</b>	<b>26.0</b>	<b>30.8</b>
<b>Operating (loss)/profit</b>	<b>(142.2)</b>	<b>8.5</b>	<b>(133.7)</b>	<b>343.9</b>	<b>(477.6)</b>
Net finance costs <sup>(4)</sup>	(124.5)	(8.4)	(132.9)	(101.7)	(31.2)
<b>(Loss)/Profit before tax</b>	<b>(266.7)</b>	<b>0.1</b>	<b>(266.6)</b>	<b>242.2</b>	<b>(508.8)</b>
Tax charge	(1.8)	(0.1)	(1.9)	(1.9)	—
<b>(Loss)/Profit for the year</b>	<b>(268.5)</b>	<b>—</b>	<b>(268.5)</b>	<b>240.3</b>	<b>(508.8)</b>
Non-controlling interests <sup>(5)</sup>	0.4	—	0.4	—	0.4
<b>(Loss)/Profit for the year attributable to equity shareholders</b>	<b>(268.1)</b>	<b>—</b>	<b>(268.1)</b>	<b>240.3</b>	<b>(508.4)</b>

(1) Included in gross rental income on a proportionally consolidated basis in column C is £8.5 million of contingent rents calculated by reference to tenants' turnover.

(2) Reclassification of £15.0 million between "(Loss)/Profit on sale of properties" and "Revaluation losses on properties" in column B, to present the sale of the 50% interest in Highcross on a proportionally consolidated basis.

(3) Acquisition-related costs of £6.4 million recognised in respect of the proposed acquisition of intu properties plc and the offers from Klépierre S.A.

(4) Adjusted finance costs presented on a proportionally consolidated basis are shown in Table 101 on page 184 of the Hammerson Annual Report 2018.

(5) The Group's non-controlling interests represent a 35.5% interest in an entity which disposed of its property in December 2017.

Year ended 31 December 2017

	Reported Group	Share of Property interests	Proportionally consolidated	Proportionally consolidated	
				Adjusted	Capital and other
	A	B	C	D	E
			(unaudited) (£ million)		
<b>Gross rental income<sup>(1)</sup></b>	<b>248.9</b>	<b>173.0</b>	<b>421.9</b>	<b>421.9</b>	<b>—</b>
Ground and equity rents payable	(1.4)	(2.7)	(4.1)	(4.1)	—
Gross rental income, after rents payable	247.5	170.3	417.8	417.8	—
Service charge income	45.9	31.9	77.8	77.8	—
Service charge expenses	(55.0)	(38.1)	(93.1)	(93.1)	—
Net service charge expenses	(9.1)	(6.2)	(15.3)	(15.3)	—
Other property outgoings	(15.8)	(16.3)	(32.1)	(32.1)	—
Property outgoings	(24.9)	(22.5)	(47.4)	(47.4)	—
<b>Net rental income</b>	<b>222.6</b>	<b>(147.8)</b>	<b>370.4</b>	<b>370.4</b>	<b>—</b>
Employee and corporate costs	(60.5)	(0.5)	(61.0)	(61.0)	—
Management fees receivable	12.1	—	12.1	12.1	—
Administration expenses	(48.4)	(0.5)	(48.9)	(48.9)	—
<b>Operating profit before other net gains/(losses) and share of results of joint ventures and associates</b>	<b>174.2</b>	<b>147.3</b>	<b>321.5</b>	<b>321.5</b>	<b>—</b>
Loss on sale of properties	(15.5)	—	(15.5)	—	(15.5)
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations	27.8	—	27.8	—	27.8
Potential business acquisition costs <sup>(2)</sup>	(6.5)	—	(6.5)	—	(6.5)
Revaluation gains on properties	1.9	19.4	21.3	—	21.3
<b>Other net gains/(losses)</b>	<b>7.7</b>	<b>19.4</b>	<b>27.1</b>	<b>—</b>	<b>27.1</b>
<b>Share of results of joint ventures</b>	<b>180.5</b>	<b>(166.9)</b>	<b>(13.6)</b>	<b>13.2</b>	<b>0.4</b>
<b>Share of results of associates</b>	<b>223.0</b>	<b>(1.4)</b>	<b>221.6</b>	<b>24.6</b>	<b>197.0</b>
<b>Operating profit</b>	<b>585.4</b>	<b>(1.6)</b>	<b>583.8</b>	<b>359.3</b>	<b>224.5</b>
Net finance (costs)/income <sup>(3)</sup>	(172.0)	1.6	(170.4)	(107.6)	(62.8)
<b>Profit before tax</b>	<b>413.4</b>	<b>—</b>	<b>413.4</b>	<b>251.7</b>	<b>161.7</b>
Tax charge	(1.8)	—	(1.8)	(1.8)	—
<b>Profit for the year</b>	<b>411.6</b>	<b>—</b>	<b>411.6</b>	<b>249.9</b>	<b>161.7</b>
Non-controlling interests	(23.2)	—	(23.2)	(3.6)	(19.6)
<b>Profit for the year attributable to equity shareholders</b>	<b>388.4</b>	<b>—</b>	<b>388.4</b>	<b>246.3</b>	<b>142.1</b>

(1) Included in gross rental income on a proportionally consolidated basis in column D is £7.9 million of contingent rents calculated by reference to tenants' turnover.

(2) Costs of £6.5 million were recognised in respect of the potential acquisition of intu properties plc, as announced on 6 December 2017, which ultimately did not complete.

(3) Adjusted finance costs presented on a proportionally consolidated basis are shown in Table 106 on page 185 of the Hammerson Annual Report 2017.

The Group's reportable segments comprise flagship destinations in the United Kingdom, France and Ireland, UK retail parks, UK other (which includes high street and other investment properties held principally for future City Quarters schemes) and developments. In its segmental analysis, the Group presents gross and net rental income on a proportionally consolidated basis. The following tables show the Group's gross rental income and net rental income by segment for the periods indicated. For further information on the Group's segments, see Note 3 to each of the 2020 Interim Financial Statements, the 2019 Annual Financial Statements, the 2018 Annual Financial Statements and the 2017 Annual Financial Statements.

Six months ended 30 June				
	2020		2019	
	Gross rental income	Net rental income	Gross rental income	Net rental income
	(unaudited) (£ million)			
<b>Flagship destinations</b>				
UK	65.4	35.2	78.9	66.3
France	31.3	20.5	40.8	36.3
Ireland	19.1	14.9	20.4	18.5
	115.8	70.6	140.1	121.1
UK retail parks	17.3	10.9	27.5	25.6
UK other	4.9	2.5	5.8	4.2
<b>Investment portfolio</b>	<b>138.0</b>	<b>84.0</b>	<b>173.4</b>	<b>150.9</b>
Developments	6.3	3.3	8.0	5.7
<b>Property portfolio</b>	<b>144.3</b>	<b>87.3</b>	<b>181.4</b>	<b>156.6</b>
Less share of Property interests <sup>(1)</sup>	(78.9)	(48.0)	(88.8)	(75.5)
<b>Reported Group</b>	<b>65.4</b>	<b>39.3</b>	<b>92.6</b>	<b>81.1</b>

(1) For the year ended 31 December 2019, the results of the UK retail parks were separately identified as discontinued operations. At 30 June 2020, the UK retail parks no longer met the criteria of IFRS 5 as detailed in Note 1 to the Hammerson Half-Year Results 2020, consequently the results for the UK retail parks have not been separately identified for the six months ended 30 June 2020 and the results for the comparative periods have been re-presented as continuing operations. Gross rental income of £1.8 million and net rental income of £1.7 million relating to Brent South, which was previously included within discontinued operations, have been reclassified to 'share of Property interests'.

Year ended 31 December						
	2019		2018		2017	
	Gross rental income	Net rental income	Gross rental income	Net rental income	Gross rental income	Net rental income
	(unaudited) (£ million)					
<b>Flagship destinations</b>						
UK	158.2	130.7	178.2	151.9	180.2	152.9
France	82.1	72.0	83.4	74.8	104.6	95.3
Ireland	41.8	38.0	44.2	40.4	37.9	34.8
	282.1	240.7	305.8	267.1	322.7	283.0
UK retail parks	52.5	49.1	63.5	59.1	72.4	69.3
UK other	11.3	8.2	12.4	8.9	12.3	8.8
<b>Investment portfolio</b>	<b>345.9</b>	<b>298.0</b>	<b>381.7</b>	<b>335.1</b>	<b>407.4</b>	<b>361.1</b>
Developments	15.1	10.5	17.1	12.4	14.5	9.3
<b>Property portfolio</b>	<b>361.0</b>	<b>308.5</b>	<b>398.8</b>	<b>347.5</b>	<b>421.9</b>	<b>370.4</b>
Less share of Property interests	(178.9)	(149.7)	(175.5)	(150.8)	(173.0)	(147.8)
<b>Reported Group</b>	<b>182.1</b>	<b>158.8</b>	<b>223.3</b>	<b>196.7</b>	<b>248.9</b>	<b>222.6</b>

#### 4.4 Financial KPIs

##### Adjusted earnings per share

Adjusted earnings per share represents underlying profit (which excludes property and derivative movements, exceptional items and related tax) divided by the weighted average number of shares in issue and calculated in line with the EPRA Best Practice Recommendations.

	Six months ended 30 June		Year ended 31 December		
	2020	2019	2019	2018	2017
			(unaudited) (£ million)		
<b>(Loss)/Profit for the year attributable to equity shareholders</b>	<b>(1,088.4)</b>	<b>(319.8)</b>	<b>(781.2)</b>	<b>(268.1)</b>	<b>388.4</b>
Net revaluation losses/(gains) on property portfolio*	802.4	534.0	1,028.0	448.6	(21.3)
Net revaluation gains on premium outlets property portfolio	137.2	(110.6)	(199.8)	(56.2)	(225.2)
Impairment losses on reclassification of UK retail parks as assets held for sale	(22.4)	—	92.0	—	—
Recycling of net exchange gain on disposal of foreign operations (net of non-controlling interests)	0.1	—	(13.8)	(2.0)	(8.2)
Loss on sale of properties	(16.0)	2.1	91.7	64.9	15.5
Impairment on reclassification to assets held for sale	101.6	—	—	—	—
Debt and loan facility cancellation costs	—	—	—	15.3	41.5
Change in fair value of derivatives	9.9	6.2	(3.6)	15.9	21.3
Deferred tax on premium outlets	(18.2)	(4.2)	6.4	13.8	35.0
Impairment of investment: premium outlets	103.9	—	—	—	—
Other adjustments	7.6	(0.3)	(5.7)	8.1	(0.7)
Adjusted profit for the period	17.7	107.4	214.0	240.3	246.3
<b>Adjusted EPS, pence</b>	<b>2.3</b>	<b>14.0</b>	<b>28.0</b>	<b>30.6</b>	<b>31.1</b>

##### Net debt

Net debt represents total borrowings including the fair value of currency swaps, less cash and deposits, on a proportionally consolidated basis, excluding premium outlets and including the UK retail parks portfolio.

	As at 30 June		As at 31 December		
	2020	2019	2019	2018	2017
			(unaudited) (£ million)		
Cash and deposits <sup>(1)</sup>	488.7	140.9	97.4	102.4	265.8
Fair value of currency swaps <sup>(2)</sup>	(32.0)	(84.3)	(43.1)	(84.9)	(90.3)
Loans	(3,460.4)	(3,503.6)	(2,896.8)	(3,423.2)	(3,676.0)
<b>Net debt</b>	<b>(3,003.7)</b>	<b>(3,447.0)</b>	<b>(2,842.5)</b>	<b>(3,405.7)</b>	<b>(3,500.5)</b>

(1) At 31 December 2019, net debt included £1.6 million of cash and deposits relating to assets held for sale.

(2) At 31 December 2017, the fair value of currency swaps included currency swaps of £10.3 million within non-current receivables.

As described under paragraph 10.3 of Part XX (*Additional Information*) of this document, the Company has undertaken to pay £21.4 million to a trust for the benefit of the existing Directors and the Proposed Director on or before 28 August 2020, unless prior to that date the Company is able to procure insurance that the existing Directors and the Proposed Director consider satisfactory such that the Trust is not required. During the duration of the trust, unless the Company is able to procure insurance that the existing Directors and the Proposed Director consider satisfactory such that the trust is no longer required, the Group will not be able to access the cash in the trust and will only be able to access any remaining cash following the expiry of the trust after 75 months or, if later, when any relevant outstanding claims against the existing Directors or the Proposed Director are resolved.



Accordingly, the £21.4 million will not be included in the Group's net debt calculations going forward, as long as the money remains in the trust. As the presentation of net debt above and elsewhere in this document (including on a pro forma basis) is as of 30 June 2020, the cash that is expected to be transferred to the trust is not deducted when calculating net debt.

#### *Total property return*

Total property return represents net rental income and capital growth expressed as a percentage of the opening book value of property adjusted for capital expenditure, calculated on a monthly time-weighted and constant currency basis.

#### *Like-for-like net rental income*

Like-for-like net rental income represents the percentage change in net rental income for investment properties owned throughout both current and prior periods, after taking account of exchange translation movements. Properties undergoing a significant extension project are excluded from this calculation during the period of the works. For interim reporting periods, properties sold between the balance sheet date and the date of the announcement are also excluded. Like-for-like net rental income is presented on a proportionally consolidated basis, excluding premium outlets.

	Increase/(Decrease) for properties owned throughout				
	Six months ended 30 June		Year ended 31 December		
	2019/20	2018/19	2018/19 <sup>(1)</sup> (unaudited) (%)	2017/18	2016/17
UK . . . . .	(30.5)	(6.8)	(6.7)	(1.3)	1.8
France . . . . .	(30.0)	0.1	2.1	(0.9)	2.6
Ireland . . . . .	(16.9)	(7.4)	(5.0)	1.2	—
<b>Flagship destinations</b> . . . . .	<b>(28.0)</b>	<b>(5.6)</b>	<b>(4.7)</b>	<b>(0.8)</b>	<b>4.4</b>
UK retail parks . . . . .	(21.2)	1.0	(1.4)	(4.3)	(2.5)
UK other . . . . .	—	—	—	—	—
<b>Property portfolio</b> . . . . .	<b>(27.0)</b>	<b>(4.4)</b>	<b>(4.2)</b>	<b>(1.5)</b>	<b>1.0</b>

(1) The property portfolio value on which like-for-like growth is based was £4,542 million as at 31 December 2019.

## **4.5 Operational KPIs**

### *Occupancy*

Occupancy represents the estimated rental value (the “ERV”), as calculated by the Group's external valuers, of the area in a property, or portfolio, excluding developments, which is let, expressed as a percentage of the total ERV of that property or portfolio. This ratio is calculated in line with EPRA guidance using the ERV of occupied space on a proportionally consolidated basis, excluding premium outlets.

### *Leasing activity*

Leasing activity represents the amount of income secured across the investment portfolio, including net lettings and lease renewals, on a proportionally consolidated basis, excluding premium outlets.

### *Global emissions intensity ratio*

Global emissions intensity ratio represents the amount of emissions from the Group's properties and facilities which are under the Group's direct operational control (including corporate offices), divided by adjusted profit before tax.

### *Voluntary employee turnover*

Voluntary employee turnover represents the number of employees who voluntarily left the Group during the period, divided by the average number of employees of the Group during the same period.

#### **4.6 Property valuations**

Save as set out in the Valuation Reports, all property valuations included in this document are based on the “fair value” under IFRS, which is derived from the external property valuers’ assessment of market value as set out in the 2019 Annual Financial Statements.

#### **5. Pro forma financial information**

In this document, any reference to “pro forma” financial information is to information which has been extracted without material adjustment from the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of the Group.

Future results of operations may differ materially from those presented in the Unaudited Pro Forma Financial Information due to various factors.

#### **6. Rounding**

Certain financial data and percentages have been rounded. As a result of such rounding, the totals of financial data presented in this document may vary slightly from the actual arithmetic totals of such data and percentages in tables may not add up to 100%.

#### **7. Currency**

The Group prepares its financial statements in pounds sterling. All references to “GBP”, “pounds”, “pounds sterling”, “sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

All references to “€” or “euros” are to the lawful currency of the European Union.

All references to “South African Rand” or “Rand” or “ZAR” or “ZAR cent” are to the lawful currency of South Africa.

#### **8. Exchange rate**

An exchange rate of £1 to €1.101 has been used, unless otherwise stated in this document.

An exchange rate of £1 to ZAR22.73 has been used, unless otherwise stated in this document.

#### **9. No profit forecast or estimates**

Unless otherwise stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings for Hammerson and VIA Outlets for the current or future financial years would necessarily match or exceed the historical published earnings for Hammerson and VIA Outlets respectively.

#### **10. Incorporation by reference**

Certain information in relation to the Group is incorporated by reference in this document, as set out in Part XXI (*Documentation Incorporated by Reference*) of this document.

The contents of Hammerson’s website or any hyperlinks accessible from it do not form part of this document and investors should not rely on them.

#### **11. Definitions**

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part XXII (*Definitions*) of this document.

## **PART IV**

### **DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS**

#### **Directors**

David Tyler . . . . .	Chair
David Atkins . . . . .	Chief Executive
James Lenton . . . . .	Chief Financial Officer
Gwyn Burr . . . . .	Independent Non-Executive Director and Senior Independent Director
Pierre Bouchut . . . . .	Independent Non-Executive Director
Méka Brunel . . . . .	Independent Non-Executive Director
Desmond de Beer . . . . .	Non-Executive Director
Andrew Formica . . . . .	Independent Non-Executive Director
Adam Metz . . . . .	Independent Non-Executive Director
Carol Welch . . . . .	Independent Non-Executive Director

#### **Proposed Director**

Robert Noel . . . . .	Chair
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#### **Company Secretary and General Counsel**

Alice Darwall

#### **Registered and head office of the Company**

##### **Hammerson plc**

Kings Place  
90 York Way  
London N1 9GE  
United Kingdom

#### **Joint Financial Adviser, Joint UK Sponsor, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter**

##### **J.P. Morgan Securities plc**

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London E14 5JP  
United Kingdom

#### **Joint Financial Adviser, Joint UK Sponsor, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter**

##### **Morgan Stanley & Co. International plc**

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Canary Wharf  
London E14 4QA  
United Kingdom

#### **Joint Financial Adviser and Joint UK Sponsor**

##### **Lazard & Co., Limited**

50 Stratton Street  
London W1J 8LL  
United Kingdom

#### **Joint Bookrunner and Joint Underwriter**

##### **Barclays Bank PLC, acting through its Investment Bank**

5 The North Colonnade  
London E14 4BB  
United Kingdom

**JSE Sponsor****Investec Bank Limited**

100 Grayston Drive  
Sandown  
Sandton  
2196 South Africa

**Legal advisers to the Company as to English, South African and US law in connection with the Transactions**

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**Herbert Smith Freehills LLP**

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United Kingdom

**Legal advisers to the Joint Financial Advisers, Joint UK Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Underwriters as to English and US law in connection with the Transactions**

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United Kingdom

**Legal advisers to the Joint Financial Advisers, Joint UK Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Underwriters as to South African law in connection with the Rights Issue**

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2196 South Africa

**Auditors and Reporting Accountants****PricewaterhouseCoopers LLP**

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London WC2N 6RH  
United Kingdom

**UK Registrar****Link Asset Services**

The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom

**Receiving Agent****Link Asset Services**

Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom

**South Africa Transfer Secretaries**

**Computershare Investor Services Proprietary Limited**

Rosebank Towers, Ground Floor  
15 Biermann Avenue  
Rosebank  
2196 South Africa

**Valuers**

**CBRE Limited**

St Martins Court  
10 Paternoster Row  
London EC4M 7HP  
United Kingdom

**Cushman and Wakefield Debenham Tie Leung Limited**

125 Old Broad Street  
London EC2N 1AR  
United Kingdom

**Jones Lang LaSalle Ltd**

30 Warwick Street  
London W1B 5NH  
United Kingdom

## PART V

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS IN THE UNITED KINGDOM

Announcement of the Transactions . . . . .	Thursday 6 August 2020
Publication of this document . . . . .	Thursday 6 August 2020
Posting of this document and the Forms of Proxy . . . . .	Saturday 8 August 2020
Restrictions on transfers between the UK Register and SA Register begin . . . . .	6:00 p.m. on Monday 24 August 2020
Latest time and date for receipt of Forms of Proxy . . . . .	9:00 a.m. on Thursday 27 August 2020
Record time and date for voting at the General Meeting . . . .	5:30 p.m. on Thursday 27 August 2020
<b>General Meeting . . . . .</b>	<b>9:00 a.m. on Tuesday 1 September 2020</b>
Record date for the Capital Reorganisation . . . . .	5:30 p.m. on Tuesday 1 September 2020
Effective date for the Capital Reorganisation . . . . .	8:00 a.m. on Wednesday 2 September 2020
UK Consolidated Shares Admission and dealings in the Consolidated Shares, fully paid, commence on the London Stock Exchange . . . . .	8:00 a.m. on Wednesday 2 September 2020
Record date for the Rights Issue . . . . .	5:30 p.m. on Monday 7 September 2020
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only) . . . . .	Wednesday 9 September 2020
Special Dealing Service opens for applications . . . . .	Wednesday 9 September 2020
<b>UK Admission and dealings in the New Shares, nil paid, commence on the London Stock Exchange and Existing Shares marked ex-Rights . . . . .</b>	<b>8:00 a.m. on Thursday 10 September 2020</b>
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only) <sup>(1)</sup> . . . . .	As soon as practicable after 8:00 a.m. on Thursday 10 September 2020
Nil Paid Rights and Fully Paid Rights enabled in CREST . . .	As soon as practicable after 8:00 a.m. on Thursday 10 September 2020
Latest time and date for receipt of instructions in respect of Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service . . . . .	11:00 a.m. on Thursday 17 September 2020
Recommended latest time and date for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form) . . . . .	4:30 p.m. on Friday 18 September 2020
Dealings carried out in relation to Cashless Take-up or disposal of Nil Paid Rights under the Special Dealing Service	18 September 2020
Expected despatch of definitive share certificates for Consolidated Shares in certificated form (to Qualifying Non-CREST Shareholders only) . . . . .	By Friday 18 September 2020

Latest time and date for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by Provisional Allotment Letters and you want to convert them to uncertificated form) . . . . .	3:00 p.m. on Monday 21 September 2020
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid . . . . .	3:00 p.m. on Tuesday 22 September 2020
Settlement of dealings in relation to Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service . . . . .	Tuesday 22 September 2020
Despatch of cheques in relation to proceeds of Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service . . . . .	Tuesday 22 September 2020
<b>Latest time and date for acceptance, payment in full and registration of renounced Provisional Allotment Letters</b>	<b>By 11:00 a.m. on Thursday 24 September 2020</b>
Expected date of announcement of results of the Rights Issue through a Regulatory Information Service announcement . . . . .	By 8:00 a.m. on Friday 25 September 2020
<b>Dealings in the New Shares, fully paid, to commence on the London Stock Exchange</b> . . . . .	<b>By 8:00 a.m. on Friday 25 September 2020</b>
New Shares credited to CREST stock accounts (uncertificated holders only) <sup>(1)</sup> . . . . .	As soon as practicable after 10:00 a.m. on Friday 25 September 2020
Restrictions on transfers between the UK Register and SA Register end . . . . .	6:00 p.m. on Friday 25 September 2020
Expected despatch of definitive share certificates for New Shares in respect of the Right Issue in certificated form (to Qualifying Non-CREST Shareholders only) and premium payments (if applicable) in respect of Nil Paid rights not taken up . . . . .	By Friday 9 October 2020
<b>Expected date of completion of the Disposal</b> . . . . .	<b>Q4 2020</b>

- (1) The Rights Issue is subject to certain restrictions relating to Shareholders with registered addresses in any of the Excluded Territories, details of which are set out in Part X (*Terms and Conditions of the Rights Issue*) of this document.
- (2) The results of the Rights Issue will be announced by way of a simultaneous regulatory news service ("RIS") and stock exchange news service ("SENS") announcement at 8:00 a.m. (London time) on 25 September 2020.
- (3) Share certificates will be posted by prepaid first class post in respect of Shareholders on the UK Register.
- (4) References to times in this timetable are to London time, unless otherwise stated.
- (5) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by Hammerson in consultation with the Underwriters, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Qualifying Shareholders by way of a simultaneous RIS and SENS announcement.
- (6) If you have any queries on the procedure for acceptance and payment, you should contact the UK Shareholder Helpline on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). The UK Registrar cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## PART VI

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS IN SOUTH AFRICA

Declaration Announcement of the Transactions . . . . .	Thursday 6 August 2020
Publication of this document on the Company website . . . . .	Thursday 6 August 2020
Posting of this document and the Forms of Proxy . . . . .	Saturday 8 August 2020
Restrictions on transfers between the UK Register and SA Register begin . . . . .	7:00 p.m. on Monday 24 August 2020
Last day to trade to attend and vote at the General Meeting . . .	Monday 24 August 2020
Latest time and date for receipt of Forms of Proxy . . . . .	10:00 a.m. on Thursday 27 August 2020
Record time and date for voting at the General Meeting . . . . .	6:30 p.m. on Thursday 27 August 2020
<b>General Meeting . . . . .</b>	<b>10:00 a.m. on Tuesday 1 September 2020</b>
Finalisation Announcement and announcement of results of General Meeting on SENS by . . . . .	12:00 p.m. on Tuesday 1 September 2020
Last day to trade Shares in order to qualify to participate in the Capital Reorganisation . . . . .	Tuesday 1 September 2020
Date for trading in Consolidated Shares under the new ISIN GB00BK7YQK64 . . . . .	Wednesday 2 September 2020
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements as a result of the Capital Reorganisation, based on the volume weighted average price of Shares traded on 2 September 2020, less 10% . . . . .	Thursday 3 September 2020
Record date for the Capital Reorganisation . . . . .	9:00 a.m. on Friday 4 September 2020
Last day to trade Shares in order to qualify to participate in the Rights Issue on the JSE (cum rights) . . . . .	Friday 4 September 2020
Expected date that accounts of dematerialised shareholders at their CSDP or broker will be updated and will receive fraction allocation payments . . . . .	Monday 7 September 2020
Expected despatch of definitive share certificates for Consolidated Shares in certificated form, provided that the previous share certificates have been lodged by 12:00 p.m. on the Record date for the Capital Reorganisation . . . . .	Monday 7 September 2020
Listing of and trading in the Letters of Allocation commences under JSE code HMNN and ISIN GB00BMCZL472 . . . . .	Monday 7 September 2020
Shares commence trading ex-Rights on the JSE . . . . .	Monday 7 September 2020
Despatch of Forms of Instruction to Qualifying South African Shareholders who hold their Shares in certificated form . . . . .	Tuesday 8 September 2020
Record Date for entitlements under the Rights Issue (for Qualifying South African Shareholders) . . . . .	Wednesday 9 September 2020
<b>Rights Issue Opens . . . . .</b>	<b>9:00 a.m. on Thursday 10 September 2020</b>



In respect of Qualifying South African Shareholders who hold their Shares in certificated form, Letters of Allocation credited to an electronic account held with the SA Transfer Secretaries . . . . .	Thursday 10 September 2020
In respect of Qualifying South African Shareholders who hold their Shares in uncertificated form, CSDP or broker accounts credited with Letters of Allocation . . . . .	Thursday 10 September 2020
Last day to trade in Letters of Allocation in order to participate in the Rights Issue . . . . .	Friday 18 September 2020
In respect of Qualifying South African Shareholders who hold their Shares in certificated form (or their renounees) wanting to sell all or some of their Letters of Allocation, to lodge Form of Instruction with the SA Transfer Secretaries by . . . . .	12:00 p.m. on Friday 18 September 2020
<b>Listing and trading of New Shares on the JSE commences . . . . .</b>	<b>9:00 a.m. on Monday 21 September 2020</b>
In respect of Qualifying South African Shareholders who hold their Shares in certificated form (or their renounees) wishing to exercise all or some of their Rights, payment to be made and Form of Instruction to be lodged with the SA Transfer Secretaries by . . . . .	12:00 p.m. on Wednesday 23 September 2020
<b>Rights Issue closes . . . . .</b>	<b>Wednesday 23 September 2020</b>
Record date for Letters of Allocation . . . . .	Wednesday 23 September 2020
Expected date of announcement of results of the Rights Issue through a SENS announcement . . . . .	By 9:00 a.m. on Friday, 25 September 2020
<b>New Shares issued . . . . .</b>	<b>Friday 25 September 2020</b>
In respect of Qualifying South African Shareholders who hold their Shares in uncertificated form (or their renounees or purchasers of their Letters of Allocation or purchasers of Letters of Allocation from Qualifying South African Shareholders who hold their Shares in certificated form), CSDP or broker accounts debited with the aggregate SA Issue Price and updated with New Shares . . . . .	Friday 25 September 2020
Restrictions on transfers between the UK Register and SA Register end . . . . .	7:00 p.m. on Friday 25 September 2020
In respect of Qualifying South African Shareholders who hold their Shares in certificated form (or their renounees or purchasers of their Letters of Allocation), share certificates posted by registered post and premium payments (if applicable) in respect of Nil Paid rights not taken up . . . . .	By 9 October 2020
<b>Expected date of completion of the Disposal . . . . .</b>	<b>Q4 2020</b>

- (1) Letters of Allocation will trade under the JSE code HMNN and ISIN GB00BMCZL472.
- (2) The Rights Issue is subject to certain restrictions relating to Shareholders with registered addresses in any of the Excluded Territories, details of which are set out in Part X (*Terms and Conditions of the Rights Issue*) of this document.
- (3) The results of the Rights Issue will be announced by way of a simultaneous RIS and SENS announcement at 9:00 a.m. (South African Standard Time) on 25 September 2020.
- (4) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by Hammerson in consultation with the Underwriters, in which event details of the new times and dates will be notified to the JSE and, where appropriate, Qualifying South African Shareholders and announced by way of a simultaneous RIS and SENS announcement.
- (5) References to times in this timetable are to South African Standard Times.

- (6) Qualifying South African Shareholders who hold their Existing Shares in uncertificated form are required to inform their CSDP or broker of their instructions in terms of the Rights Issue in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker. Qualifying South African Shareholders who hold their Existing Shares in uncertificated form are advised to contact their CSDP or broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Issue, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Issue.
- (7) Share certificates may not be dematerialised or rematerialised between 7 September 2020 and 9 September 2020, both days inclusive. Qualifying South African Shareholders who hold their Existing Shares in uncertificated form will have their accounts at their CSDP or broker automatically credited with their Letters of Allocation and Qualifying South African Shareholders who hold their Existing Shares in certificated form will have their Letters of Allocation credited to an account with the SA Transfer Secretaries.
- (8) CSDPs effect delivery in respect of Qualifying South African Shareholders who hold their Existing Shares in uncertificated form on a delivery versus payment method.
- (9) If you have any queries on the procedure for acceptance and payment, you should contact the South African Shareholder Helpline on 086 11 00 634 (from inside South Africa) or +27 11 370 5000 (from outside South Africa). This South African Shareholder Helpline is available from 8:00 a.m. to 5:00 p.m. (South African Standard Time), Monday to Friday (except South African public holidays). Please note that for legal reasons, the South African Shareholder Helpline is only able to provide information contained in this document and information relating to Hammerson's register of members and is unable to give advice on the merits of the Rights Issue, or provide legal, financial, tax or investment advice.

**PART VII**  
**RIGHTS ISSUE STATISTICS**

Number of Shares in issue at the date of this document <sup>(1)</sup> . . .	766,293,613
Consolidation Ratio . . . . .	1 Consolidated Share for every 5 Existing Shares <sup>(3)</sup>
Number of Consolidated Shares in issue immediately following completion of the Capital Reorganisation <sup>(1)(2)</sup> . . . . .	153,258,722
UK Issue Price per New Share . . . . .	15 pence
SA Issue Price per New Share . . . . .	ZAR3.41
Basis of Rights Issue . . . . .	24 New Shares for every 1 Consolidated Share
Number of New Shares to be issued by the Company pursuant to the Rights Issue <sup>(1)(2)</sup> . . . . .	3,678,209,328
Number of Shares in issue immediately following completion of the Rights Issue <sup>(1)(2)</sup> . . . . .	3,831,468,050
New Shares as a percentage of enlarged issued share capital of the Company immediately following completion of the Rights Issue <sup>(1)(2)</sup> . . . . .	96.0%
Estimated expenses in connection with the Rights Issue . . . .	£27 million
Estimated net proceeds receivable by the Company from the Rights Issue after expenses . . . . .	£525 million

(1) No Shares are held in treasury.

(2) Assuming that no Shares are issued as a result of the exercise of any options or vesting of awards under any Employee Share Schemes between the Latest Practicable Date and the completion of the Capital Reorganisation and Rights Issue, respectively.

(3) Under the Capital Reorganisation, each Existing Share of 25 pence nominal value will be subdivided and converted into one Intermediate Share of 1 penny nominal value and one Deferred Share of 24 pence nominal value. Immediately thereafter every 5 Intermediate Shares of 1 penny nominal value will be consolidated into 1 Consolidated Share of 5 pence nominal value.

**PART VIII**  
**CHAIR'S LETTER**



*(Incorporated and registered in England and Wales with company number 00360632)*

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*Directors:*

David Tyler (Chair)  
David Atkins (Chief Executive)  
James Lenton (Chief Financial Officer)  
Pierre Bouchut (Independent Non-Executive Director)  
Méka Brunel (Independent Non-Executive Director)  
Gwyneth Burr (Independent Non-Executive Director and Senior Independent Director)  
Desmond de Beer (Non-Executive Director)  
Andrew Formica (Independent Non-Executive Director)  
Adam Metz (Independent Non-Executive Director)  
Carol Welch (Independent Non-Executive Director)

6 August 2020

To the Shareholders and, for information only, to persons with information rights

Dear Shareholder

**Proposed Rights Issue**

and

**Proposed Disposal of Hammerson's 50% interest in VIA Outlets (subject to the retention of the Retained Minority Stake)**

and

**Notice of General Meeting**

**1. Introduction**

As Shareholders are aware, in recent times the Company has been dealing with the challenge of major structural change in the retail industry, which has had a negative impact on the value of the Group's assets. This challenge has been materially exacerbated by the effect of the COVID-19 pandemic, which has adversely affected the Group's short term cash flows as well as appetite for investment in retail-exposed property assets. In response, the Board has been focused in the short term on ensuring access to liquidity, cutting costs where possible and selling assets for which buyers can be found at values that are acceptable in the circumstances. The Board has also focused on ensuring the Group can deliver on its longer term strategy of continuing to refocus its high quality flagship assets in the United Kingdom and Ireland while recycling capital from the remainder of its portfolio into the City Quarters development plan.

The Company has today announced two important transactions that will, when implemented, advance all these objectives by significantly strengthening the Group's financial position, giving it improved

credit metrics for the future balance sheet and ensuring it has sufficient headroom and flexibility under its financing arrangements to advance its longer term strategy. These Transactions are:

- a proposed Rights Issue to raise net proceeds for Hammerson of approximately £525 million; and
- the proposed Disposal by which the Group has agreed to sell its aggregate 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million).

The Rights Issue requires Shareholder approval to authorise the Board to allot the New Shares. Because of its size, the Disposal constitutes a Class 1 transaction for the purposes of the Listing Rules and requires the approval of Shareholders. The Disposal constitutes a related party transaction under the Listing Rules, as APG is a substantial shareholder in the Company, and therefore requires approval of Shareholders (excluding APG and its associates).

The Company is also proposing to undertake the Capital Reorganisation to enable implementation of the Rights Issue, which will require Shareholder approval as well.

As explained in paragraph 7 below, the Directors believe that it is of fundamental importance that both the Rights Issue and the Disposal take place. Accordingly, the Rights Issue is conditional on all Resolutions, including the resolution to approve the Disposal, having been passed by Shareholders at the General Meeting but is not conditional on Completion. Equally, the Disposal is conditional on all the Resolutions required to approve the Rights Issue being passed by Shareholders and on UK Admission (as well as the other conditions summarised in paragraph 6 below).

**I am writing to give you further details of the Transactions, including the background to and reasons for the Transactions, and to explain why the Board considers the Transactions to be in the best interests of all Shareholders.**

The purpose of this letter is to:

- (i) set out the background to, and reasons for, the Transactions, including the Group's strategy, the financial effects of the Transactions and the use of proceeds (paragraph 2);
- (ii) provide information on the Disposal, including information on VIA Outlets (paragraph 4), the Purchaser (paragraph 5) and the key terms and conditions of the Disposal (paragraph 6);
- (iii) set out the key terms and conditions of the Rights Issue (paragraph 7);
- (iv) explain the reasons for, and the key terms of, the Capital Reorganisation (paragraph 8);
- (v) explain why the Disposal is a related party transaction pursuant to the Listing Rules (paragraph 11);
- (vi) explain the Resolutions to be put to Shareholders at the General Meeting to approve the Rights Issue, the Disposal and the Capital Reorganisation (paragraph 17); and
- (vii) explain the importance of your vote (paragraph 20) and why the Board unanimously recommends that Shareholders vote in favour of all the Resolutions to be proposed at the General Meeting (paragraph 22).

The General Meeting will take place at 9:00 a.m. (London time) on 1 September 2020. The General Meeting will be convened electronically in accordance with the 2020 Act. The Notice of General Meeting can be found at the end of this document.

**The Board unanimously recommends that Shareholders vote in favour of all the Resolutions to be proposed at the General Meeting, as each Director who is a Shareholder has irrevocably agreed to do in respect of his or her own legal and beneficial holdings of Shares.**

## **2. Background to, and reasons for, the Transactions**

### ***2.1 Structural changes in retail in the Group's core markets***

Structural changes in the retail industry, particularly as they relate to technology, channel shift and consumer behaviour, have significantly impacted the value of the Group's assets in recent years and given rise to material operational and financial challenges for the business. These structural changes have been further exacerbated by the COVID-19 pandemic, which has had a material adverse impact

on the retail industry in the Group's core markets. The value of the Group's portfolio on a proportionally consolidated basis, including premium outlets, has declined from £10,560 million as at 31 December 2017 to £9,938 million as at 31 December 2018, £8,327 million as at 31 December 2019, £7,692 million as at 30 June 2020 and £7,628 million as at 31 July 2020. The Directors expect further downward pressure on net rental income from falling rents and weak investor demand and that the value of the Group's portfolio on a proportionally consolidated basis is likely to continue to experience further declines in the near term as reductions in footfall and sales are expected to continue, with risks of more significant declines if the current market outlook worsens. The impact will likely be more acute in the United Kingdom than in Continental Europe in the short term, given different e-commerce penetration levels, lease structures and legal frameworks. The uncertain market environment and the unprecedented disruption that has been caused by the COVID-19 pandemic have led to a more cautious sentiment by investors, which has significantly adversely affected the investment markets in the near term.

The retail sector continues to evolve in a polarised manner, particularly in the United Kingdom, where mainstream department stores and legacy high street fashion retailers have struggled to reinvent and differentiate themselves, and where the divide between engaging, in-demand and well-located venues and venues which are struggling has widened further. Legacy retailers have been adversely affected by oversized store portfolios and stores in poor locations, leading to an inefficient cost base which has exacerbated the perception that physical stores are a drag on retailer performance relative to online retail.

The growth in online retail, particularly in the United Kingdom, continues to be supported by physical stores and successful retailers have evolved their offer towards omnichannel retailing, where retailers are able to offer a fully integrated approach, providing shoppers a unified experience across all channels and touchpoints. Whilst there has been a further acceleration in e-commerce due to the COVID-19 pandemic, the Directors believe that stores in stronger, strategic locations are increasingly becoming a vital brand platform, generating customer engagement and acting as an omnichannel distribution hub. The Directors believe that Hammerson's prime flagship portfolio is well placed to provide the physical offering in a modern omnichannel platform for retailers and that stores in key locations provide retailers with a more cost effective way to promote their brand and fulfil orders rather than operating wholly or predominantly online.

An analysis of footfall undertaken by the Group at Westquay, Southampton in late 2019 showed that retailers' occupancy costs per store visitor are in the region of 50p to £2.00 in fashion, whereas click-through rates to websites can be in the region of 9p to 95p (source: Practicology). However, in-store conversion rates generally are much higher, typically 25% to 50% for physical retail (source: Hammerson exit survey data) compared to 2% to 4% for online retail (source: Practicology), which leads to the overall cost per transaction of in-store sales for these stores being notably cheaper than typical online sales. The Directors believe this makes stores in strategic locations with strong footfall valuable to brands in terms of customer acquisition and conversion costs. In addition, the Directors believe that physical stores are a more cost-effective channel for handling distributions and returns. Given online fashion is typically faced with a return rate in the range of 15% to 40% (source: Accenture), the Directors believe this distribution function is an important consideration for retailers.

## ***2.2 The Group's portfolio is well-positioned***

Given this dynamic, Hammerson's objective is to create vibrant, continually evolving, sustainable spaces in and around vibrant cities in the United Kingdom and Europe, where people and brands want to be. Accordingly, the Group's portfolio is focused on high quality flagship destinations that are strategically located in such cities. The Directors believe the Group is therefore well positioned to succeed in the face of challenges to physical retail and that this is further evidenced by the decisions that retailers are making about where they open new and retain existing stores as they evaluate their real estate strategy. In 2019, footfall increased in the Group's UK, French and Irish destinations and outperformed the national benchmarks in all three countries by 5.2%, 1.6% and 2.0% respectively (source: Shoppertrak).

Despite the quality of the Group's property assets and the recent growth in footfall ahead of COVID-19, valuations have been declining driven by reduced net rental income from falling rents and weak investor demand for retail-exposed property assets, and this impact has been more acute in the United Kingdom than in Continental Europe. The Group's UK investment portfolio value on a

proportionally consolidated basis, excluding premium outlets, declined from £2,939.1 million as at 31 December 2019 to £2,407.7 million as at 30 June 2020 (a negative capital return of 19.3%) and declined further to £2,345.8 million as at 31 July 2020. The Group's French investment portfolio value on a proportionally consolidated basis, excluding premium outlets, declined from £1,269.0 million as at 31 December 2019 to £1,229.1 million as at 30 June 2020 (a negative capital return of 9.4%) and declined further to £1,229.0 million as at 31 July 2020. The Group's Irish investment portfolio value on a proportionally consolidated basis, excluding premium outlets, declined from £860.0 million as at 31 December 2019 to £833.7 million as at 30 June 2020 (a negative capital return of 9.9%) and declined further to £830.8 million as at 31 July 2020. See further paragraph 6.1 of Part XII (*Business Overview of the Group*) of this document). The Directors expect that the value of the Group's investment portfolio is likely to continue to experience further declines in the near term as reductions in footfall and sales are expected to continue, with greater risk of reductions in the United Kingdom, given different e-commerce penetration levels, cost pressures, lease structures and legal frameworks.

### *The United Kingdom*

In the United Kingdom, the Group currently owns and operates 11 flagship destinations (two wholly-owned and the remainder held in joint ventures with blue-chip institutional investors). The portfolio has been focused on high-density urban locations with excellent connectivity, for example: Bullring, Birmingham; Brent Cross, London; and Union Square, Aberdeen. As at 30 June 2020, the Group's UK flagship portfolio was valued at £1.85 billion, representing a weighted average nominal equivalent yield of 6.6% and accounting for 24% of the Group's total portfolio. Valuations declined by 21% as at 30 June 2020 (compared to 31 December 2019). Valuations declined by a further 2.7% as at 31 July 2020 (compared to 30 June 2020).

Footfall and occupancy remained highly resilient before the COVID-19 pandemic, with occupancy consistently above 97% for the years ended 31 December 2019, 2018 and 2017, and 96.8% of rent collected within 14 days of the December 2019 quarter day. The Group's UK flagship tenant base continues to be diverse, with only one tenant accounting for more than 1.5% of the Group's Passing Rent, and the top ten tenants representing 10% of the Group's Passing Rent in aggregate, both as at 30 June 2020. As a result, the Directors believe that the Group is not unduly exposed to concentration risk.

Notwithstanding the resilience of the Group's high quality UK assets, the Directors believe that the structural challenges in UK retail have been exacerbated by inflexible leasing terms under the UK Landlord and Tenant Act 1954 (the "**Landlord and Tenant Act 1954**"). As described in more detail in paragraph 2.7 below ("*Supporting strategic repositioning*"), the Group plans to launch a new leasing model in the United Kingdom designed for the new omnichannel retail environment. Taking learnings from Continental Europe and the premium outlets market, the Directors believe that this new more flexible model, with rents initially rebased at a lower level, will allow the Group's UK assets to provide Shareholders with a sustainable and growing income stream over time. Moreover, the Directors believe this new model will allow a transition away from bottom-up ERV-derived valuations, which in turn will afford the Group improved choice in selecting the most compelling retail partners for visitors, thereby further increasing vibrancy, rather than selecting those simply willing to pay the highest rent dictated by ERV.

### *Ireland*

In Ireland, the Group's portfolio is currently focused on three flagship assets in Dublin, all jointly held with third parties. As at 30 June 2020, the Group's Irish portfolio was valued at £833.7 million, representing 11% of the Group's total portfolio and with a weighted average nominal equivalent yield of 4.7%. As at 30 June 2020, 74% of the Irish portfolio was represented by Dundrum Town Centre ("**Dundrum**"), Ireland's premier flagship destination. Valuations have proven more resilient in Ireland than in the United Kingdom in recent years, down 3.1% between 31 December 2019 and 30 June 2020 and 0.3% between 30 June 2020 and 31 July 2020, supported by strong operational KPIs, with footfall growing prior to the COVID-19 pandemic and occupancy rates in excess of 99% for the year ended 31 December 2019. Similar to the United Kingdom, the Group's Irish flagship destinations have a diverse tenant base, with no individual tenant contributing more than 1% to Passing Rent as at 30 June 2020. The Group owns land with significant development potential adjacent to all three Irish assets for City Quarters developments, including six acres in Dundrum and six acres in central Dublin, the latter abutting O'Connell Street. A 107-unit private rental residential building, adjacent to Dundrum,

is in the advanced stages of pre-development as an initial proof of concept for the Group's wider City Quarters strategy.

### *France*

Hammerson's French portfolio was valued at £1,229.1 million at 30 June 2020, representing approximately 18% of the Group's total portfolio. The French portfolio largely comprises two wholly-owned flagship assets, Les 3 Fontaines in northwest Paris and Les Terrasses du Port in Marseille, together with four smaller jointly owned assets in which the Group interest is 10% to 25%. The assets in the French portfolio are all operated by the Group and located (with the exception of Nicetoile, Nice and Les Terrasses du Port, Marseille) in the greater Paris area. Due in part to the lower level of disruption caused by lower e-commerce adoption rates, an inherently more stable indexed leasing structure, strong KPIs (with footfall growth in recent years and occupancy rates of 97% as at 31 December 2019), together with a more liquid investment market prior to the COVID-19 pandemic, the French portfolio was valued on a weighted average nominal equivalent yield of 4.7% at 30 June 2020, albeit down 3.1% from its value as at 31 December 2019. Valuations further declined by 0.01% as at 31 July 2020 (compared to 30 June 2020). Given the stronger investment market, the French portfolio has been intentionally reduced over recent years with the Group's interest in four centres sold in full in the previous three years. In addition, in December 2019, 75% of Italie Deux was sold to CoRE FR 2019 14 SAS ("**AXA**") for £363 million. The Directors believe that the investment market for French assets will retain greater liquidity and that the French portfolio therefore is likely to present opportunities for the Group to realise further capital through disposals.

### *Premium Outlets*

The Group also has two significant investments in the premium outlets sector, namely Value Retail and VIA Outlets, both of which are externally managed and financed. Value Retail owns nine high-end Villages across the United Kingdom and Western Europe, whilst VIA Outlets owns 11 outlets in nine European countries. The Group has an approximate 40% economic interest in Value Retail (split between interests in holding companies and direct investments in the Villages), which was valued at £1.9 billion at 30 June 2020, representing approximately 25% of the total Group portfolio. VIA Outlets is a 50-50 joint venture with the Purchaser, and the Group's share of VIA Outlets was valued at £0.7 billion as at 30 June 2020, representing approximately 9% of the total Group portfolio. The Group's investments in premium outlets have generated strong internal rates of return over the period December 2012 to 31 December 2019, when significant capital was recycled into the sector from the disposals of the Group's residual London office segment.

In June 2020, the Company received a proposal from the Purchaser for it to acquire from the Group the remaining 50% of VIA Outlets that the Purchaser did not already own, and in addition to support the Company in a potential equity raise. Due to its strong return profile, together with the Group's lack of control and separate operational management, as well as the more simplified structure of VIA compared to Value Retail, the Group considers VIA an appropriate asset for disposal. The disposal is also in line with the latest strategy, following the outbreak of the COVID-19 pandemic, of taking further proactive steps to strengthen the Group's balance sheet and recycling proceeds both to reduce the Group's indebtedness and to invest in other parts of the business.

### *Retail Parks*

In July 2018, the Group committed to a strategic exit from the UK retail parks sector. As at February 2020, the Group had completed the sale of five assets with an agreement to sell a portfolio of seven further assets exchanged with Orion. This would have left the Group with a sole UK retail park asset, Brent South Retail Park. However, following the outbreak of the COVID-19 pandemic, the Group announced on 23 April 2020 that Orion notified the Group that it did not intend to complete its proposed acquisition and on 6 May 2020 announced that Orion had forfeited a deposit of £21 million to the Group. Notwithstanding Orion's decision not to complete on the acquisition, the Group remains committed to exiting the UK retail parks sector over the medium term. As at 30 June 2020, the Group's remaining UK retail parks portfolio was valued at £438 million, albeit down 3.3% from its value as at 31 December 2019, representing approximately 6% of the total Group portfolio with a weighted average nominal equivalent yield of 8%. Valuations declined by a further 2.1% as at 31 July 2020 (compared to 30 June 2020).



## *City Quarters*

The Group's City Quarters strategy aims to maximise the value of the Group's land bank surrounding its flagship destinations. The Directors believe the Group's land bank provide opportunities over the medium term to create vibrant city neighbourhoods by combining numerous uses into one development, including residential, workspace, leisure, hotel, educational, cultural and/or public space uses. The Directors believe the Group's land bank of approximately 103 acres has the potential to deliver up to 6,600 residential units, 1,600 hotel rooms, 300,000 m<sup>2</sup> of workspace and nine parks and public spaces.

The Group's land bank (with the exception of Bishopsgate Goodsynd in London) is either adjacent to or within close proximity to the Group's existing UK and Irish flagships destinations, which are located in major cities and generally near to key transport links. The City Quarters strategy involves the curation and management of substantial mixed-use estates in major city centres with the aim of creating new, diversified cash flows for the Group. The Group's City Quarters strategy is designed to maximise the value of the Group's portfolio by unlocking value through the re-use or development of its land bank for alternative uses, including residential, and leveraging the demand from existing retail investment assets, to create diversified communities and, ultimately, places where people want to live, work and play.

Asset master plans have been designed to reposition the Group's flagship destinations as anchors within the City Quarters strategy, which are expected to benefit from both captive footfall within the catchment area and beyond, given the strong appeal of the location as a leisure destination. Two City Quarters opportunities in the United Kingdom have received planning permission: namely, Martineau Galleries, Birmingham and Victoria Gate, Leeds. In Ireland, the Group has planning permission for a 107-unit residential development adjacent to Dundrum and is progressing the planning for the major city centre mixed-use opportunities at Dublin Central. The Directors believe the City Quarters strategy will also enable the Group to demonstrate its Net Positive sustainability credentials throughout the design, construction and management of these new urban developments.

The Directors believe that its City Quarters opportunities are attractive investments in their own right, offering the potential for healthy development profits over the medium term, with the potential for mid to high-single digit yields on cost. In recent years, with the Group's strategy focused on reducing levels of debt given the structural dislocation in the retail sector, the Group's City Quarter strategy aims to unlock value in a capital-light manner via the design of master plans and seeking planning permissions. Future capital funding for City Quarters is expected to come from the continued recycling of capital from disposal proceeds, as well as opportunities selectively to deploy third-party capital on a project-by-project basis. The Directors believe that building vibrant neighbourhoods around its existing prime retail destinations will also help reposition the Group's flagship destinations and enhance their value over time.

### **2.3 Reducing leverage through targeted disposals**

Prior to the outbreak of the COVID-19 pandemic, the Group's strategic ambition was to reduce its indebtedness significantly through targeted disposals, including by exiting from the UK retail parks sector. The Group has raised over £1.0 billion in disposal proceeds since 31 December 2017, reducing net debt from £3.4 billion as at 30 June 2018 to £2.8 billion as at 31 December 2019.

Following the outbreak of the COVID-19 pandemic, the Group has been taking further proactive steps to strengthen the Group's balance sheet, as set out further in paragraph 2.4 (*"Further proactive steps to strengthen the Group's balance sheet"*), as well as exploring opportunities to put the Group in a good position to deliver on its longer term strategy of continuing to refocus towards its high quality flagship assets in the United Kingdom and Ireland while recycling capital from the remainder of its portfolio into the City Quarters development plan. In June 2020, the Company received a proposal from the Purchaser for it to acquire from the Group the remaining 50% of VIA Outlets that the Purchaser did not already own, and in addition to support the Company in a potential equity raise.

The Disposal represents a strategic opportunity for the Group to realise cash from a sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake) on a timely basis and as part of a broader transaction that underpins the Rights Issue. The Disposal will reduce the Group's net debt by £269.1 million on a pro forma basis as at 30 June 2020. APG's support and participation in the Rights Issue is conditional on Shareholder approval of the Disposal being inter-conditional on the Rights Issue (although the Rights Issue is not conditional on Completion. The Company believes that

both the Rights Issue and the Disposal will raise net proceeds that are necessary to significantly strengthen the Group's balance sheet and ensure it has sufficient headroom and flexibility under its financing arrangements to advance its longer term strategy. The sale and/or transfer of the Group's interest in VIA Outlets is governed by a lock-in provision which requires the Group to obtain the approval of the relevant joint venture partner, currently the Purchaser, if it wishes to dispose of its interest on or before 31 December 2021, which in practice means that the Group would be unlikely to be able to dispose of its interest in VIA Outlets to a party other than the Purchaser before that date.

The Group remains focused on reducing its absolute level of indebtedness. In light of the scale of uncertainty and challenge presented by the COVID-19 pandemic, the Group intends to increase the scope of its disposal programme when market conditions permit, with the aim of achieving an appropriate capital structure for the long term. This will enable the Group to focus its portfolio around high quality flagship destinations in the United Kingdom and Ireland and, over the medium term, to invest in its mixed-use City Quarters development opportunities.

## **2.4 Further proactive steps to strengthen the Group's balance sheet**

As at 31 December 2019, the Group's net-borrowings-to-tangible-net-worth ratio (under its gearing covenants) stood at 71% compared to the tightest gearing covenant of 150%, while the unencumbered-assets-to-net-unsecured-borrowings ratio (under its unencumbered asset covenant) stood at 186% compared to the unencumbered asset covenant of 150%. This represented headroom of 28% for valuation decline across the portfolio against the gearing covenant, or 19% in the value of the Group's unencumbered assets against the unencumbered asset covenant.

Given the unsecured nature of its debt facilities, the Group is not currently subject to loan-to-value covenants. However, the Board generally aims to keep the Group's headline loan-to-value ratio below 40% and its fully proportionally consolidated loan-to-value ratio below 45%. The Group's headline loan-to-value ratio stood at 38% as at 31 December 2019, or 45% on a fully proportionally consolidated basis including the net debt and property assets held by the Group's premium outlet investments (notwithstanding that debt from proportionally consolidated companies included in this calculation is non-recourse to the Group).

As at 30 June 2020, continued property valuation declines, combined with a modest increase in net debt to £3.0 billion due partly to low rental collection levels associated with the COVID-19 pandemic, resulted in the Group's net-borrowings-to-tangible-net-worth ratio (under its gearing covenants) increasing to 97.5% and the unencumbered-assets-to-net-unsecured-borrowings ratio (under its unencumbered asset covenant) contracting to 154%, resulting in valuation headroom declining to 15% and 19%, respectively. Meanwhile, the Group's headline loan-to-value ratio has increased to 46.2% (or 51.5% on a fully proportionally consolidated basis) as at 30 June 2020.

To help mitigate the impact of these and further valuation declines, uncertainty over the Group's ability to make additional asset disposals at acceptable valuations, together with the risks of a wider economic contraction leading to a potential increase in tenant restructurings and a second wave of COVID-19, the Board has taken various steps to strengthen the Group's balance sheet.

For the reasons explained at the time, on 30 March 2020, the Board decided that it was no longer appropriate to recommend a final dividend with respect to the year ended 31 December 2019. To further retain additional liquidity the Group has also deferred and reduced its capital expenditure, and proactively reduced property, administration and service charge costs across all territories. Steps taken include using the UK government furlough scheme and the reduced hours scheme in France and a 20% pay reduction between April 2020 and June 2020 for all Directors. From an operational perspective, cost mitigation actions have also resulted in reduced 2020 service charges for the Group's tenants.

On 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant, the Group obtained amendments to the Note Purchase Agreements to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio: (1) from 150% to 125% for the period from 30 June 2020 to and including 30 October 2021, which includes the 30 June 2020, 31 December 2020 and 30 June 2021 covenant testing dates; and (2) from 150% to 140% for the period from 31 October 2021 to and including 30 December 2021. For the purposes of determining compliance with the unencumbered assets covenant for the period from 31 October 2021 to and including 30 December 2021, the value of unencumbered assets is calculated with reference to the 30 June 2021 financial statements after

giving effect to any acquisition and/or disposal of unencumbered assets since 30 June 2021 and net unsecured borrowings are determined as at 31 October 2021.

Following consultation with major Shareholders, the Directors have also concluded that it is in the best interests of Shareholders to reduce the Group's leverage position further through the Disposal and the Rights Issue. The proposed Transactions will further alleviate the risk of a covenant breach, as well as provide a pathway towards investment in the Group's mixed-use City Quarters strategy over the medium term.

## 2.5 Use of proceeds

The Transactions are expected to raise in aggregate approximately £825 million in gross proceeds and approximately £794 million in net proceeds, comprised of £525 million of net proceeds from the Rights Issue and approximately £269 million of estimated net cash proceeds from the Disposal.

The Directors expect the Group to use the entire net proceeds to reduce its outstanding net debt, which totalled £3,004 million as at 30 June 2020. Retaining the net proceeds of the Transactions as surplus cash or short term deposits will reduce net debt and the Group will, over time, also use the net proceeds to reduce its gross borrowings to optimise its debt management. The Directors expect to use the net proceeds to repay £568 million of drawings under the Group's Revolving Credit Facilities when individual drawings mature (within six months) without prepayment penalties. The Group may also use net proceeds to repay the Group's other borrowings either at their respective maturities or by early prepayment. Pursuant to the June 2020 amendments to the Note Purchase Agreements (see paragraph 13, "*Amendments to the Note Purchase Agreements*" below), the Group is required to make an offer to prepay at par such proportion of the Private Placement Senior Notes as is equal to 30% of any applicable proceeds of the Rights Issue and the Disposal in excess of the Prepayment Threshold (as defined in paragraph 13 below). The amount actually applied in prepayment of the Private Placement Senior Notes pursuant to this provision will depend on the extent to which this offer is taken up by noteholders. Accordingly, up to approximately £248 million of the net proceeds from the Rights Issue and the Disposal, together with an amount representing accrued interest to the date of the prepayment and any swap reimbursement amounts, if applicable, may be used to repay the Private Placement Senior Notes.

## 2.6 The financial effect of the Transactions

Assuming the successful completion of the Rights Issue and the Disposal, the Group's proportionally consolidated net debt would decline to £2.2 billion on a pro forma basis as at 30 June 2020 (£2.5 billion assuming only completion of the Rights Issue). See further Note 5 to the pro forma statement of net assets of the Group in Part XVIII (*Unaudited Pro Forma Financial Information*) of this document.

The following table summarises the impact on the Group's covenant and loan-to-value position as at 30 June assuming (i) the successful completion of the Rights Issue and (ii) the successful completion of both the Rights Issue and the Disposal. See further Note 6 to the pro forma statement of net assets of the Group and Note 6 to the pro forma income statement of the Group for the six months ended 30 June 2020 in Part XVIII (*Unaudited Pro Forma Financial Information*) of this document.

	As at 30 June 2020		
	Reported	Pro forma assuming only Rights Issue (unaudited)	Pro forma assuming both the Rights Issue and the Disposal
Net-borrowings-to-tangible-net-worth ratio (under gearing covenants) . . . . .	97.5%	70.9%	57.3%
Unencumbered-assets-to-net-unsecured-borrowings ratio (under unencumbered assets covenant) . . . . .	154%	192%	219%
Net-rental-income-to-interest-charges ratio (under interest cover covenants) . . . . .	214%	225%	224%
Loan-to-value ratio—Headline (under Group internal guidelines) . . . . .	46.2%	38.2%	35.6%
Loan-to-value ratio—Fully proportionally consolidated (under Group internal guidelines) . . . . .	51.5%	44.7%	41.7%

The pro forma net debt to earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) as at 30 June 2020 on a 12 month rolling basis as a result of the Transactions is 9.5x (see further Note 6 to the pro forma income statement of the Group for the six months ended 30 June 2020 in Part XVIII (*Unaudited Pro Forma Financial Information*) of this document).

The Rights Issue and the Disposal would also significantly increase the Group’s proportionally consolidated liquidity, which as at 30 June 2020 included cash and undrawn committed facilities of £1,165.7 million, comprising £488.7 million cash and £677.0 million of undrawn committed facilities. The completion of the Transactions would increase the Group’s liquidity by £793.8 million.

Assuming the successful completion of all of the Transactions, the Board intends to propose an enhanced scrip dividend, with a cash alternative, in the second half of 2020 in order to satisfy the Group’s 2019 REIT PID obligation of £70 million, details of which will be provided in a circular to be published in due course. Taking a prudent approach to liquidity and the preservation of capital, absent any further material disposals, the Board intends to retain a scrip option in 2021 in respect of the Group’s 2020 REIT PID obligation, before intending to return to cash dividends in 2022.

In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group’s 2019 REIT PID obligation, in order to avoid a tax liability of up to £14 million becoming payable and delay the proposed scrip dividend until 2021.

A sensitivity analysis showing the potential impact of any future additional decline to the Group’s fully proportionally consolidated gross asset value (by reference to the pro forma fully proportionally consolidated gross asset value as at 30 June 2020) on different metrics of the Group is set out in the table below. See further Note 10 to the pro forma statement of net assets of the Group in Part XVIII (*Unaudited Pro Forma Financial Information*) of this document.

	<u>No decline</u>	<u>10% decline</u>	<u>15% decline</u>	<u>20% decline</u>
	<b>(unaudited)</b>			
Pro forma Gross Asset Value—Fully proportionally consolidated . . . . .	£6,976 million	£6,278 million	£5,930 million	£5,581 million
Pro forma Net Debt (proportionately consolidated) . .	£2,210 million	£2,210 million	£2,210 million	£2,210 million
Pro forma EPRA Net Tangible Assets . . . . .	£3,999 million	£3,302 million	£2,953 million	£2,604 million
Pro forma Unencumbered-assets-to-net-unsecured-borrowings ratio (under unencumbered assets covenant) . . . . .	219%	197%	186%	175%
Pro forma Net-borrowings-to-tangible-net-worth ratio (under gearing covenants) . . . . .	57.3%	69.8%	78.3%	89.3%
Loan to value—Headline . . . . .	35.6%	40.1%	42.8%	45.9%
Loan to value—Fully Proportionally Consolidated . . .	41.7%	46.3%	49.0%	52.1%

The Group’s fully proportionally consolidated net rental income and adjusted profit for the year ended 31 December 2019 were £435.4 million and £214.0 million respectively, the latter figure equating to a yield of 22% when compared to the combined total of the market capitalisation at the Latest Practicable date of £429 million and the net proceeds of the equity raise. The completion of the Transactions and adjusting for the assets disposed by the Group in the year ended 31 December 2019 and the six months ended 30 June 2020 would be equivalent to reducing the 2019 net rental income by £60.4 million and adjusted profit by £43.2 million and the yield by 450 basis points. A further reduction in net rental income by 10%, 15%, and 20% would reduce the yield by 390 basis points, 590 basis points and 790 basis points respectively.

## 2.7 Supporting strategic repositioning

The Group has a strategic ambition to optimise its tenant mix within its flagship destinations to reflect the broader structural shifts in the market, including increasing space for non-fashion consumer brands, food and beverage and leisure offerings and reducing department store exposure. The

Directors believe that this activity is made more challenging, in part, by the inflexible leasing terms currently in place in the United Kingdom.

The financial flexibility created by the Transactions will give the Group the opportunity to address the UK flagship destinations leasing structures with the aim of ensuring that they are fit for purpose for both landlords and tenants in an omnichannel environment. Informed by the Group's experience in France and in premium outlets, the Directors believe that there needs to be a fundamental overhaul in the Group's approach to leasing in the United Kingdom. The Directors believe that rents, in certain cases, have become disconnected from a viable level for tenants and that addressing this disconnect will be vital to help create a sustainable business going forward.

The Directors believe the UK retail market should move towards a partnership-based, more equitable and more flexible leasing model, premised upon a lower index-linked base rent, with increases over time based on performance metrics such as footfall. Footfall has the advantage of being simple, transparent and easily auditable, with more footfall into the store equating to more brand value. This metric is also generally tracked by tenants already as part of their overall performance tracking and strategy. This approach is aligned to alternative channels, where brands already identify media value, online prospecting and click-through rates in this way. Such a new leasing model would also be outside the current protections of the Landlord and Tenant Act 1954.

Prior to the COVID-19 pandemic, the Directors believed that UK rental levels would fall further and were approximately halfway towards a sustainable level, with a further 10% to 15% of ERV decline anticipated over the following 18-24 months, in line with a normal leasing cycle. As noted above, the COVID-19 pandemic has acted as an accelerant of structural change and it is now likely that such a decline to a sustainable level will occur more quickly. The Directors believe that the Group now has an opportunity to implement a new leasing structure to help ensure stability and permit growth from the lower reset level. In addition, the Directors believe this leasing model will allow a transition in the way assets are valued away from the current bottom-up ERV-derived valuations, to a more holistic sustainable cash flow-based valuation which in turn will allow the Group to select the most compelling retail partners for consumers, driving further footfall and creating greater vibrancy, rather than those willing to pay the most to support ERVs. The Directors remain confident that the Group's high quality assets in the United Kingdom will produce an attractive income stream once a more appropriate leasing structure has been implemented.

## **2.8 Conclusion**

The Group's future strategy is to continue to refocus its portfolio towards high quality flagship assets in the United Kingdom and Ireland, together with its mixed-use City Quarters development opportunities, the majority of which surround or are adjacent to the Group's existing flagship destinations. The Directors believe that the Transactions will reduce indebtedness and give the Group adequate headroom and time to pursue an orderly series of additional disposals to recycle capital from UK retail parks, the Group's French portfolio and Value Retail into its mixed-use City Quarters strategy over the medium term. The Transactions are also expected to provide the Group with a suitable capital structure, improve its balance sheet strength and position the Group to have adequate headroom under its debt covenants over the longer term. The greater headroom and financial flexibility also provides an opportunity to fundamentally reset the Group's leasing model, starting in the United Kingdom, towards a partnership-based, risk-sharing and performance-anchored relationship which should support more sustainable shareholder returns in the future.

## **3. Financial position, current trading and prospects**

The Group's financial position and the drivers of its current trading and prospects are predominantly impacted by the ongoing COVID-19 pandemic. As at 30 June 2020, the Group's total portfolio was valued at £7,692 million, a negative capital return of 11.7% as compared to 31 December 2019. This movement was due primarily to valuation losses of £939 million, partially offset by exchange movements totalling £274 million. As at 31 July 2020, the total portfolio value was £7,628 million and the Directors expect that the value of the Group's investment portfolio is likely to continue to experience further declines in the near term as reductions in footfall and sales are expected to continue, with risks of more significant declines if the current market outlook worsens. In the reasonable worst case scenario that the Group modelled for purposes of the working capital statements contained in this document, the Group assumed decreases in capital value over the period from 30 June 2020 to 31 December 2021 of approximately 32% for flagship destinations in the United

Kingdom, approximately 25% for flagship destinations in France and Ireland, approximately 26% for retail parks in the United Kingdom and approximately 15% for premium outlets.

On a proportionally consolidated basis, net debt increased by £161 million to £3,004 million at 30 June 2020 and the Group's liquidity, comprising cash and undrawn committed facilities, was £1,166 million, £44 million lower as compared to 31 December 2019. The Directors expect the Group to use the entire net proceeds of the Transactions to reduce its outstanding net debt. Assuming the successful completion of the Rights Issue and the Disposal, the Group's proportionally consolidated net debt would decline to £2.2 billion on a pro forma basis as at 30 June 2020 (£2.5 billion assuming only completion of the Rights Issue).

The occupancy rate at the Group's flagship destinations fell from 97.5% at 31 December 2019 to 94.2% at 30 June 2020. In addition, the challenging trading environment has resulted in a significant number of the Group's tenants seeking relief from rent payment obligations, including rent reductions, deferrals and switching from quarterly to monthly rent payments. In the first six months of 2020, net rental income, decreased by £69.3 million, or 44%, to £87.3 million. Excluding premium outlets, like-for-like net rental income fell by £33.5 million, or 27% compared with the six months ended June 2019. The most significant factors were the impact of tenant failures, significantly higher levels of bad debt provisioning and a reduction in car park and turnover income as a result of the global pandemic, which were partially offset by a reduction in operational costs during the closure period. In the reasonable worst case scenario that the Group modelled for purposes of the working capital statements contained in this document, the Group assumed decreases in net rental income on a like-for-like basis (excluding premium outlets) over the two year period ending 31 December 2021 (as compared to the year ended 31 December 2019) of approximately 33% overall, including reductions of approximately 37% in the United Kingdom, 30% in France and 19% in Ireland.

Following reopening in the United Kingdom and Ireland, not all stores immediately reopened, particularly food and beverage and leisure operators who, due to government directives, were unable to reopen in England until 4 July 2020 (as at 31 July 2020, 81% of eligible stores were trading in England) and were unable to reopen in Ireland until 29 June 2020 (as at 31 July 2020, 88% of eligible stores were trading in Ireland). As at 31 July 2020, apart from the theatre and concert hall at Italie Deux, Paris, all stores had reopened in France. Footfall and sales have been and will likely continue to be adversely impacted (notwithstanding reopening) by changes in consumer behaviours, particularly whilst social distancing measures remain in place.

As at 31 July 2020, for the United Kingdom, France and Ireland the Group had received in aggregate only 73%, 73% and 68%, respectively, of rent billed for the first and second quarters of 2020, excluding rent deferred or not yet due in the period, and had agreed rent abatements averaging 1.1 months' rent and deferrals averaging 0.8 months' rent with tenants whose units accounted for 26% of Passing Rent. The Group is currently engaged in discussions regarding rent abatement and deferral arrangements with the majority of its other tenants. In addition, in the six months ended 30 June 2020, 36 of the Group's tenants have entered into administration or similar proceedings or have undertaken a CVA affecting 88 units, of which 49 continue to trade. As at 30 June 2020, 202 units across the Group's portfolio were subject to a CVA or administration, of which 150 continue to trade representing £17.1 million or 5.9% of total Passing Rent. In the month of July, a further 12 tenants affecting 34 units have entered administration or similar proceedings or have undertaken a CVA and as at 31 July 2020, 229 units across the Group's portfolio were subject to a CVA or administration, of which 174 continue to trade representing £19.2 million or 6.7% of total Passing Rent.

The COVID-19 pandemic and associated government policies and actions have resulted in a significant heightening in the general risk environment in which the Group operates during 2020. The imposition of lockdowns and other restrictive measures across Europe to contain the disease, including the closure of non-essential retail, has directly resulted in a significant macro-economic downturn, a deterioration in the retail investment market, financial stress for tenants and customers and uncertainty over the speed and form of the future recovery. These measures continue to be reviewed, for example the Group's UK flagship, Highcross in Leicester, was required to close for a second time from 30 June 2020 to 27 July 2020 due to local lockdown procedures and in the United Kingdom and Ireland new government measures have made face coverings compulsory in retail venues, such new measures or changes to restrictions in the locations in which the Group operates are likely to continue and could directly impact the operating and financial performance in the second half of 2020.

#### 4. Information on VIA Outlets

VIA Outlets is a joint venture formed in 2014 in partnership with the Purchaser, Meyer Bergman and Value Retail in which the Group originally held an approximately 47% interest. The formation of this joint venture was subject to prior approval by the European Commission. In 2019, Hammerson and the Purchaser purchased the Meyer Bergman and Value Retail shares for €32 million (£29 million) each, a slight premium to June 2019 NAV, resulting in a 50:50 joint venture structure. This transaction was subject to prior approval by the German Federal Cartel Office. This transaction streamlined and simplified the corporate structure of VIA Outlets, enhancing the governance of the investment and increasing the Group's exposure to a high growth sector.

VIA Outlets' strategy has been to create a significant pan-European portfolio by acquiring existing European outlet centres with strong catchments, focused on mainstream fashion brands and with potential for growth through active asset and development management. As at 31 December 2019, this strategy had delivered strong operational and financial performance.

VIA Outlets operates eleven outlets in nine European countries providing over 264,000 m<sup>2</sup> of floor space and over 1,130 stores.

VIA Outlets is one of the leading premium outlet operators in Europe, with the third largest portfolio by area. As at 31 December 2019, the VIA Outlets portfolio was valued at £1.4 billion, of which the Group's 50% interest was £693 million. As at 30 June 2020, the market value of the VIA Outlets portfolio was approximately £1.4 billion, of which the Group's 50% interest was approximately £716 million. For the six months ended 30 June 2020, the loss attributable to VIA Outlets was £20.9 million.

A list of the Group's VIA Outlets properties as at 30 June 2020 is set out below.

Premium Outlets—VIA Outlets	Ownership (%)	Area (m <sup>2</sup> )	No. of tenants	Total income for the year ended 31 December 2019 <sup>(1)</sup> (£ million) (unaudited)	Total income for the six months ended 30 June 2020 <sup>(2)</sup> (£ million)
Batavia Stad Amsterdam Fashion Outlet	50	31,000	130	7.3	6.9
Fashion Arena Prague Outlet . . . . .	50	24,400	100	4.1	3.8
Landquart Fashion Outlet, Zürich . . . . .	50	21,300	78	4.2	4.5
Freeport Lisbon Fashion Outlet . . . . .	50	36,400	128	5.4	5.3
Hede Fashion Outlet, Gothenburg . . . . .	50	18,600	58	1.8	1.7
Mallorca Fashion Outlet . . . . .	50	32,700	82	4.8	4.5
Wroclaw Fashion Outlet, Poland . . . . .	50	13,700	87	2.1	2.0
Seville Fashion Outlet . . . . .	50	15,700	61	2.3	2.3
Zweibrücken Fashion Outlet . . . . .	50	29,500	112	8.4	7.7
Vila do Conde Porto Fashion Outlet . . . . .	50	27,500	106	5.0	5.0
Oslo Fashion Outlet . . . . .	50	13,400	94	2.3	2.1

(1) Figures represent annualised base and turnover rent at 31 December 2019 for each premium outlet, at Hammerson's ownership share.

(2) Figures represent annualised base and turnover rent at 30 June 2020 for each premium outlet, at Hammerson's ownership share.

Further information on VIA Outlets is set out in paragraph 7.4.2 of Part XII (*Business Overview of the Group*) of this document.

#### 5. Information on the Purchaser

The Purchaser is a wholly-owned subsidiary of APG. APG is the asset management division of APG Group N.V., which is the largest pension administrator in Europe. APG works on behalf of eight pension funds, implementing their pension schemes and managing €524 billion (as at June 2020) in pension assets. APG provides services such as asset management, pension administration, pension communication and employers services. APG works for over 22,000 employers, providing the pension for one in five families in the Netherlands (over 4.7 million participants). APG is also a substantial shareholder in the Company.

## 6. Key terms and conditions of the Disposal

On 6 August 2020, the Purchaser entered into the Sale Agreement with Hammerson VIA, Hammerson Via 1 and Hammerson Via 2 (the “**Sellers**”) and the Company (as guarantor) to acquire the Seller’s aggregate 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake (as described below) by Hammerson Via 2).

Under the terms of the Sale Agreement, the estimated cash proceeds will be approximately €301 million as at 30 June 2020 (equivalent to approximately £274 million), subject to any adjustments made pursuant to customary completion accounts at Completion.

### *Retained Minority Stake*

As part of the Disposal, the Sellers have agreed that the Group, through Hammerson Via 2, will retain an indirect 7.26% stake in Via Outlets Zweibrücken B.V. (“**German Propco**”) (the “**Retained Minority Stake**”). This is to mitigate the risk of triggering a German real estate transfer tax (“**RETT**”) charge which would otherwise be payable on the acquisition of a stake in a German real estate-owning company equal to or exceeding 95% of the interests in such company. In order to mitigate the risk of such RETT charge, the Sellers have agreed to retain the Retained Minority Stake. The retention of a minority stake in this way is a common feature of German real estate deals. The Retained Minority Stake has a net asset value of approximately €17 million as at 30 June 2020 and represents approximately 4% of the Group’s current interests in VIA Outlets, based on net asset value as at 30 June 2020. Further details of these arrangements are set out in paragraphs 9 and 10 of Part XI (*Terms of the Disposal*) of this document.

As part of the Disposal, at any time following Completion, the Purchaser will have a call option to acquire the Retained Minority Stake from the Group at the net asset value at the time of exercise of the option.

In addition, after a lock-in period of three years from Completion, the Group will have a put option to sell the Retained Minority Stake to the Purchaser at the net asset value at the time of exercise of the option. In the event that the RETT rules are amended such that the transfer of the Retained Minority Stake would not trigger a RETT charge, the Group would be entitled to exercise this put option prior to the end of the lock-in period.

As part of the Disposal, in the event that the Purchaser sells all of its interests (whether direct or indirect) in German Propco following Completion, the Group will have the right to sell, and the Purchaser will have the right to require the Group to sell, its indirect interests in German Propco to the same buyer on a pro rata pricing basis.

The call option and the Purchaser’s right to require the Group to sell its indirect interests in German Propco to the same buyer will be approved by Shareholders (excluding APG and its associates) as part of the Disposal Resolution.

### *Conditions to Completion*

Completion is conditional on the following conditions (the “**Conditions**”):

- (i) Because of its size, the Disposal constitutes a Class 1 transaction for the purposes of the Listing Rules and requires the approval of Shareholders. The Disposal also constitutes a related party transaction under the Listing Rules, as APG is a substantial shareholder in the Company, and therefore requires the approval of Shareholders (excluding APG and its associates).
- (ii) As with earlier transactions relating to VIA Outlets (see paragraph 4 above), the Disposal is subject to prior approval under applicable competition law. In particular, the Disposal is conditional on obtaining merger control approvals in Germany, Spain and Portugal.
- (iii) Approval of the Rights Issue at the General Meeting, and UK Admission.
- (iv) The Purchaser enters into an irrevocable undertaking to participate in the Rights Issue by taking up in full their rights to subscribe for New Shares and vote in favour of the Resolutions (other than any Resolution approving the Disposal as a related party transaction).

Subject to the below, the Conditions must be satisfied by the long stop date, being six months from 6 August 2020 (or such other date as the Sellers and the Purchaser may agree) (the “**Long Stop Date**”). Condition (ii) may be waived by the Purchaser, and Conditions (i), (iii) and (iv) may be waived



by the Sellers or the Company, subject to the consent of the Purchaser (acting reasonably). If the Conditions have not been satisfied prior to the Long Stop Date, the Purchaser may terminate the Sale Agreement.

The Sellers, the Company and the Purchaser have agreed to use all reasonable endeavours to ensure the satisfaction of the Conditions and to provide such information and assistance as may be reasonably required by any other party in connection with the satisfaction of the Conditions prior to the Long Stop Date.

As described in paragraph 7 (*Key terms of the Rights Issue*) below, Shareholder approval of the Disposal is inter-conditional with approval of the Rights Issue. The Rights Issue itself is conditional on all Resolutions, including the resolution to approve the Disposal, having been passed by Shareholders at the General Meeting. However, the Rights Issue is not conditional on Completion.

As the Purchaser has an existing jointly controlling interest in VIA Outlets, the Disposal does not bring about a material change in VIA Outlets' market position. As such, the Directors are confident that the Purchaser will receive the necessary regulatory approvals for the Disposal in the first phase and without any requirement to give undertakings to any regulatory authority, and expect the Disposal to complete in the fourth quarter of 2020.

Further details of the Disposal, including details of the terms of the Sale Agreement, are set out in Part XI (*Terms of the Disposal*) of this document.

## **7. Key terms of the Rights Issue**

The Company is proposing to raise proceeds of approximately £525 million (net of fees, costs and expenses) by way of the Rights Issue.

The Rights Issue will take place following approval at the General Meeting and in conjunction with the Capital Reorganisation. The Rights Issue and the Capital Reorganisation will involve the following:

- (i) **Capital Reorganisation:** on the dealing day following the General Meeting, the Capital Reorganisation will become effective, under which:
- each Existing Share of 25 pence nominal value will be subdivided and converted into one Intermediate Share of 1 penny nominal value and one Deferred Share of 24 pence nominal value; and
  - immediately thereafter, every 5 Intermediate Shares of 1 penny nominal value will be consolidated into 1 Consolidated Share of 5 pence nominal value.

See further paragraph 8 (*Details of the Capital Reorganisation*) below.

- (ii) **Rights Issue:** an offer of 3,678,209,328 New Shares of 5 pence nominal value at a price of 15 pence or ZAR3.41 per New Share to Qualifying Shareholders, on the basis of 24 New Shares for every 1 Consolidated Share held.

Taking into account the Capital Reorganisation, the Rights Issue will be made on the basis of:

### **24 New Shares of 5 pence nominal value for every 1 Consolidated Share of 5 pence nominal value**

held by and registered in the names of Qualifying Shareholders at the close of business on the relevant Record Date.

The Company is proposing to offer 3,678,209,328 New Shares (representing approximately 2400.0% of Hammerson's existing issued share capital (adjusted for the Consolidation) and 96.0% of the Enlarged Issued Share Capital) in connection with the Rights Issue to Qualifying Shareholders other than, subject to certain exemptions, to those Qualifying Shareholders with a registered address, or resident, in one of the Excluded Territories.

The Rights Issue is to be made at the UK Issue Price of 15 pence per New Share, in the case of Qualifying Shareholders (other than Qualifying South African Shareholders), and, in the case of Qualifying South African Shareholders, the SA Issue Price of ZAR3.41 per New Share, payable in full on acceptance by no later than 11:00 a.m. (London time) on 24 September 2020 in the case of Qualifying Shareholders (other than Qualifying South African Shareholders) and by no later than

12:00 p.m. (South African Standard Time) on 23 September 2020 in the case of Qualifying South African Shareholders.

Taking into account the Capital Reorganisation, the UK Issue Price of 15 pence per New Share represents:

- a discount of 94.6% to the LSE Closing Price of 279.80 pence per Share on 5 August 2020 (being the Latest Practicable Date); and
- a 41.4% discount to the theoretical ex-rights price of 25.59 pence per Share calculated by reference to the LSE Closing Price on 5 August 2020.

Taking into account the Capital Reorganisation, the SA Issue Price of ZAR3.41 per New Share represents:

- a discount of 94.6% to the JSE Closing Price of ZAR63.50 per Share on 5 August 2020 (being the Latest Practicable Date); and
- a 41.4% discount to the theoretical ex-rights price of ZAR5.81 per Share calculated by reference to the JSE Closing Price on 5 August 2020.

The Rights Issue is fully committed and underwritten, taking into account the APG Irrevocable, the Lighthouse Irrevocable and the Underwriting Agreement.

The Rights Issue has been underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement, with the exception of all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable.

Under the APG Irrevocable, APG has irrevocably undertaken to take up its rights in full, amounting to 720,923,928 New Shares.

Under the Lighthouse Irrevocable, Lighthouse has irrevocably undertaken to take up its rights in full, amounting to 511,590,456 New Shares, and in relation to 28,935,856 of such New Shares only, subject to the satisfaction of the Financing Condition. If the Financing Condition is not fulfilled, this will not breach the Lighthouse Irrevocable.

Under the Underwriting Agreement, and subject to its conditions, the Underwriters have underwritten 234,305,053 New Shares of the 511,590,456 New Shares under the Lighthouse Irrevocable such that in the event that the Financing Condition in relation to the 28,935,856 New Shares is not fulfilled, the Rights Issue is still fully committed and underwritten.

The Underwriting Agreement is conditional, *inter alia*, upon:

- (i) the Underwriting Agreement having become unconditional in all respects save for the conditions relating to UK Admission;
- (ii) the Resolutions having been passed by Shareholders at the General Meeting;
- (iii) the irrevocable undertakings from APG and Lighthouse being duly executed and not having been breached or terminated prior to UK Admission;
- (iv) the Sale Agreement not being terminated prior to UK Admission;
- (v) completion of the Capital Reorganisation prior to UK Admission; and
- (vi) UK Admission occurring on or before 8:00 a.m. (London time) on 10 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree) and SA Admission of the Letters of Allocation occurring on or before 9:00 a.m. (South African Standard Time) on 7 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree).

The Rights Issue is conditional on all Resolutions, including the resolution to approve the Disposal, having been passed by Shareholders at the General Meeting. However, the Rights Issue is not conditional on Completion, which is expected to occur in the fourth quarter of 2020. The principal terms of the Underwriting Agreement are summarised in paragraph 16.1 of Part XX (*Additional Information*) of this document.

Entitlements to New Shares will be rounded down to the nearest whole number and fractional entitlements will not be allotted to Qualifying Shareholders but will be aggregated and sold in the market on behalf of the relevant Qualifying Shareholders. Amounts of less than £5.00 (or the equivalent in Rand) will not be paid to such Qualifying Shareholders and will instead be retained for the benefit of the Company.

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Consolidated Shares, including the right to receive dividends or distributions made, paid or declared after the date of issue of the New Shares.

If a Qualifying Shareholder does not take up any of his or her Rights to subscribe for New Shares, such Qualifying Shareholder's holding, as a percentage of the Enlarged Issued Share Capital, will be diluted by 96.0% as a result of the Rights Issue.

Applications will be made to: (1) the FCA for the New Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market; and (2) the JSE for the admission to trading of the Letters of Allocation and the New Shares on the Main Board of the JSE.

It is expected that Admission will become effective and that: (1) dealings in the New Shares (nil paid) will commence on the London Stock Exchange by 8:00 a.m. (London time) on 10 September 2020 and that trading of the Letters of Allocation on the JSE will commence by 9:00 a.m. (South African Standard Time) on 7 September 2020; and (2) dealings in the New Shares (fully paid) will commence on the London Stock Exchange by 8:00 a.m. (London time) on 25 September 2020 and on the JSE by 9:00 a.m. (South African Standard Time) on 21 September 2020.

The Existing Shares are admitted to CREST and to the system operated by Strate Limited ("**Strate**") in South Africa. It is expected that all of the New Shares, when issued and fully paid, will be capable of being held and transferred by means of CREST and the system operated by Strate in respect of those New Shares to be held on Hammerson's South Africa sub-register. It is expected that the Nil Paid Rights will trade under ISIN GB00BK7YQL71, the Fully Paid Rights will trade under ISIN GB00BK7YQM88 and the Letters of Allocation will trade under ISIN GB00BMCZL472. Further details on listing, dealing and settlement are included in Part X (*Terms and Conditions of the Rights Issue*) of this document.

## **8. Details of the Capital Reorganisation**

At the General Meeting, Shareholders will be asked to approve the Capital Reorganisation, comprising the Sub-division and the Consolidation.

Given the volatility in the market as a result of the COVID-19 outbreak, if the Capital Reorganisation was not implemented, the Issue Price would be at a discount to the current nominal value of the Existing Shares of 25 pence. Companies are prohibited from allotting shares at a discount to their nominal value. In addition, on the basis of the number of Existing Shares in issue at the date of this document, a very large number of New Shares would need be issued under the Rights Issue. As a result, if the Capital Reorganisation was not implemented, the number of Shares in issue following the implementation of the Rights Issue would mean that a small movement in the Company's share price could result in large percentage movements and considerable volatility.

In order to address this, the Directors propose to implement the Capital Reorganisation prior to the implementation of the Rights Issue.

Under the proposed Capital Reorganisation, which comprises both the Sub-division and the Consolidation:

- each Existing Share of 25 pence nominal value will be subdivided and converted into one Intermediate Share of 1 penny nominal value and one Deferred Share of 24 pence nominal value; and
- immediately thereafter, every 5 Intermediate Shares of 1 penny nominal value will be consolidated into 1 Consolidated Share of 5 pence nominal value.

The effect of the Capital Reorganisation will be that Shareholders on the Company's register of members at the Capital Reorganisation Record Date will, on implementation of the Capital Reorganisation, hold:

**1 Consolidated Share of 5 pence nominal value for every 5 Existing Shares of 25 pence nominal value**

The proportion of the issued ordinary share capital of the Company held by each Shareholder immediately following the Capital Reorganisation (and prior to the Rights Issue) will, save for fractional entitlements, remain unchanged. In addition, apart from the change in nominal value, each Consolidated Share will carry the same rights as set out in the Articles of Association that apply to the Existing Shares (including in relation to voting, pre-emption rights, dividends and rights on a return of capital).

The purpose of the Deferred Shares is solely to facilitate the reduction in the nominal value of the Shares to 1 penny. The Deferred Shares will be effectively valueless as they will carry very limited rights, including no voting or dividend rights. The Company has the right to acquire and then cancel the Deferred Shares for an aggregate price of £0.01 and intends to exercise this right immediately following the creation of the Deferred Shares. Further information on the Deferred Shares is set out in paragraph 5 of Part XX (*Additional Information*) of this document.

Where the Consolidation results in any Shareholder being entitled to a fraction of a Consolidated Share, that fraction will not be allotted to such Shareholder and arrangements will be put in place for any such fractional entitlements arising from the Consolidation to be aggregated and sold in the market on behalf of the relevant Shareholders. Amounts of less than £5.00 (or the equivalent in Rand) will not be paid to such Shareholders and will instead be retained for the benefit of the Company. It is expected that proceeds of fractional entitlements will be distributed to Shareholders by 18 September 2020. As a result of the Consolidation, Shareholders with fewer than 5 Existing Shares may no longer hold Shares in the Company.

The number of Shares admitted to the premium listing segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange and on the Main Board of the JSE will change as a result of the Capital Reorganisation. However, the Capital Reorganisation will not affect the Group's or the Company's net assets. A request will be made to the FCA, the London Stock Exchange and the JSE to reflect, on the Official List, the Main Market and the JSE's Main Board, respectively, the Capital Reorganisation.

If approved, the Capital Reorganisation is expected to become effective on 2 September 2020. See further Part V (*Expected Timetable of Principal Events in the United Kingdom*) of this document.

Following the Capital Reorganisation, the Consolidated Shares will be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange on 2 September 2020 and to listing and trading on the Main Board of the JSE on 2 September 2020 with ISIN: GB00BK7YQK64 and SEDOL: BK7YQK6.

## **9. Intentions of the Directors**

The Directors have irrevocably undertaken to vote or to procure that the registered holders vote in favour of all the Resolutions in respect of their beneficial holdings and shares in respect of which they have an interest amounting to 916,656 Existing Shares in aggregate as at the Latest Practicable Date, representing approximately 0.1% of the existing ordinary share capital of Hammerson in issue as at the Latest Practicable Date.

In addition, each Director who is a Shareholder has irrevocably undertaken to:

- (i) take up and subscribe in full for their entire right to subscribe for New Shares under the Rights Issue;
- (ii) sell a sufficient number of their Nil Paid Rights during the nil paid dealing period to meet the costs of taking up the balance of their entitlement to New Shares; or
- (iii) both (1) subscribe in part for their entitlement to New Shares under the Rights Issue and (2) sell a sufficient number of their Nil Paid Rights during the nil paid trading period to meet the costs of taking up the remainder of their entitlement to New Shares.

## 10. Irrevocable undertakings

### 10.1 APG Irrevocable

APG, which holds 150,192,485 Existing Shares as at the Latest Practicable Date (representing approximately 19.6% of the Company's issued ordinary share capital as at the Latest Practicable Date), has irrevocably undertaken to the Company to, and where applicable, to procure that its affiliates shall:

- (i) participate in the Rights Issue by taking up in full its rights to subscribe for 720,923,928 New Shares under the Rights Issue (representing gross proceeds of approximately £108 million) at the UK Issue Price; and
- (ii) vote in favour of the Resolutions (other than any Resolution approving the Disposal as a related party transaction, as described in paragraph 11 below),

the "**APG Irrevocable**".

### 10.2 Lighthouse Irrevocable

Lighthouse, which holds 106,581,346 Existing Shares as at the Latest Practicable Date (representing approximately 13.9% of the Company's issued ordinary share capital as at the Latest Practicable Date), has irrevocably undertaken to the Company to, and where applicable, to procure that its affiliates shall:

- (i) participate in the Rights Issue by taking up in full its rights to subscribe for:
  - 482,654,600 New Shares under the Rights Issue (representing gross proceeds of approximately £72.4 million) at the UK Issue Price; and
  - 28,935,856 New Shares under the Rights Issue (representing gross proceeds of approximately £4.3 million) at the UK Issue Price conditional on completion of a capital raise by Lighthouse announced on 22 May 2020 (the "**Financing Condition**"); and
- (ii) vote in favour of the Resolutions,

the "**Lighthouse Irrevocable**".

If the Financing Condition is not fulfilled, this will not breach the Lighthouse Irrevocable.

## 11. Related party transactions

APG, which holds 150,192,485 Existing Shares as at the Latest Practicable Date (representing approximately 19.6% of the Company's issued ordinary share capital as at the Latest Practicable Date), is a substantial shareholder of the Company for the purposes of the Listing Rules and, as a result, its proposed participation in the Disposal as set out further in Part XI (*Terms of the Disposal*) of this document is a related party transaction and will require the prior approval of Shareholders.

APG is not entitled to vote, and has undertaken to take all reasonable steps to ensure that its associates will not vote, on the Resolution to approve the Disposal at the General Meeting.

## 12. Risks

The Transactions and any investment in the New Shares are subject to a number of risks.

Paragraph 20 below sets out certain important matters relating to the financial position of Hammerson, including its net external debt and liquidity in the event the Resolutions are not approved, which Shareholders should consider fully and carefully.

In addition, this document contains a detailed discussion of certain risks associated with Hammerson's financial condition, indebtedness, the impact of the macroeconomic environment on the Group and its tenants, property valuations, the operation of the Group's business and the Transactions. You should consider fully and carefully these risk factors, as set out in Part II (*Risk Factors*) of this document, when considering what action to take in relation to the proposed Rights Issue or deciding whether or not to subscribe for New Shares.

### 13. Amendments to the Note Purchase Agreements

The Company has two note purchase agreements, pursuant to which the Company issued and sold the Private Placement Senior Notes. For more information on the Note Purchase Agreements, see paragraphs 16.12 and 16.13 of Part XX (*Additional Information*) of this document.

The Note Purchase Agreements require that the Company comply with certain financial covenants, including gearing covenants and interest cover covenants and an unencumbered asset covenant. The gearing and unencumbered asset covenants apply at all times, but refer (subject to certain adjustments) to valuations and consolidated net tangible worth in the most recent half-year or annual financial statements. The interest cover covenant is measured against each six month period ended 30 June and each 12 month period ended 31 December. The Group is required to certify compliance with the covenants as at 30 June and 31 December, when the financial statements to those dates are made available, as well as in respect of the unencumbered asset covenant as at 31 October 2021 only (in the case of Private Placement Senior Notes). For further information on the debt covenants, see paragraph 3.1 of Part XVI (*Operating and Financial Review*) of this document.

On 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant, the Group obtained amendments to the Note Purchase Agreements to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio: (1) from 150% to 125% for the period from 30 June 2020 to and including 30 October 2021, which includes the 30 June 2020, 31 December 2020 and 30 June 2021 covenant testing dates; and (2) from 150% to 140% for the period from 31 October 2021 to and including 30 December 2021. For the purposes of determining compliance with the unencumbered assets covenant for the period from 31 October 2021 to and including 30 December 2021, the value of unencumbered assets is calculated with reference to the 30 June 2021 financial statements after giving effect to any acquisition and/or disposal of unencumbered assets since 30 June 2021 and net unsecured borrowings are determined as at 31 October 2021.

Certain further amendments, which, unless terminated early as described below, apply only during the period from 30 June 2020 up to such date following 30 December 2021 when the Company delivers a certificate to the holders certifying compliance with all of its financial covenants, were made to the Note Purchase Agreements, including (1) a minimum liquidity requirement tested at the end of each quarter of the Group's financial year, which requires the Group to maintain 12 months forward liquidity of over £100 million of cash and available facilities over and above the total amount of debt maturities within one year, committed capital expenditure and declared dividends payable in cash, as well as (2) a requirement that the Group makes an offer to holders of the Private Placement Senior Notes to prepay at par but without payment of any make-whole amount such proportion of the Private Placement Senior Notes as is equal to 30% of any applicable proceeds from all disposals or capital raisings aggregating more than £50 million made after 30 June 2020 (the "**Prepayment Threshold**"). Any holders who take up such offer will be entitled in addition to the payment of the interest accrued to the date of the prepayment and any swap reimbursement amounts, if applicable. Other amendments apply throughout the life of the Notes, including the requirement that the Group pays a fee of 1.00% per annum of the outstanding principal amount of the Notes to the holders of the Notes if its credit rating is withdrawn or downgraded below investment grade. The Group is permitted to terminate the amendment period after 31 December 2020 if (i) its unencumbered-assets-to-net-unsecured-borrowings ratio is above 175% at any time up to 30 June 2021 and the Group is in compliance with all of its other financial covenants as at 31 December 2020 or (ii) 150% after 30 June 2021 and the Group is in compliance with all of its other financial covenants as at 30 June 2021. For further information on the amendments to the Note Purchase Agreements, see paragraph 16.14 of Part XX (*Additional Information*) of this document.

### 14. Employee Share Schemes

The number of Shares subject to options and awards granted under the Employee Share Schemes and the exercise price (if any) may be adjusted, in accordance with the rules of the relevant Employee Share Scheme and in such a way as the Remuneration Committee considers appropriate, to take account of the effect that the Capital Reorganisation and Rights Issue will have on the inherent value of such options and awards. Any adjustments will be made on or after the Ex-Rights Date. Where options and awards are subject to performance conditions, adjustments may, if appropriate, be made to the conditions. Participants in the Employee Share Schemes will be contacted separately with further information on how their options and awards may be affected by the Capital Reorganisation and Rights Issue. Participants in the SIP will be contacted separately regarding the effect of the

Capital Reorganisation on their Shares held in the SIP and their participation in the Rights Issue as beneficial owners of Shares held in the SIP.

## **15. Dividends and dividend policy**

As a UK REIT, the Company is obliged to distribute 90% of its tax-exempt income to shareholders as PIDs each year. In France, the Company has elected for SIIC tax status and the Company is required to distribute 100% of the dividends received from French subsidiaries benefiting from the SIIC regime. Dividends are paid approximately 40% as an interim dividend and 60% as a final dividend.

As mentioned in paragraph 2.4 above, on 30 March 2020, the Group announced that the Board would no longer be recommending a final dividend of 14.8 pence per share for the financial year ended 31 December 2019.

Assuming the successful completion of all of the Transactions, the Board intends to propose an enhanced scrip dividend, with a cash alternative, in the second half of 2020 in order to satisfy the Group's 2019 REIT PID obligation of £70 million, details of which will be provided in a circular to be published in due course. Taking a prudent approach to liquidity and the preservation of capital, absent any further material disposals, the Board intends to retain a scrip option in 2021 in respect of the Group's 2020 REIT PID obligation, before intending to return to cash dividends in 2022.

In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group's 2019 REIT PID obligation, in order to avoid a tax liability of up to £14 million becoming payable and delay the proposed scrip dividend.

The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Shares in issue at the time the New Shares are issued, including the right to receive and retain dividends and other distributions declared, made or paid after the date of issue of the New Shares.

The Deferred Shares will have no dividend rights.

## **16. Taxation**

Your attention is drawn to Part XIX (*Taxation*) of this document. If you are in any doubt as to your tax position you should contact your professional adviser immediately.

## **17. General Meeting and the Resolutions**

### **17.1 General Meeting**

A General Meeting of the Company has been convened for the purpose of approving the Transactions.

Set out in Appendix 2 of this document is the Notice of General Meeting to be held at 9:00 a.m. (London time) on 1 September 2020, at which the Resolutions (summarised below) will be proposed. The full text of the Resolutions is set out in the Notice of General Meeting.

The General Meeting will be convened electronically in accordance with the 2020 Act.

In response to the COVID-19 pandemic, the UK Government has introduced the Measures. On 26 June 2020, the UK Government enacted the 2020 Act, which introduces flexible arrangements to allow UK companies to hold general meetings. The Board has been closely monitoring the ongoing impact of COVID-19 in the United Kingdom, and has carefully considered the Measures, the 2020 Act and public health guidance. The Board has also taken into account the latest guidance relating to the organisation of general meetings published by ICSA/CLLS on 9 July 2020 and BEIS/FRC on 8 June 2020. Protecting the safety and wellbeing of our shareholders, our employees and the public is of paramount importance to the Board. The Board is also cognisant of the evolving situation and potential for future, localised lockdowns. The Board has therefore decided to convene the General Meeting electronically in accordance with the provisions of the 2020 Act.

Shareholders should vote by way of proxy in advance of the General Meeting. It is important that you complete, sign and return a Form of Proxy in accordance with the instructions printed on it or vote electronically as set out below. To ensure your vote is counted, you should appoint the 'Chair of the meeting' as your proxy.

The Company will be providing a listen-only conference call facility to enable shareholders to follow proceedings of the meeting remotely. All shareholders are encouraged to use this facility and follow proceedings of the General Meeting in real time if they wish to do so. Shareholders will receive details of how to listen to the General Meeting separately. Shareholders with questions about this facility should contact the Company's Registrars. Shareholders using the conference call facility will not be able to vote or ask questions using this service. The Board is committed to shareholder engagement. Shareholders who wish to put a question to the Board relating to the business to be conducted at the General Meeting should email [investorrelations@hammerson.com](mailto:investorrelations@hammerson.com) in advance of the General Meeting. We encourage shareholders to submit questions by 9:00 a.m. (London time) on 25 August 2020 and the Company will endeavour to respond [www.hammersontransaction.com](http://www.hammersontransaction.com) in advance of the proxy voting deadline on 27 August 2020 at 9:00 a.m. (London time) and 10:00 a.m. (South African Standard Time). Where questions are received after 9:00 a.m. (London time) on 25 August 2020 the Company will respond at the General Meeting or as soon as practicable or thereafter. The Company reserves the right to consolidate questions of a similar nature. The Company is not required to answer questions if: doing so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; the answer has already been given on the Company's website in the form of an answer to a question; or it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

## 17.2 Resolutions

The Disposal and the Rights Issue are conditional upon, among other things, Shareholders' approval of all of the following Resolutions:

### Disposal

- *Resolution 1 (ordinary resolution)*: to approve the Disposal, which constitutes: (1) a Class 1 transaction pursuant to the Listing Rules; and (2) a related party transaction pursuant to the Listing Rules, by reason of APG being a related party because it is a substantial shareholder in the Company, on the terms set out in the Sale Agreement and the Retained Minority Stake SHA, and to authorise the Directors to make any such non-material amendments, waivers or extensions to the terms of the Disposal or the Sale Agreement or the Retained Minority Stake SHA which they in their absolute discretion consider necessary, appropriate or desirable to implement the Disposal and to take all steps and to do all things which they consider necessary or desirable to implement the Disposal (the "**Disposal Resolution**");

### Rights Issue

- *Resolution 2 (ordinary resolution)*: to grant the Board authority to allot the New Shares for cash for the purposes of the Rights Issue pursuant to Section 551 of the Companies Act 2006;
- *Resolution 3 (special resolution)*: to grant the Board power to allot the New Shares pursuant to the authority requested under the resolution described in Resolution 2 above, which shall represent 2400.0% of the Shares in issue as at the Latest Practicable Date, as if the strict pre-emption rights in Section 561 of the Companies Act 2006 did not apply;

### Capital Reorganisation

- *Resolution 4 (ordinary resolution)*: to: (1) subdivide each Existing Share of 25 pence in issue on the Capital Reorganisation Record Date into one Intermediate Share of 1 penny, carrying the same rights and obligations as the Existing Shares, save as to nominal value, and one Deferred Share of 24 pence, having the rights and being subject to the restrictions set out in the Company's Articles of Association, as amended; and (2) consolidate every 5 Intermediate Shares of 1 penny into 1 Consolidated Share of 5 pence, having the same rights and obligations as the Existing Shares, save as to nominal value; and
- *Resolution 5 (special resolution)*: to grant the Board authority to amend the Company's Articles of Association to set out the rights and restrictions attaching to the Deferred Shares.

**If any of the Resolutions is not approved at the General Meeting, the Company will be unable to complete the Disposal and the Rights Issue. APG will not be able to vote on Resolution 1.**



### **17.3 Actions to be taken**

#### **General Meeting**

The General Meeting will be convened electronically in accordance with the 2020 Act.

In response to the COVID-19 pandemic, the UK Government has introduced the Measures. On 26 June 2020, the UK Government enacted the 2020 Act, which introduces flexible arrangements to allow UK companies to hold general meetings. The Board has been closely monitoring the ongoing impact of COVID-19 in the United Kingdom, and has carefully considered the Measures, the 2020 Act and public health guidance. The Board has also taken into account the latest guidance relating to the organisation of general meetings published by ICSA/CLLS on 9 July 2020 and BEIS/FRC on 8 June 2020. Protecting the safety and wellbeing of our shareholders, our employees and the public is of paramount importance to the Board. The Board is also cognisant of the evolving situation and potential for future, localised lockdowns. The Board has therefore decided to convene the General Meeting electronically in accordance with the provisions of the 2020 Act.

Shareholders should vote by way of proxy in advance of the General Meeting. It is important that you complete, sign and return a Form of Proxy in accordance with the instructions printed on it or vote electronically as set out below. To ensure your vote is counted, you should appoint the 'Chair of the meeting' as your proxy.

If you are a Qualifying Shareholder on the UK Register, you can obtain a copy of the UK Form of Proxy from the UK Registrar. If you are a (Qualifying South African Shareholder who has elected to receive communications from the Company in hard copy, you will find enclosed a copy of the South Africa Form of Proxy with this document. If you are a Qualifying South African Shareholder who has not received a copy of the South Africa Form of Proxy, you can obtain a copy of the South Africa Form of Proxy from the SA Transfer Secretaries. Please refer to the notes to the Notice of the General Meeting in Appendix 2 of this document for further details. You are asked to complete and return the relevant Form of Proxy in accordance with the instructions set out in it as soon as possible and, in any event, so as to be received by the UK Registrar at Link Asset Services, Beckenham Road, Beckenham, Kent, BR3 4ZF by no later than 9:00 a.m. (London time) 27 August 2020 or the SA (as applicable) Transfer Secretaries by no later than 10:00 a.m. (South African Standard Time) on 27 August 2020 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

Shareholders registered on the South African section of the register whose Shares are held in Strate via a CSDP or broker, should provide their voting instruction to their CSDP or broker (as applicable) in sufficient time to permit the CSDP or broker to advise the SA Transfer Secretaries by no later than 10:00 a.m. (South African Standard Time) on 27 August 2020 (or, in the case of an adjourned meeting, at least 48 hours, excluding any part of a day that is not a Business Day, before the time appointed for holding the relevant adjourned meeting). Shareholders who hold their shares through the Strate system should contact their CSDP or broker for advice as to any earlier final dates for lodgement. Voting instructions or applications for letters of representation must be submitted to the relevant CSDP or broker within the time period required by the CSDP or broker or as stipulated by the terms of the custody agreement entered into between the underlying Qualifying South African Shareholder and the CSDP or broker.

If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by no later than 9:00 a.m. (London time) and 10:00 a.m. (South African Standard Time) on 27 August 2020 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

Please refer to the Notice of General Meeting in Appendix 2 of this document for guidance notes on the completion and return of the Form of Proxy and other applicable voting documentation.

#### **Rights Issue**

**The latest time for acceptance by Qualifying Shareholders (other than Qualifying South African Shareholders) under the Rights Issue is 11:00 a.m. (London time) on 24 September 2020, unless otherwise announced by the Company.**

**The latest time for acceptance by Qualifying South African Shareholders under the Rights Issue is 12:00 p.m. (South African Standard Time) on 23 September 2020, unless otherwise announced by the Company.**

**The procedure for acceptance and payment is set out in Part X (*Terms and Conditions of the Rights Issue*) of this document.**

Further details also appear in the Provisional Allotment Letter which will be sent to all Qualifying Non-CREST Shareholders and in the Form of Instruction in respect of the Letters of Allocation which will be sent to all Qualifying South African Shareholders who hold Existing Shares in certificated form (other than, subject to certain exceptions, those Qualifying Non-CREST Shareholders and Qualifying South African Shareholders with a registered address in any of the Excluded Territories).

**If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.**

#### **17.4 Special Dealing Service**

The Company has engaged Link Asset Services to make available the Special Dealing Service in order for Qualifying Non-CREST Shareholders (who are individuals and whose registered addresses are in the United Kingdom or any other jurisdiction in the EEA) to sell all of the Nil Paid Rights to which they are entitled to or to effect a Cashless Take-up should they wish. Further information about the Special Dealing Service is set out in paragraph 5.7 of Part X (*Terms and Conditions of the Rights Issue*) of this document and the Special Dealing Service Terms and Conditions will be posted to Qualifying Non-CREST Shareholders together with the Provisional Allotment Letter.

#### **17.5 Further information**

Your attention is drawn to the further information set out in Part IX (*Some Questions and Answers About the Rights Issue*) to Part XX (*Additional Information*) (inclusive) of this document. Shareholders should read the whole of the Prospectus and not rely solely on the information set out in this letter.

#### **18. Overseas shareholders**

The attention of Shareholders who have registered addresses outside the United Kingdom or South Africa, or who are citizens or residents of or located in countries other than the United Kingdom or South Africa, is drawn to the information in paragraph 11 of Part X (*Terms and Conditions of the Rights Issue*) of this document.

New Shares will be provisionally allotted (nil paid) to all Shareholders on the UK Register and the SA Register as at the relevant Record Date, including Overseas Shareholders. However, subject to certain exceptions, Provisional Allotment Letters will not be sent to Qualifying Non-CREST Shareholders with registered addresses in any of the Excluded Territories, nor will the CREST stock account of Qualifying CREST Shareholders with registered addresses in any of the Excluded Territories be credited.

A Form of Instruction in respect of the Letters of Allocation will be despatched to Qualifying South African Shareholders who hold their Shares in certificated form on the register at the relevant Record Date, other than, subject to certain exceptions, Qualifying South African Shareholders with registered addresses in any of the Excluded Territories. Qualifying South African Shareholders who hold their Shares in uncertificated form on the relevant Record Date will have their Strate accounts at their CSDP or broker automatically credited with their Letters of Allocation. However, the crediting of Letters of Allocation to a CSDP or broker account in Strate of a Qualifying South African Shareholder with a registered address in any Excluded Territory will not constitute an offer in those jurisdictions in which it would be illegal to make and/or accept an offer. Accordingly, no Qualifying South African Shareholder with a registered address in any Excluded Territory, receiving a credit of Letters of Allocation to a CSDP or broker account in Strate, may treat the same as constituting an invitation or offer to him/her nor should he in any event use or deal with any Letters of Allocation credited to him in Strate unless such an invitation or offer could lawfully be made to and accepted by him/her or the Letters of Allocation could lawfully be used or dealt with without contravention of any registration or other legal

requirements. In such circumstances, this document, and the formal credit of the Letters of Allocation must be treated as sent (or made available) for information purposes only, should not be copied or redistributed and such Qualifying South African Shareholder should take independent professional advice in relation thereto.

Notwithstanding any other provision of this document or the Provisional Allotment Letter or the Form of Instruction, the Company reserves the right to permit any Shareholder on the register at the relevant Record Date to take up his or her rights if the Company in its sole and absolute discretion is satisfied that the transaction in question will not violate applicable laws.

In particular, persons who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom or South Africa should consult their professional advisers whether they require any governmental or other consents or need to observe any formalities to enable them to take up their entitlements in the Rights Issue.

## **19. Working capital statements**

The Company is of the opinion that, taking into account the net proceeds of the Rights Issue and the Facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

The Company is of the opinion that, taking into account the net proceeds of the Rights Issue, the Disposal and the Facilities available to the Retained Group, the Retained Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

### **19.1 Impact of the COVID-19 pandemic**

In preparing the working capital statements above, the Company is required to identify, define and consider a reasonable worst case scenario, which has involved making certain assumptions regarding the evolution of the COVID-19 pandemic and its potential impact on the Group.

The COVID-19 pandemic has had, and is anticipated to continue to have, a significant impact on the Group's near-term performance. Given the considerable uncertainties as to the ongoing and potential future impact of the COVID-19 pandemic on the Group and its business, the Company believes that it is appropriate to provide additional disclosure of the key COVID-19 assumptions underpinning the Group's reasonable worst case scenario, whilst also noting that changes in these assumptions could have a material impact on the financial performance and financial position of the Group.

### **19.2 Reasonable worst case assumptions relating to the COVID-19 pandemic**

In preparing its reasonable worst case scenario, the Group has assumed disease containment measures, including significant social distancing and other protective measures, will need to remain in place into 2021, resulting in a more severe impact to the economy, with both GDP and consumer spending suffering a reduction in excess of 10% by the end of 2021 (compared to their levels as at December 2019) and a significant increase in unemployment. These macroeconomic conditions are assumed to result in a very weak retail occupational and investment market; with increased tenant trading challenges leading to rising insolvencies, higher vacancy rates and downward pressure on rents over the period to 31 December 2021. The reasonable worst case therefore includes certain COVID-19 related sensitivities, applied in respect of the following key assumptions:

- Capital value falls over the period from 30 June 2020 to 31 December 2021 of approximately 32% for flagship destinations in the United Kingdom, approximately 25% for flagship destinations in France and Ireland, approximately 26% for retail parks in the United Kingdom and approximately 15% for premium outlets.
- Significant NRI reductions over the two year period ending 31 December 2021 (as compared to the year ended 31 December 2019), with NRI, on a like-for-like basis, for the Group, excluding premium outlets, being approximately 33% lower, including reductions of approximately 37% in the United Kingdom, 30% in France and 19% in Ireland.

### **19.3 Basis of preparation of the working capital statements**

The working capital statements in this document have been prepared in accordance with the ESMA recommendations, and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the COVID-19 pandemic.

## **20. Importance of your vote**

**Your attention is drawn to the fact that the Transactions are conditional upon, amongst other things, all of the Resolutions being passed at the General Meeting.**

Shareholders are asked to vote in favour of all the Resolutions at the General Meeting. The Directors believe that the successful completion of the Transactions will significantly strengthen the Group's balance sheet and provide the financial flexibility the Group needs to refocus its portfolio, proactively accelerate changes to its tenant mix (including increasing space for non-fashion consumer brands, food and beverage and leisure offerings and reducing department store exposure) and its rental model in the United Kingdom and, over the medium term, developing its mixed-use City Quarters strategy, all of which are fundamental components of the future strategy of the Group.

The Rights Issue, the Disposal and the Capital Reorganisation are each conditional on the approval of each of the others by Shareholders. If Shareholders do not approve all of the Resolutions at the General Meeting, then the Transactions will not proceed and there will be severe adverse implications for the Group as outlined below.

Whilst disposing of additional properties is a key part of the Group's strategy, given the current uncertain market environment and the unprecedented disruption to the European retail market that has been caused by the COVID-19 pandemic, the timing and pricing of future sales cannot be guaranteed and accordingly the Directors believe that additional future disposals should not be relied upon as an alternative to the Transactions.

### **20.1 Background to the Transactions**

The Group has taken steps to reduce its debt over recent years, with net debt decreasing from £3,501 million as at 31 December 2017 to £3,004 million as at 30 June 2020. This decrease was driven primarily by cross-portfolio disposals, which have raised net proceeds of £1,175 million over that same period.

The Group has delivered these disposals in increasingly challenging investment and operational markets, which have resulted in falling property values and decreases in net rental income, with the most significant reductions being suffered in the United Kingdom where the retail sector has been particularly impacted by the ongoing structural shift to an omnichannel environment. The Group recorded revaluation losses on properties of £294.7 million and £161.4 million for the years ended 31 December 2019 and 2018, respectively. In addition, the Group's like-for-like net rental income (on a proportionally consolidated basis excluding premium outlets) decreased by 4.2% for the year ended 31 December 2019 (as compared to the year ended 31 December 2018) and by 1.3% for the year ended 31 December 2018 (as compared to the year ended 31 December 2017).

Recently these adverse trends have been significantly exacerbated by the COVID-19 pandemic and related impacts, which have severely weakened the Group's balance sheet. The Group recorded revaluation losses on properties of £939.6 million for the six months ended 30 June 2020 and the Group's like-for-like net rental income (on a proportionally consolidated basis excluding premium outlets) decreased by 27% for the six months ended 30 June 2020 (as compared to the six months ended 30 June 2019). See also "*The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*" in Part II (*Risk Factors*) of this document.

The Private Placement Senior Notes, the Bonds and the Revolving Credit Facilities include a number of financial covenants, including gearing covenants and interest cover covenants and, in the case of the Private Placement Senior Notes, an unencumbered asset covenant. These covenants, other than the interest cover covenants, apply at all times, and the Group is required to certify compliance with the covenants as at 30 June (in the case of certain of its debt instruments) and 31 December (in the case of all of its debt instruments), when the financial statements as at and for the relevant periods are made available, as well as at 31 October 2021 in respect of the unencumbered asset covenant only (in the case of the Private Placement Senior Notes). The unencumbered asset covenant would

be breached if at any time the Group's unencumbered-assets-to-net-unsecured-borrowings ratio falls below 125% during the period from 30 June 2020 to and including 30 October 2021, 140% during the period from 31 October 2021 to and including 30 December 2021 or 150% for dates after 30 December 2021. The tightest gearing covenant would be breached if the Group's net-borrowings-to-tangible-net-worth ratio exceeds 150% and the tightest interest cover covenant would be breached if the Group's net-rental-income-to-interest-charges ratio falls below 125% for any six month period ended 30 June or any 12 month period ended 31 December. For further information on the Group's financial covenants, see paragraph 3 of Part XVI (*Operating and Financial Review*) of this document.

On 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant, the Group obtained amendments to the Note Purchase Agreements to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio: (1) from 150% to 125% for the period from 30 June 2020 to and including 30 October 2021, which includes the 30 June 2020, 31 December 2020 and 30 June 2021 covenant testing dates; and (2) from 150% to 140% for the period from 31 October 2021 to and including 30 December 2021, which includes a new covenant testing date as at 31 October 2021. For the purposes of determining compliance with the unencumbered assets covenant for the period from 31 October 2021 to and including 30 December 2021, the value of unencumbered assets is calculated with reference to the 30 June 2021 financial statements after giving effect to any acquisition and/or disposal of unencumbered assets since 30 June 2021 and net unsecured borrowings are determined as at 31 October 2021.

Whilst the Group certified compliance with its covenants as at the 30 June 2020 covenant testing date, the levels of headroom have diminished significantly in light of decreases in the Group's property valuations and net rental income. As at 30 June 2020 and calculated as per the relevant debt instruments, the Group's unencumbered-assets-to-net-unsecured-borrowings ratio was 154%, the Group's net-borrowings-to-tangible-net-worth ratio was 97.5% (in the case of the Private Placement Senior Notes and Revolving Credit Facilities) and 79.2% (in the case of the Bonds) and the Group's net-rental-income-to-interest-charges ratio was 214%.

If the Group's property valuations or net rental income continue to decline, this will (in the absence of reductions in the Group's debt levels) further reduce covenant headroom and increase the risk of a future covenant breach. This risk is heightened as the Group's ability to execute disposals at acceptable prices in the near term has been adversely affected by the COVID-19 pandemic's impact on retail real estate investment markets and the general economic environment. See also "*—The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*", "*—Deterioration in retail property values and demand for retail property has had, and may continue to have, a significant impact on the value of the Group's property portfolio*" and "*—Opportunities to execute further divestments of properties or interests therein at an acceptable price are severely limited in the near term by illiquidity in the property market, which could prevent or delay the ability of the Group to execute its strategy, and if applicable, engage in successful mitigating actions*" in Part II (*Risk Factors*) of this document.

If the Group experiences a decrease in property valuations of 15% (as compared to 30 June 2020) across its portfolio over the next twelve months, then in the event that the Rights Issue does not complete successfully (and in the absence of successful and timely mitigating actions discussed below), the Group would likely breach its unencumbered asset covenant and/or its tightest gearing covenant at its 30 June 2021 covenant testing date. In such a scenario and in the absence of the Rights Issue completing successfully (or other successful and timely mitigating actions), the Directors expect the Group would also have minor unwaived forecast loan to value covenant breaches in a number of the joint ventures secured debt facilities and limited headroom under other financial covenants at their testing dates during the period covered by the working capital statement.

In the event of such a covenant breach, the lenders under the debt instrument containing the relevant covenant (or having most favoured lender or cross default rights) would have the right to demand immediate repayment of all amounts due under such debt instrument, and any such demand would trigger the right of lenders under the Group's other debt instruments to similarly demand immediate repayment. The amounts outstanding under the Private Placement Senior Notes, the Bonds and the Revolving Credit Facilities amounted to approximately £3,045.9 million in aggregate as at 30 June 2020 and the Group would be unlikely to obtain the funds necessary to repay such amounts if they became immediately due and payable upon the demand of the lenders following a covenant breach. In such circumstances, the Group may enter into administration or become subject to other insolvency

proceedings, and Shareholders would be at risk of losing all or a substantial portion of their investment.

## **20.2 Potential mitigating actions**

If the Rights Issue does not successfully complete and the Group's property valuations or net rental income continue to decline, the Group would consider a range of mitigating actions to attempt to avoid a covenant breach, including the following:

- The Group would attempt to renegotiate with its lenders, noteholders and bondholders to secure appropriate waivers or amendments. However, the Directors are not confident that any such waivers or amendments could be secured at an acceptable cost and, even if secured, such waivers and amendments would likely cause the Group to incur significant additional costs and subject the Group to onerous financial and operational restrictions. In the event that the Group entered into a debt-for-equity swap with its lenders, noteholders or bondholders, such an equity issuance could materially dilute Shareholders.
- If only the unencumbered asset covenant were at risk of breach (because the Group had avoided a breach of the gearing covenant as values had not fallen sufficiently or through some other mitigating actions), a breach potentially could be avoided by redeeming the Private Placement Senior Notes prior to their stated maturity date. The amount payable on any such early redemption may substantially exceed the principal amount of the debt. For example, early repayment of all of the Private Placement Senior Notes as at 30 June 2020 would have required a repayment of approximately £798.4 million (including make-whole premiums and swap break costs), which was £66.3 million in excess of the carrying value of such debt. Such a repayment could potentially be settled using the Group's existing liquidity, being cash and the undrawn element of the Revolving Credit Facilities, which totalled approximately £1.2 billion at 30 June 2020, assuming there were no other unexpected cash requirements and the Revolving Credit Facilities had not by that time otherwise become unavailable for drawing. However, this would reduce the Group's liquidity to a level which the Directors would likely regard as insufficient for the Group and the Group would therefore need to pursue other mitigating actions, which may not be successful.
- The Group may also attempt to sell additional assets or interests in assets on an accelerated timetable. However, in particular in the near term in light of the impact the COVID-19 pandemic has had on retail real estate investment markets, the Directors are not confident that any such sales could be negotiated in a timely manner or at an acceptable price or (even if agreed) that the sale would ultimately complete successfully. For example, the Group exchanged contracts for the sale of seven UK retail parks with Orion on 20 February 2020 for a headline price of £400 million. However, on 23 April 2020, the Group announced that Orion had notified the Group that it did not intend to complete the purchase and on 6 May 2020 the Group announced that it would terminate the contract and access the £21 million deposit which had been held in escrow.
- The Group may consider seeking an alternative investment or another form of equity issuance. However, the Directors are not confident that any such investment or issuance could be secured, or as to the terms of any such investment or issuance. Such an investment or issuance could materially increase costs for the Group and dilute Shareholders, adversely affect the market price of the Shares and/or result in one or more third parties taking controlling interests in the Group. The Group may also consider entering into a formal sale process under the Takeover Code or taking other action to solicit bids for the Company from third parties. The Directors are not confident that any such action would result in a bid capable of execution being received, and any such bid could be at a price that is unattractive to Shareholders and that represents a significant loss on their investment.
- The Group would put in place an action plan to further reduce property, administration and capital expenditure and would also seek to negotiate with HMRC to extend the period in which to settle the 2019 UK REIT PID requirement of £70 million which currently must be distributed by 31 December 2020 in order to avoid a tax liability of up to £14 million becoming payable. However, any such actions, even if successful, would be unlikely to prevent a covenant breach in the absence of other successful mitigating actions.

### **20.3 Implications if the Transactions do not successfully complete**

If the Resolutions do not pass at the General Meeting, then the Transactions will not proceed and the Company will not receive the proceeds of the Transactions. The Directors believe that if the Rights Issue does not successfully complete, then:

- the Group is unlikely to be able to execute its business strategy over the short and medium term, including continuing to refocus its portfolio towards flagship destinations in the United Kingdom and Ireland, proactively accelerating changes to its tenant mix to reflect the broader structural shifts in the market and developing its mixed-use City Quarters strategy;
- the Group will continue to be highly leveraged and the Group's credit rating agencies Fitch and Moody's may downgrade the Group's unsecured credit or long-term issuer default ratings further, which may increase the Group's financing costs and make it more difficult and costly for the Group to raise finance in the future;
- in the medium term, the Group may be unable to repay or refinance its debt as it matures, with (for example) £452.6 million due in 2022, which would likely result in the Group becoming insolvent; and
- as noted above, the Group may breach its financial covenants, which in turn would trigger cross-default rights, and ultimately the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders may lose all or a substantial portion of their investment.

Completion is subject to a number of conditions, including obtaining merger control approvals in Germany, Spain and Portugal. See *“—Completion of the Disposal is subject to a number of conditions, including Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, which may not be satisfied and, as a result, the Disposal may not proceed in a timely manner or at all. In the event that following the completion of the Rights Issue, the Disposal does not ultimately complete, the Rights Issue would not be unwound and the Company would retain the net proceeds of the Rights Issue”* in Part II (Risk Factors) of this document. In the event that Shareholder approval for the Transactions is obtained at the General Meeting, the Rights Issue will proceed and is expected to complete before the remaining conditions for the Disposal can be satisfied. In the event that, following the completion of the Rights Issue, the Disposal does not ultimately complete due to any failure to obtain merger control approvals in Germany, Spain or Portugal, or for any other reason, the Directors believe that the Group would, taking into account the Facilities available to the Group, have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document. However, in such a scenario, the Directors expect that the Group's covenant headroom would remain constrained and the Group would have higher levels of net indebtedness, which would likely have a material adverse effect on the Group's ability to execute its business strategy over the short to medium term, including continuing to refocus its portfolio towards flagship destinations in the United Kingdom and Ireland, proactively accelerating changes to its tenant mix to reflect the broader structural shifts in the market and developing its mixed-use City Quarters strategy. In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group's 2019 REIT PID obligation, in order to avoid a tax liability of up to £14 million becoming payable and delay the scrip dividend into 2021. See paragraph 15 (*Dividends and dividend policy*) above.

### **20.4 Conclusion**

If the Resolutions do not pass at the General Meeting, then the Transactions will not proceed and there will be severe adverse implications for the Group as outlined above, including ultimately that the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders may lose all or a substantial portion of their investment.

### **21. Listing Rule 13.6.1R(5)**

The Board, which has been so advised by J.P. Morgan Cazenove, Lazard, and Morgan Stanley, consider the terms of the Transactions as described herein to be fair and reasonable as far as Shareholders are concerned. In providing its advice to the Board, each of J.P. Morgan Cazenove, Lazard and Morgan Stanley has taken into account the Board's commercial assessment of the Transactions.

## **22. Directors' intentions and recommendations**

The Board believes that the Transactions and the Resolutions to be put to the General Meeting are in the best interests of the Company and Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of all the Resolutions to be put to the General Meeting. The Directors have irrevocably undertaken to vote or procure that the registered holder votes in favour of all the Resolutions in respect of their beneficial holdings and shares in respect of which they have an interest amounting to 916,656 Existing Shares in aggregate as at the Latest Practicable Date, representing approximately 0.1% of the existing ordinary share capital of Hammerson in issue as at the Latest Practicable Date.

The Board is fully supportive of the Rights Issue. Each of the Directors who is a Shareholder, has irrevocably undertaken to take up in full his or her rights to subscribe for New Shares under the Rights Issue and/or sell a sufficient number of his or her Nil Paid Rights during the nil paid dealing period to meet the costs of taking up the balance of his or her entitlement to New Shares.

Yours faithfully

David Tyler  
Chair

**Hammerson plc**



## **PART IX**

### **SOME QUESTIONS AND ANSWERS ABOUT THE RIGHTS ISSUE**

*The questions and answers set out in this Part IX are intended to be in general terms only and, as such, you should read Part X (Terms and Conditions of the Rights Issue) of this document for full details of the terms of the Rights Issue and what action you should take if you wish to participate in the Rights Issue. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under the FSMA, or from another appropriately authorised independent financial adviser.*

*This Part IX deals with general questions relating to the Rights Issue and more specific questions primarily relating to Existing Shares held by persons resident in the United Kingdom who hold their Existing Shares in certificated form and persons whose Existing Shares are on the SA Register. If you are an Overseas Shareholder, you should read paragraph 11 of Part X (Terms and Conditions of the Rights Issue) of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Rights. If you hold your Existing Shares in uncertificated form (through CREST or through a broker or CSDP account in Strate) you should read Part X (Terms and Conditions of the Rights Issue) of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you are a Qualifying South African Shareholder holding your Existing Shares in uncertificated form, you should also consult your CSDP or stockbroker.*

*If you do not know whether your Existing Shares are in certificated or uncertificated form, please call the UK Shareholder Helpline on +44 (0) 371 664 0321 or the South African Shareholder Helpline on 086 11 00 634 (from inside South Africa) or +27 11 370 5000 (from outside South Africa), as appropriate. The UK Shareholder Helpline will be open between 9:00 a.m. and 5:30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The South African Shareholder Helpline will be open between 8:00 a.m. and 5:00 p.m. (South African Standard Time), Monday to Friday (except South African public holidays). Calls to the South African Shareholder Helpline from within South Africa are charged at your service provider's applicable rate for calls to a standard Telkom telephone number. Calls to the South African Shareholder Helpline from outside South Africa will be charged at applicable international rates. Different charges may apply to calls to the Shareholder Helplines from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Shareholder Helplines will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.*

#### **Section A—Questions and Answers for all Qualifying Shareholders**

##### **1. What is a rights issue?**

A rights issue is a way for companies to raise money by giving their existing shareholders the right to subscribe for further shares in proportion to their existing holdings, usually at a discount to the market price as at the date of announcement.

##### **2. What is the Rights Issue?**

The offer under the Rights Issue is 24 New Shares of 5 pence nominal value for every 1 Consolidated Share of 5 pence nominal value held by and registered in the names of Qualifying Shareholders at the close of business on the relevant Record Date.

The Rights Issue is to be made at the UK Issue Price of 15 pence per New Share, in the case of Qualifying Shareholders (other than Qualifying South African Shareholders), and, in the case of Qualifying South African Shareholders, the SA Issue Price of ZAR3.41 per New Share. If you hold Existing Shares on the relevant Record Date, and, subject to certain exceptions, are not a Shareholder resident or with a registered address in any of the Excluded Territories, you will be entitled to subscribe for New Shares in the Rights Issue.

Taking into account the Capital Reorganisation, the UK Issue Price represents a 41.4% discount to the theoretical ex-rights price based on the LSE Closing Price of 55.96 pence per Share on 5 August 2020 and the SA Issue Price represents a 41.4% discount to the theoretical ex-rights

price based on the JSE Closing Price of ZAR12.70 per Share on 5 August 2020. Because of this discount and while the market value of the Existing Shares exceeds the UK Issue Price or SA Issue Price, as the case may be, the right to subscribe for the New Shares is potentially valuable.

If you are a Qualifying Shareholder other than, subject to certain exceptions, a Shareholder with a registered address, or who is resident, in one of the Excluded Territories and you do not want to subscribe for the New Shares to which you are entitled, you can instead sell or transfer your Rights (called Nil Paid Rights) to subscribe for those New Shares and receive the net proceeds, if any, of the sale or transfer in cash. This is referred to as dealing "nil paid".

### **3. Is the Rights Issue underwritten?**

The Rights Issue has been underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement, with the exception of all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable. The Rights Issue is fully committed and underwritten, taking into account the APG Irrevocable, the Lighthouse Irrevocable and the Underwriting Agreement.

The fees payable to the Underwriters in connection with this underwriting and a summary of the terms of the Underwriting Agreement are set out in paragraph 16.1 of Part XX (*Additional Information*) of this document.

### **4. What if the number of New Shares to which I am entitled is not a whole number: am I entitled to fractions of New Shares?**

Your entitlement to New Shares will be calculated at the relevant Record Date. If the result is not a whole number, your entitlement will be rounded down to the nearest whole number and you will not receive a New Share in respect of any fraction of a New Share. Fractional entitlements will not be allotted to Qualifying Shareholders but will be aggregated and sold in the market for the benefit of the relevant Qualifying Shareholders. Amounts of less than £5.00 (or the equivalent in Rand) will not be paid to such Shareholders and will instead be retained for the benefit of the Company.

### **5. Will my current shareholding in Hammerson remain the same following the Rights Issue?**

If a Qualifying Shareholder does not take up any of his or her Rights to subscribe for New Shares in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Issued Share Capital, will be diluted by 96.0% as a result of the Rights Issue.

### **6. Will my current shareholding in Hammerson remain the same following the Consolidation?**

Each Shareholder will have fewer Shares as a result of the Consolidation. However, subject to the treatment of fractions, it is not expected that the proportion of Hammerson's issued share capital held by each Shareholder immediately following the Consolidation will change.

The Consolidation may result in the creation of fractional Consolidated Shares. Such fractions will be aggregated and sold by the Company on behalf of the relevant Shareholders. As a result, there may be minor dilution to your shareholding following the Consolidation. The Directors have set the Consolidation Ratio at 1 Consolidated Share for every 5 Existing Shares and therefore a Shareholder with fewer than 5 Existing Shares at the Capital Reorganisation Record Date will have their entire holding sold as part of the Consolidation process and will no longer be a Shareholder in Hammerson. **Holders of fewer than 5 Existing Shares should not therefore subscribe for New Shares through the Rights Issue.**

Subject to the above and the New Shares issued pursuant to the Rights Issue, it is not expected that the proportion of Hammerson's issued share capital held by each Shareholder immediately following the Consolidation will change.

### **7. I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?**

If you do not want to buy the New Shares being offered to you under the Rights Issue, you can instead sell or transfer your Nil Paid Rights (i.e. your rights to subscribe for those New Shares) and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing "nil paid".

If you are a Qualifying Shareholder (other than a Qualifying South African Shareholder and other than, subject to certain exceptions, a Qualifying Shareholder resident or with a registered address in any of the Excluded Territories) you will only be able to trade your Nil Paid Rights on the LSE and will not be able to trade your Nil Paid Rights on the JSE.

In South Africa, Nil Paid Rights trade in the form of Letters of Allocation. If you are a Qualifying South African Shareholder (other than, subject to certain exceptions, a Qualifying South African Shareholder resident or with a registered address in any of the Excluded Territories) you will only be able to trade your Letters of Allocation on the JSE and will not be able to trade your Letters of Allocation on the LSE.

**8. How will I know the price of the Nil Paid Rights or Letters of Allocation and how much will I actually receive if I decide to sell my Nil Paid Rights or Letters of Allocation?**

If you choose to sell your Nil Paid Rights or Letters of Allocation, the price you will receive for your Nil Paid Rights or Letters of Allocation will vary with market conditions. It is important to note that the market price for Nil Paid Rights or Letters of Allocation is different from the UK Issue Price or SA Issue Price, as the case may be, of the New Shares.

The value of the Nil Paid Rights or Letters of Allocation reflects the difference between the market price of Existing Shares ex-Rights and the UK Issue Price or SA Issue Price, as the case may be, of New Shares (allowing for any applicable brokerages and commissions and amounts in respect of value added tax). It is possible that you may receive little or no proceeds from the sale of some or all of your Nil Paid Rights or Letters of Allocation if the market price of the Existing Shares falls, thus reducing the discount at which the New Shares are issued. In addition, there may be transaction costs on the sale of Nil Paid Rights or Letters of Allocation.

**9. I am a Qualifying Shareholder and I hold my Existing Shares in certificated form. How do I know if I am able to subscribe for New Shares under the Rights Issue?**

If you receive a Provisional Allotment Letter or a Form of Instruction and, subject to certain exceptions, you are not a holder with a registered address in any of the Excluded Territories, then you should be eligible to subscribe for New Shares under the Rights Issue (as long as you have not sold all of your Existing Shares before the relevant Ex-Rights Date).

**10. I am a Qualifying Shareholder and I hold my Existing Shares in certificated form. What do I need to do in relation to the Rights Issue?**

If you hold your Existing Shares in certificated form and, subject to certain exceptions, do not have a registered address in any of the Excluded Territories, you will be sent a Provisional Allotment Letter or a Form of Instruction (as appropriate) that shows:

- how many Existing Shares you held at the close of business on the relevant Record Date for the Rights Issue;
- how many New Shares you are entitled to subscribe for; and
- how much you need to pay and by when if you want to take up your Rights to subscribe for all the New Shares provisionally allotted to you.

If you are not a Qualifying Shareholder or have a registered address in one of the Excluded Territories, then, subject to certain exceptions, you will not receive a Provisional Allotment Letter or a Form of Instruction.

Provisional Allotment Letters and Forms of Instruction constitute temporary documents of title. Qualifying South African Shareholders who hold their Shares in certificated form will have their Letters of Allocation (which are represented by their Form of Instruction) credited to an account held with the SA Transfer Secretaries.

Qualifying Shareholders (other than Qualifying South African Shareholders) who hold their Existing Shares in certificated form should also see Question 2 of Part B below, regarding their choices in respect of taking up Rights.

Qualifying South African Shareholders who hold their Existing Shares in certificated form should also see Question 2 of Part C below, regarding their choices in respect of taking up Rights.

**11. I hold my Existing Shares in certificated form. What if I do not receive a Provisional Allotment Letter or Form of Instruction?**

If you do not receive a Provisional Allotment Letter or Form of Instruction but hold your Existing Shares in certificated form, this probably means that you are not able to subscribe for New Shares under the Rights Issue (see Question 10 above). However, some Qualifying Non-CREST Shareholders and Qualifying South African Shareholders holding their Shares in certificated form will not receive a Provisional Allotment Letter or Form of Instruction but may still be eligible to subscribe for New Shares under the Rights Issue, namely:

- Qualifying CREST Shareholders who held their Existing Shares in uncertificated form at close of business on 7 September 2020 and who have converted them to certificated form;
- Qualifying South African Shareholders who held their Existing Shares in uncertificated form on 9 September 2020 and who have converted them to certificated form;
- Shareholders who bought Existing Shares before the relevant Record Date and who hold such Existing Shares in certificated form but were not registered as the holders of those Existing Shares at the close of business on the relevant Record Date; and
- certain Overseas Shareholders.

If you do not receive a Provisional Allotment Letter or a Form of Instruction but think that you should have received one, please contact the UK Shareholder Helpline or the South African Shareholder Helpline, as appropriate. Contact details for the Shareholder Helplines are set out on page 111 of this document. The Shareholder Helplines will only be able to provide information contained in this document (and, in addition, information relating to Hammerson's register of members) and will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

**12. I hold my Existing Shares in certificated form. When will I receive the certificate representing my Consolidated Shares and New Shares?**

If the Resolutions are passed, existing share certificates will cease to be valid with effect from close of business on 2 September 2020. New share certificates representing Consolidated Shares are expected to be despatched to Shareholders on the UK Register who hold Shares in certificated form by 18 September 2020 and to Shareholders on the SA Register who hold Shares in certificated form by 7 September 2020. New share certificates representing New Shares issued in connection with the Rights Issue are expected to be despatched to Shareholders on the UK Register who hold Shares in certificated form by 9 October 2020 and to Shareholders on the SA Register who hold Shares in certificated form by 9 October 2020.

On receipt of such new share certificates, all ordinary share certificates previously issued can be destroyed. If a Shareholder does not receive a new share certificate and believes they are entitled to one, they can contact the UK Registrar or the SA Transfer Secretaries (as applicable). Share certificates representing Intermediate Shares or Deferred Shares will not be issued.

Although Shareholders holding Shares in certificated form will not receive share certificates in respect of their Consolidated Shares until on or before 18 September 2020 (for Shareholders on the UK Register) and until on or before 7 September 2020 (for Shareholders on the SA Register), they will receive a Provisional Allotment Letter or a Letter of Allocation (as applicable), and will, subject to the terms and conditions set out in more detail in Part X (*Terms and Conditions of the Rights Issue*) of this document, be entitled to participate in the Rights Issue.

Shareholders who hold their entitlement to Existing Shares in uncertificated form through CREST are expected to have their CREST accounts adjusted to reflect their entitlement to Consolidated Shares on 2 September 2020.

Shareholders on the SA Register whose Shares are held in uncertificated form are expected to have their CSDP or broker accounts adjusted to reflect their entitlement to Consolidated Shares on 2 September 2020, but will not have their CSDP or broker accounts adjusted to reflect their entitlement to Deferred Shares.

**13. If I buy Shares after the relevant Record Date will I be eligible to participate in the Rights Issue?**

If you are a Qualifying Shareholder (other than a Qualifying South African Shareholder) and you bought Shares after the UK Record Date but prior to the relevant Ex-Rights Date, you may be eligible to participate in the Rights Issue. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

Qualifying South African Shareholders who bought Shares after the SA Record Date will not be eligible to participate in the Rights Issue.

**14. Will I be taxed if I take up my Rights or sell my Rights or Letters of Allocation or if my Rights or Letters of Allocation are sold on my behalf?**

If you are resident in the United Kingdom or South Africa for tax purposes, you should not have to pay UK or South African tax when you take up your Rights, although the Rights Issue will affect the amount of UK or South African tax you may pay when you subsequently sell your Shares.

However, in the United Kingdom, assuming that you hold your Shares as an investment, rather than for the purposes of a trade, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your Rights.

In South Africa, assuming that you hold your Shares as an investment, rather than for speculative or trading purposes, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your Rights (conferred by Letters of Allocation).

Persons who do not hold their Shares as an investment should contact a professional tax adviser.

Further information for Qualifying Shareholders who are resident in the United Kingdom, South Africa or the United States for tax purposes is contained in Part XIX (*Taxation*) of this document. This information is intended as a general guide to the current tax position in the United Kingdom, South Africa and the United States and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances.

**Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible.**

Please note that the Shareholder Helplines will not be able to assist you with taxation issues.

**15. Can I change my decision to take up my Rights?**

If you hold your Existing Shares in certificated form, once you have returned your Provisional Allotment Letter or Form of Instruction to the relevant Registrar, you cannot withdraw your application or change the number of New Shares that you have applied for, save in accordance with paragraph 8.2 of Part X (*Terms and Conditions of the Rights Issue*) of this document.

**16. What if I hold options and awards under Hammerson's Employee Share Schemes?**

The number of Shares subject to awards or options outstanding under the Employee Share Schemes and the exercise price (if any) may be adjusted, in accordance with the rules of the relevant Employee Share Scheme, to take account of the effect that the Capital Reorganisation and Rights Issue may have on the inherent value of such awards or options. Holders of awards or options under the Employee Share Schemes will be contacted separately and in due course with further information on how their awards and options may be affected by the Capital Reorganisation and Rights Issue. Participants in the SIP will be contacted separately regarding the effect of the Capital Reorganisation on their Shares held in the SIP and their participation in the Rights Issue as beneficial owners of Shares held in the SIP.

**17. What should I do if I live outside the United Kingdom and South Africa?**

Whilst you have an entitlement to participate in the Rights Issue, your ability to take up rights to subscribe for New Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to

observe any other formalities to enable you to take up your Rights. Subject to certain exceptions, Shareholders resident or with registered addresses in any of the Excluded Territories are not able to subscribe for the New Shares provisionally allotted to them under the Rights Issue. Your attention is drawn to the information in paragraph 11 of Part X (*Terms and Conditions of the Rights Issue*) of this document.

Hammerson has made arrangements under which the Joint Global Coordinators will try to find investors to take up the New Shares represented by: (1) Rights of Shareholders which cannot be taken-up as a result of Shareholders being resident or with registered addresses in any of the Excluded Territories; and (2) Rights of Shareholders which have otherwise not been taken up. If the Joint Global Coordinators do find investors for such New Shares who agree to pay a premium above the UK Issue Price or the SA Issue Price (as applicable) and the related expenses of procuring those investors (including any applicable brokerage and other commissions and amounts attributable to value added tax and currency conversion costs), you will either be sent a cheque for your share of the amount of that premium, provided that this is £5.00 or more (or the Rand equivalent, as the case may be); or, if you are a Shareholder who held Nil Paid Rights in CREST you will receive a credit to your CREST stock account; and if you are a Shareholder who held Letters of Allocation in Strate, the relevant CSDP or your broker's account will be credited with the cash amount concerned. Payment of the premium will be made in pounds sterling where payable to Qualifying Shareholders (other than Qualifying South African Shareholders) and in Rand where payable to Qualifying South African Shareholders, with proceeds being converted from pounds sterling to ZAR or ZAR to pounds sterling (as applicable) at the relevant spot price. Cheques are expected to be despatched on or around 9 October 2020 and will be sent to your address as it appears on Hammerson's register of members (or to the first-named holder if you hold your Shares jointly). If the Joint Global Coordinators cannot find investors who agree to pay a premium over the Issue Price and related expenses so that your entitlement would be £5.00 or more (or the Rand equivalent, as the case may be), you will not receive any payment.

**18. What should I do if I think my holding of Existing Shares at the relevant Record Date is incorrect or I want more information in relation to the Rights Issue?**

If you have bought or sold Existing Shares shortly before the relevant Record Date, your transaction may not be entered on the register of members in time to appear on the register at the relevant Record Date. If you are concerned about the figure in the Provisional Allotment Letter or Form of Instruction or otherwise concerned that your holding of Existing Shares has been reflected incorrectly, please contact the UK Shareholder Helpline or the South African Shareholder Helpline, as appropriate. Contact details for the Shareholder Helplines are set out on page 111 of this document. The Shareholder Helplines will only be able to provide information contained in this document (and, in addition, information relating to Hammerson's register of members) and will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

## **Section B—Questions and Answers for Qualifying Shareholders (other than Qualifying South African Shareholders)**

### **1. I hold my Existing Shares in uncertificated form. What do I need to do in relation to the Rights Issue?**

If you hold Existing Shares in uncertificated form, your account in CREST will be credited with Nil Paid Rights. If you are a CREST sponsored member you should refer to your CREST sponsor, as only your CREST sponsor will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with your Nil Paid Rights. If you are not a CREST sponsored member, you should read paragraph 7 of Part X (*Terms and Conditions of the Rights Issue*) of this document and consult the CREST Manual (the “**Crest Manual**”) for instructions as to how to participate in the Rights Issue.

### **2. I hold my Existing Shares in certificated form. What are my choices and what should I do with the Provisional Allotment Letter?**

#### **2.1 If you want to take up all of your Rights**

If you want to take up all of the Rights to subscribe for the New Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque or banker's draft in pounds sterling for the full amount payable on acceptance, payable to “Link Market Services Limited Re Hammerson Rights Issue A/C”, by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU to arrive by no later than 11:00 a.m. (London time) on 24 September 2020. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Provisional Allotment Letter. Full instructions are set out in Part X (*Terms and Conditions of the Rights Issue*) of this document and the Provisional Allotment Letter.

Please note cheques from third parties other than building society cheques or banker's drafts may not be accepted.

If payment is made by building society cheque or a banker's draft, the building society or bank must confirm on the back of the cheque or draft the applicant's name (which should be the same as that shown on the Provisional Allotment Letter) by stamping or endorsing the back of the building society cheque or banker's draft to such effect.

A definitive share certificate will be sent to you following completion of the Consolidation representing Consolidated Shares and a definitive share certificate will be sent to you following completion of the Rights Issue representing New Shares that you have subscribed for. Your definitive share certificate following completion of the Consolidation is expected to be despatched to you by no later than 18 September 2020. Your definitive share certificate following completion of the Rights Issue is expected to be despatched to you by no later than 9 October 2020. You will need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick the relevant box on the Provisional Allotment Letter.

#### **2.2 If you do not want to take up any of your Rights**

If you do not want to take up your Rights, you do not need to do anything. If you do not return your Provisional Allotment Letter subscribing for the New Shares to which you are entitled by 11:00 a.m. (London time) on 24 September 2020, the Company has made arrangements under which the Joint Global Coordinators will endeavour to find investors to take up the New Shares represented by your Rights and the New Shares represented by the Rights of others who have not taken them up. If the Joint Global Coordinators do find investors who agree to pay a premium above the UK Issue Price and the related expenses of procuring those investors (including any applicable brokerage and other commissions and amounts attributable to value added tax and currency conversion costs), you will be sent a cheque for your share of the amount of that premium provided that this is £5.00 or more. Cheques are expected to be despatched on or around 9 October 2020 and will be sent to your address appearing on the UK Register (or to the address of the first-named holder if you hold your Existing Shares jointly). If the Joint Global Coordinator cannot find investors who agree to pay a premium over the UK Issue Price and related expenses so that your entitlement would be £5.00 or more, you will not receive any payment, and any amounts of less than £5.00 will instead be retained

for the benefit of the Company. Alternatively, if you do not want to take up your Rights, you can sell or transfer your Nil Paid Rights (see paragraph 2.4 below).

### **2.3 If you want to take up some but not all of your Rights**

If you want to take up some but not all of your Rights and wish to sell some or all of those you do not want to take up, you should first apply to have your Provisional Allotment Letter split by completing Form X on the Provisional Allotment Letter (unless you wish to use the Special Dealing Service), and returning it by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, to be received by 3:00 p.m. (London time) on 22 September 2020, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter. You should then deliver the split Provisional Allotment Letter representing the New Shares that you wish to accept together with your cheque or banker's draft to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (see paragraph 2.1 above), to be received by 11:00 a.m. (London time) on 24 September 2020.

Alternatively, if you only want to take up some of your Rights (but not sell some or all of the rest), you should complete Form X on the Provisional Allotment Letter and return it with a cheque or banker's draft together with an accompanying letter indicating the number of Nil Paid Rights that you wish to take up.

Shareholders who wish to effect a cashless take-up of their Nil Paid Rights (which may be achieved through the sale of such portion of their Nil Paid Rights as will raise sufficient funds to allow the relevant Shareholder to take up their remaining Nil Paid Rights) should contact their broker, who may be able to assist with such arrangements.

### **2.4 If you want to sell all of your Rights**

If you want to sell all of your Rights other than through the Special Dealing Service, you should complete and sign Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they are not in any of the Excluded Territories).

The latest time and date for selling all of your Rights is 11:00 a.m. (London time) on 24 September 2020. Please ensure, however, that you allow enough time to enable the person acquiring your Rights to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 24 September 2020.

### **2.5 If you want to use the Special Dealing Service**

If you are an individual certificated shareholder whose registered address is in the United Kingdom or any other EEA country, you can use the Special Dealing Service to either (1) sell all of your Nil Paid Rights or (2) sell a sufficient number of Nil Paid Rights to raise money to take up the remainder (that is, effect a Cashless Take-up).

If you want to use the Special Dealing Service to sell all of your Nil Paid Rights, you should tick Box C on the front page of your Provisional Allotment Letter, sign and date it and return the Provisional Allotment Letter by 11:00 a.m. on 17 September 2020.

If you want to effect a Cashless Take-up, you should tick Box D of your Provisional Allotment Letter, sign and date it and return the Provisional Allotment Letter by 11:00 a.m. on 17 September 2020.

Link Asset Services will charge a commission of 1% of the gross proceeds of any sale of Nil Paid Rights effected using the Special Dealing Service, subject to a minimum of £15.00 per holding.

You should be aware that by returning your Provisional Allotment Letter and electing to use the Special Dealing Service, you will be deemed to be agreeing to the terms and conditions of the Special Dealing Service and make a legally binding agreement with Link Asset Services on those terms. The terms and conditions of the Special Dealing Service will be posted to you together with the Provisional Allotment Letter if you hold your Shares in certificated form.

If you have any questions relating to the Special Dealing Services, please telephone Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The



helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Further details about the Special Dealing Service are set out in paragraph 5.7 of Part X (*Terms and Conditions of the Rights Issue*) of this document.

**3. If I buy Shares after the UK Record Date will I be eligible to participate in the Rights Issue?**

If you bought Shares after the UK Record Date but prior to the relevant Ex-Rights Date (in this case being 8:00 a.m. (London time) on 10 September 2020), you may be eligible to participate in the Rights Issue.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Shares on or after the Ex-Rights Date, you will not be eligible to participate in the Rights Issue in respect of those Shares.

**4. I hold my Existing Shares in certificated form. What if I want to sell the New Shares for which I have paid?**

Provided the New Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter and passing it to your stockbroker, bank manager or the appropriate financial adviser or to the transferee (provided they are not in any of the Excluded Territories). After that time, you will be able to sell your New Shares in the normal way. The definitive share certificate relating to your Consolidated Shares is expected to be despatched to you by no later than 18 September 2020. The definitive share certificate relating to your New Shares in respect of the Rights Issue is expected to be despatched to you by no later than 9 October 2020. Pending despatch of the definitive share certificates, instruments of transfer will be certified by the UK Registrar against the register.

Further details are set out in Part X (*Terms and Conditions of the Rights Issue*) of this document.

## **Section C—Questions and Answers for Qualifying South African Shareholders**

### **1. I hold my Existing Shares in uncertificated form. What do I need to do in relation to the Rights Issue?**

If you are a Qualifying South African Shareholder who holds Existing Shares in uncertificated form your account at your CSDP or broker will be automatically credited with your Letters of Allocation and you will be contacted by your CSDP or stockbroker (as the case may be) who will provide you with instructions on how you can exercise your rights to subscribe for New Shares on the basis of the terms of the Rights Issue in accordance with the terms of the custody agreement between you and your CSDP or stockbroker (as the case may be). If you comply with, and communicate, those instructions in accordance with the custody agreement with your CSDP or stockbroker (as the case may be), the CSDP or stockbroker will exercise your Rights under the relevant Letters of Allocation on your behalf. If you have not been contacted by your CSDP or stockbroker (as the case may be), you should contact that CSDP or stockbroker directly and provide them with your instructions. Qualifying South African Shareholders who hold their Existing Shares in uncertificated form will not be sent a Form of Instruction.

Qualifying South African Shareholders who hold Existing Shares in uncertificated form are advised to contact their CSDP or broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Issue, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Issue.

If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you or, if the mandate is silent in this regard, your Rights may lapse.

Hammerson does not take any responsibility nor will it be held liable for any failure on the part of any CSDP or broker to notify a Qualifying South African Shareholder who holds Existing Shares in uncertificated form of the Rights Issue and/or to obtain instructions from such Shareholder to subscribe for the Rights Issuer Shares and/or to dispose of the Letters of Allocation allocated to such Shareholder.

Qualifying South African Shareholders who hold Existing Shares in uncertificated form who wish to sell or renounce some or all of their Rights will be liable to pay brokerage charges and associated expenses.

Qualifying South African Shareholders who hold their shares in uncertificated form will have the following choices in respect of their Rights:

#### **1.1 If you want to take up all of your Rights**

If you want to take up all of the Rights to which you are entitled, you are required to instruct your CSDP or broker as to the number of New Shares for which you wish to subscribe.

#### **1.2 If you want to take up some of your Rights**

If you do not wish to exercise your Rights to subscribe for all of the New Shares to which you are entitled, you may either dispose of or renounce all or part of your Letters of Allocation.

If you wish to dispose of all or part of your Letters of Allocation, you are required to instruct your CSDP or broker as to the number of Letters of Allocation which you wish to dispose of and your CSDP or broker will dispose of those Letters of Allocation on the JSE in accordance with your mandate with them. Please note that the last day to trade Letters of Allocation in order to participate in the Rights Issue is 18 September 2020.

If you wish to renounce all or part of your Letters of Allocation in favour of any named renounee, you are required to instruct your CSDP or broker as to the number of Letters of Allocation you wish to renounce and in favour of whom you wish to renounce those Letters of Allocation.

## **2. I hold my Existing Shares in certificated form. What are my choices and what should I do with the Form of Instruction?**

Qualifying South African Shareholders who hold their shares in certificated form will be sent a Form of Instruction in respect of their Rights and will have the following choices in respect of their Rights:

### **2.1 If you want to take up all of your Rights**

If you want to take up all of the Rights to which you are entitled, all you need to do is send a completed Form of Instruction, together with your cheque payable to “Hammerson Rights Offer on behalf of Hammerson” and crossed, marked “not transferable” and with the words “or bearer” deleted, banker’s draft (drawn by a registered bank in South Africa) or proof of payment by way of an electronic funds transfer (“EFT”) for the full SA Issue Price payable in respect of the New Shares, by post, by hand or by e-mail to the SA Transfer Secretaries, to be received by no later than 12:00 p.m. (South African Standard Time) on 23 September 2020. Full instructions are set out in paragraph 4 of Part X (*Terms and Conditions of the Rights Issue*) of this document and in the Form of Instruction.

Payment for the New Shares subscribed for must be paid in Rand.

A definitive share certificate will be sent to you following the completion of the Consolidation representing Consolidated Shares and a definitive share certificate will be sent to you following the Rights Issue representing the New Shares that you have subscribed for. Your definitive share certificate for Consolidated Shares is expected to be dispatched to you, at your own risk, by 7 September 2020. Your definitive share certificate for New Shares that you have subscribed for is expected to be dispatched to you, at your own risk, by no later than 9 October 2020.

The maximum number of New Shares you are entitled to subscribe for and the total price payable for that number of New Shares is set out in the Form of Instruction.

### **2.2 If you do not want to take up any of your Rights**

If you do not want to take up any of your Rights, you do not need to do anything. If you do not return a Form of Instruction subscribing for the New Shares to which you are entitled by 12:00 p.m. (South African Standard Time) on 23 September 2020, your Rights will lapse and the Company has made arrangements under which the Joint Global Coordinators will endeavour to find investors to take up the New Shares represented by those Rights and the New Shares represented by the Rights of others who have not taken them up. If the Joint Global Coordinators do find investors for such New Shares who agree to pay a premium over the SA Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions and amounts attributable to value added tax and currency conversion costs), you will be sent a cheque for your share of the amount of that premium, save that no payment will be made of amounts in Rand which are equivalent to less than £5.00 based on the spot rate. Cheques are expected to be despatched, at your own risk, by no later than 9 October 2020 and will be sent to your address appearing on the SA Register (or to the address of the first-named holder if you hold your Shares jointly). If the Joint Global Coordinators cannot find investors who agree to pay a premium over the SA Issue Price and related expenses so that your entitlement would be the Rand equivalent of £5.00 or more, you will not receive any payment and any amounts of less than the Rand equivalent of £5.00 will instead be retained for the benefit of the Company. Alternatively, if you do not want to take up your Rights, you can sell or transfer your Letters of Allocation (see paragraph 2.4 below) and/or renounce your Letters of Allocation (see paragraph 2.5 below).

### **2.3 If you want to take up some but not all of your Rights**

If you want to take up some but not all of your Rights and wish to sell some or all of the Letters of Allocation in respect of those Rights you do not take up, you must indicate on the relevant Form of Instruction the number of New Shares for which you wish to subscribe and complete Form A of the relevant Form of Instruction indicating the number of Letters of Allocation you wish to sell, in accordance with the instructions contained therein, and return it by post or hand to the SA Transfer Secretaries, to be received by no later than 12:00 p.m. (South African Standard Time) on 18 September 2020. The SA Transfer Secretaries will endeavour to procure the sale of the Letters of Allocation on the JSE on your behalf and will remit the proceeds in accordance with the payment instructions reflected on the Form of Instruction, provided that such proceeds, net of brokerage

charges and associated expenses are in excess of the ZAR equivalent of £5.00 (at the spot rate on the effective date of such sale, if any).

Qualifying South African Shareholders who hold their Existing Shares in certificated form who want to take up some but not all of their Rights and wish to renounce the Letters of Allocation in respect of their remaining Rights or allow their remaining Rights to lapse should refer to paragraph 6.5 of Part X (*Terms and Conditions of the Rights Issue*) of this document.

Shareholders who wish to effect a cashless take-up of their Nil Paid Rights (which may be achieved through the sale of such portion of their Letters of Allocation as will raise sufficient funds to allow the relevant Shareholder to take up their remaining Nil Paid Rights) should contact their broker, who may be able to assist with such arrangements.

#### **2.4 If you want to sell all of your Rights**

If you want to sell all of your Rights, you must complete Form A of the relevant Form of Instruction and return it by post or hand to the SA Transfer Secretaries, to be received by no later than 12:00 p.m. (South African Standard Time) on 18 September 2020.

The SA Transfer Secretaries will endeavour to procure the sale of the Letters of Allocation on the JSE on your behalf and will remit the proceeds in accordance with the payment instructions reflected on the Form of Instruction, provided that such proceeds, net of brokerage charges and associated expenses, are in excess of the ZAR equivalent of £5.00 (at the spot rate on the effective date of such sale, if any).

#### **2.5 If you want to renounce all or part of your Rights**

If you want to renounce all of your Rights, you must complete Form B of the relevant Form of Instruction and the person in whose favour such Rights have been renounced who wishes to subscribe for the New Shares in terms of the Rights Issue must complete Form C of the relevant Form of Instruction and return it together with payment of the SA Issue Price by post or hand to the SA Transfer Secretaries, to be received before 12:00 p.m. (South African Standard Time) on 23 September 2020 in accordance with the instructions contained in paragraph 6.4 of Part X (*Terms and Conditions of the Rights Issue*) of this document.

If you want to renounce part of your Letters of Allocation in favour of any named renounee, you must complete Form B of the relevant Form of Instruction, and the renounee must complete Form C of the relevant Form of Instruction, and return it together with payment of the aggregate SA Issue Price payable for such New Shares by post or hand to the SA Transfer Secretaries, to be received before 12:00 p.m. (South African Standard Time) on 23 September 2020 in accordance with the instructions contained in paragraph 6.4 of Part X (*Terms and Conditions of the Placing and the Rights Issue*) of this document.

**PART X**  
**TERMS AND CONDITIONS OF THE RIGHTS ISSUE**

**1. Introduction**

The Company is proposing to raise proceeds of approximately £525 million (net of fees, costs and expenses) by way of the Rights Issue. The Rights Issue will result in an offer of a total of 3,678,209,328 New Shares (representing 2400.0% of Hammerson's existing issued share capital (adjusted for the Consolidation) and 96.0% of the Enlarged Issued Share Capital).

The Rights Issue will take place following approval at the General Meeting and in conjunction with the Capital Reorganisation. The Rights Issue and the Capital Reorganisation will involve the following:

(i) **Capital Reorganisation:** on the dealing day following the General Meeting, the Capital Reorganisation will become effective, under which:

- each Existing Share of 25 pence nominal value will be subdivided and converted into one Intermediate Share of 1 penny nominal value and one Deferred Share of 24 pence nominal value; and
- immediately thereafter, every 5 Intermediate Shares of 1 penny nominal value will be consolidated into 1 Consolidated Share of 5 pence nominal value.

See further paragraph 8 (*Details of the Capital Reorganisation*) of Part VIII (*Chair's Letter*) of this document.

(ii) **Rights Issue:** an offer of 3,678,209,328 New Shares of 5 pence nominal value at a price of 15 pence or ZAR3.41 per New Share to Qualifying Shareholders, on the basis of 24 New Shares for every 1 Consolidated Share held.

The Rights Issue is fully committed and underwritten, taking into account the APG Irrevocable, the Lighthouse Irrevocable and the Underwriting Agreement.

The Rights Issue has been underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement, with the exception of all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable.

Under the APG Irrevocable, APG has irrevocably undertaken to take up its rights in full, amounting to 720,923,928 New Shares.

Under the Lighthouse Irrevocable, Lighthouse has irrevocably undertaken to take up its rights in full, amounting to 511,590,456 New Shares, and in relation to 28,935,856 of such New Shares only, subject to the satisfaction of the Financing Condition. If the Financing Condition is not fulfilled, this will not breach the Lighthouse Irrevocable.

Under the Underwriting Agreement, and subject to its conditions, the Underwriters have underwritten 234,305,053 New Shares of the 511,590,456 New Shares under the Lighthouse Irrevocable such that in the event that the Financing Condition in relation to the 28,935,856 New Shares is not fulfilled, the Rights Issue is still fully committed and underwritten.

The Underwriting Agreement is conditional, *inter alia*, upon:

- (i) the Underwriting Agreement having become unconditional in all respects save for the conditions relating to UK Admission;
- (ii) the Resolutions having been passed by Shareholders at the General Meeting;
- (iii) the irrevocable undertakings from APG and Lighthouse being duly executed and not having been breached or terminated prior to UK Admission;
- (iv) the Sale Agreement not being terminated prior to UK Admission;
- (v) completion of the Capital Reorganisation prior to UK Admission; and
- (vi) UK Admission occurring on or before 8:00 a.m. (London time) on 10 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree) and SA Admission of the Letters of Allocation occurring on or before 9:00 a.m. (South African Standard

Time) on 7 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree).

The Rights Issue is conditional on all Resolutions, including the resolution to approve the Disposal, having been passed by Shareholders at the General Meeting. However, the Rights Issue is not conditional on Completion, which is expected to occur in the fourth quarter of 2020. The principal terms of the Underwriting Agreement are summarised in paragraph 16.1 of Part XX (*Additional Information*) of this document.

Applications will be made to: (1) the FCA for the New Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market; and (2) the JSE for the admission to trading of the Letters of Allocation and the New Shares on the Main Board of the JSE.

If a Qualifying Shareholder does not take up any of his or her Rights to subscribe for New Shares, such Qualifying Shareholder's holding, as a percentage of the Enlarged Issued Share Capital, will be diluted by 96.0% as a result of the Rights Issue.

The Existing Shares are admitted to CREST and to the system operated by Strate in South Africa. It is expected that all of the New Shares, when issued and fully paid, will be capable of being held and transferred by means of CREST and the system operated by Strate in respect of those New Shares to be held on Hammerson's South Africa sub-register. It is expected that the Nil Paid Rights will trade under ISIN GB00BK7YQL71, the Fully Paid Rights will trade under ISIN GB00BK7YQM88 and the Letters of Allocation will trade under ISIN GB00BMCZL472. Further details on listing, dealing and settlement are included in Part X (*Terms and Conditions of the Rights Issue*) of this document.

Times and dates referred to in this Part X have been included on the basis of the expected timetable for the Rights Issue set out in Part V (*Expected Timetable of Principal Events in the United Kingdom*) and Part VI (*Expected Timetable of Principal Events in South Africa*) of this document.

## **2. Rights Issue**

The Rights Issue is intended to raise proceeds of approximately £525 million (net of fees, costs and expenses). The Company is proposing to offer 3,678,209,328 New Shares (representing approximately 2400.0% of Hammerson's existing issued share capital (adjusted for the Consolidation) and 96.0% of the Enlarged Issued Share Capital) in connection with the Rights Issue to Qualifying Shareholders other than, subject to certain exemptions, to those Qualifying Shareholders with a registered address, or resident, in one of the Excluded Territories.

Taking into account the Capital Reorganisation, the Rights Issue will be made on the basis of:

### **24 New Shares of 5 pence nominal value for every 1 Consolidated Share of 5 pence nominal value**

held by and registered in the names of Qualifying Shareholders at the close of business on the relevant Record Date.

The Rights Issue is to be made at the UK Issue Price of 15 pence per New Share, in the case of Qualifying Shareholders (other than Qualifying South African Shareholders), and, in the case of Qualifying South African Shareholders, the SA Issue Price of ZAR3.41 per New Share, payable in full on acceptance by no later than 11:00 a.m. (London time) on 24 September 2020 in the case of Qualifying Shareholders (other than Qualifying South African Shareholders) and by no later than 12:00 p.m. (South African Standard Time) on 23 September 2020 in the case of Qualifying South African Shareholders

Taking into account the Capital Reorganisation, the UK Issue Price of 15 pence per New Share represents:

- a discount of 94.6% to the LSE Closing Price of 279.80 pence per Share on 5 August 2020 (being the Latest Practicable Date); and
- a 41.4% discount to the theoretical ex-rights price of 25.59 pence per Share calculated by reference to the LSE Closing Price on 5 August 2020.

Taking into account the Capital Reorganisation, the SA Issue Price of ZAR3.41 per New Share represents:

- a discount of 94.6% to the JSE Closing Price of ZAR63.50 per Share on 5 August 2020 (being the Latest Practicable Date); and
- a 41.4% discount to the theoretical ex-rights price of ZAR5.81 per Share calculated by reference to the JSE Closing Price on 5 August 2020.

It is expected that Admission will become effective and that: (1) dealings in the New Shares (nil paid) will commence on the London Stock Exchange by 8:00 a.m. (London time) on 10 September 2020 and that trading of the Letters of Allocation on the JSE will commence by 9:00 a.m. (South African Standard Time) on 7 September 2020; and (2) dealings in the New Shares (fully paid) will commence on the London Stock Exchange by 8:00 a.m. (London time) on 25 September 2020 and on the JSE by 9:00 a.m. (South African Standard Time) on 21 September 2020.

Entitlements to New Shares will be rounded down to the nearest whole number and fractional entitlements will not be allotted to Qualifying Shareholders but will be aggregated and sold in the market on behalf of the relevant Qualifying Shareholders. Amounts of less than £5.00 (or the equivalent in Rand) will not be paid to such Qualifying Shareholders and will instead be retained for the benefit of the Company.

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Consolidated Shares, including the right to receive dividends or distributions made, paid or declared after the date of issue of the New Shares.

APG and Lighthouse have irrevocably undertaken to take up their rights in full in connection with the Rights Issue.

Qualifying Shareholders are holders of Shares on the register of members of the Company at the relevant Record Date. With the exclusion (subject to certain exceptions) of Qualifying Shareholders with a registered address, or who are located or resident, in any of the Excluded Territories, Qualifying Shareholders will be entitled to take up the New Shares represented by their entitlements to Nil Paid Rights or Letters of Allocation (as applicable). Subject to certain exceptions, Nil Paid Rights or Letters of Allocation (as applicable) to which Qualifying Shareholders with registered addresses, or who are located or resident, in any of the Excluded Territories would otherwise be entitled, will be aggregated with entitlements to Nil Paid Rights which have not been taken up by other Qualifying Shareholders and, if possible, sold as described in paragraph 8 below.

The Directors have set the Consolidation Ratio at 1 Consolidated Share for every 5 Existing Shares and therefore a Shareholder with fewer than 5 Shares as at the Capital Reorganisation Record Date will have their entire holding sold as part of the Consolidation process and will no longer be a Shareholder in Hammerson. Holders of fewer than 5 Existing Shares should not therefore seek to subscribe for New Shares through the Rights Issue. Subject to the above and the New Shares issued pursuant to the Rights Issue, it is not expected that the proportion of Hammerson's issued share capital held by each Shareholder immediately following the Consolidation will change.

The Nil Paid Rights (also described as New Shares, nil paid) and the Letters of Allocation are entitlements to subscribe for New Shares subject to payment of the UK Issue Price or SA Issue Price (as applicable). The Fully Paid Rights are entitlements to receive the New Shares, for which payment of the UK Issue Price has already been made. Holders of Letters of Allocation for which the SA Issue Price has been received in accordance with this document will be entitled to receive the New Shares.

Holdings of Shares in certificated form or uncertificated form will each be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. If a Shareholder holds Shares on both the UK Register and the SA Register these will each be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Entitlements to New Shares arising under the Rights Issue will be rounded down to the nearest whole number and fractional entitlements will not be allotted to Qualifying Shareholders but will be aggregated and sold in the market for the benefit of the relevant Qualifying Shareholders. Amounts of less than £5.00 (or the equivalent in Rand) will not be paid to such Shareholders and will instead be retained for the benefit of the Company.

The Consolidation may also result in the creation of fractional Consolidated Shares. Such fractions will be aggregated and sold by the Company on behalf of the relevant Shareholders. Amounts of less than £5.00 (or the equivalent in Rand) will not be paid to such Shareholders and will be retained for the

benefit of the Company. As a result, there may be minor dilution to your shareholding following the Consolidation.

**The attention of Shareholders with a registered address in, or who are resident or located in countries other than the United Kingdom or South Africa, or who are holding Shares in the Company for the benefit of such a person, and any person (including, without limitation, custodians, nominees, agents and trustees) who has a contractual or other legal obligation to forward this document (or any Provisional Allotment Letter or Form of Instruction) into a jurisdiction other than the United Kingdom or South Africa is drawn to paragraph 11 of this Part X. In particular, subject to the provisions of paragraph 11 of this Part X and certain exceptions, Qualifying Shareholders with a registered address in any of the Excluded Territories will not be sent Provisional Allotment Letters or Forms of Instruction and will not have their CREST stock accounts credited with Nil Paid Rights, or Letters of Allocation credited to a CSDP or broker account in Strate.**

Application has been made to the FCA for the New Shares (nil paid and fully paid) to be admitted to the premium segment of the Official List and to the LSE for the New Shares (nil paid and fully paid) to be admitted to trading on its main market for listed securities. It is expected that UK Admission will become effective on 10 September 2020 and that dealings in the New Shares, nil paid, will commence on the main market of the LSE at 8:00 a.m. (London time) on that date.

The New Shares and the Existing Shares are in registered form and can be held in certificated form or uncertificated form via CREST. The Existing Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Shares and all the New Shares when issued and fully paid may be held and transferred by means of CREST.

Applications have been made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear requires the Company to confirm that certain conditions (imposed by the CREST Manual) are satisfied before Euroclear will admit the Nil Paid Rights and the Fully Paid Rights to CREST. It is expected that these conditions will be satisfied on UK Admission. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear.

Application has been made to the JSE for the Letters of Allocation and the New Shares to be admitted to listing and trading on the Main Board of the JSE. It is expected that trading of the Letters of Allocation will commence on the JSE on 7 September 2020 and trading of the New Shares (fully paid) will commence on 21 September 2020. No holding statements will be issued to Qualifying South African Shareholders on the SA Register and Qualifying South African Shareholders who hold their Shares in certificated form are advised to consult the SA Transfer Secretaries. Qualifying South African Shareholders who hold their Existing Shares in uncertificated form should consult their CSDP or broker for confirmation of their holding of Letters of Allocation and/or New Shares. Any Qualifying South African Shareholder who deals in their Letters of Allocation or the New Shares in any way prior to receiving confirmation of their holding from the SA Transfer Secretaries or their CSDP or broker, as the case may be, will do so at their own risk. The Company disclaims all liability howsoever caused and howsoever arising (and to the maximum extent permitted by law) to persons who trade their Letters of Allocation or New Shares before receiving confirmation of their holding.

In order to facilitate the Rights Issue, the Company has instructed the Registrars not to process transfers of Shares between the Company's UK Register and SA Register between close of business on 24 August 2020 and close of business on 25 September 2020 (London time). Accordingly, during this period, Shareholders on the UK Register may only deal with Shares, Nil Paid Rights and Fully Paid Rights on the LSE and Shareholders on the SA Register may only deal with Shares and Letters of Allocation on the JSE, respectively.

If you are a Qualifying Shareholder (other than a Qualifying South African Shareholder and other than, subject to certain exceptions, a Qualifying Shareholder resident or with a registered address in any of the Excluded Territories) you will be able to trade your Nil Paid Rights on the LSE, but will not be able to trade your Nil Paid Rights on the JSE.

If you are a Qualifying South African Shareholder (other than, subject to certain exceptions, a Qualifying South African Shareholder resident or with a registered address in any of the Excluded Territories) you will be able to trade your Letters of Allocation on the JSE, but will not be able to trade your Letters of Allocation on the LSE.



Following the Consolidation, the ISIN code for the Consolidated Shares will be GB00BK7YQK64. The ISIN code for the Nil Paid Rights is GB00BK7YQL71, the ISIN code for the Fully Paid Rights is GB00BK7YQM88 and the ISIN code for the Letters of Allocation is GB00BMCZL472.

None of the New Shares have been marketed or are being made available in whole or in part to the public other than pursuant to the Rights Issue.

The Rights Issue has been underwritten by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement, with the exception of all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable.

The Joint Global Coordinators may arrange sub-underwriting for some, all or none of the New Shares. The Underwriting Agreement is conditional upon certain matters being satisfied or not occurring prior to UK Admission and may also be terminated by the Underwriters prior to UK Admission upon the occurrence of certain specified events, in which case the Rights Issue will not proceed. After UK Admission, however, the Underwriting Agreement will not be subject to any right of termination. A summary of certain terms and conditions of the Underwriting Agreement is set out in paragraph 16.1 of Part XX (*Additional Information*) of this document.

In connection with the Rights Issue, the Underwriters and any of their respective affiliates, acting as investors for their own accounts, may take up a portion of the New Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own account(s) in the New Shares, any other securities of the Company or other related investments in connection with the Rights Issue or otherwise. Accordingly, references in this document to the New Shares being issued, offered, subscribed for or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing of New Shares to any of the Underwriters and any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time subscribe for, acquire, hold or dispose of New Shares. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Underwriters may coordinate a sell-down in the event that any underwriting crystallises as a result of the Rights Issue.

Subject to, amongst other things, the conditions of the Rights Issue in paragraph 3 below being satisfied, and save as provided in this Part X, it is expected that:

- (i) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, such Qualifying Non-CREST Shareholders with a registered address in any of the Excluded Territories) on 9 September 2020;
- (ii) a Form of Instruction in respect of the Letters of Allocation will be despatched to Qualifying South African Shareholders who hold their Shares in certificated form (other than, subject to certain exceptions, Qualifying South African Shareholders with registered addresses in any of the Excluded Territories) on 8 September 2020;
- (iii) the UK Registrar will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, such Qualifying CREST Shareholders with a registered address in any of the Excluded Territories) with such Shareholders' entitlements to Nil Paid Rights, with effect from as soon as practicable after 8:00 a.m. (London time) on 10 September 2020;
- (iv) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear on 10 September 2020, as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such Rights to CREST have been satisfied;
- (v) Qualifying South African Shareholders who hold their Shares in uncertificated form will have their Strate accounts at their CSDP or broker automatically credited with their Letters of Allocation at 9:00 a.m. (South African Standard Time) on 10 September 2020. However, the crediting of Letters of Allocation to a CSDP or broker account in Strate of a Qualifying South African Shareholder with a registered address in any Excluded Territory will not constitute an offer in those jurisdictions in which it would be illegal to make and/or accept an offer. Accordingly, no Qualifying South

African Shareholder with a registered address in any Excluded Territory, receiving a credit of Letters of Allocation to a CSDP or broker account in Strate, may treat the same as constituting an invitation or offer to him/her nor should he in any event use or deal with any Letters of Allocation credited to him/her in Strate unless such an invitation or offer could lawfully be made to and accepted by him/her or the Letters of Allocation could lawfully be used or dealt with without contravention of any registration or other legal requirements. In such circumstances, this document, and the formal credit of the Letters of Allocation must be treated as sent (or made available) for information purposes only, should not be copied or redistributed and such Qualifying South African Shareholder should take independent professional advice in relation thereto;

- (vi) Qualifying South African Shareholders who hold their Shares in certificated form will have their Letters of Allocation created in electronic format and credited to an account held by the SA Transfer Secretaries at 9:00 a.m. (South African Standard Time) on 10 September 2020;
- (vii) New Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renounees) who validly take up their Rights as soon as reasonably practicable after 10:00 a.m. (London time) on 25 September 2020;
- (viii) share certificates for the New Shares will be despatched to relevant Qualifying Non-CREST Shareholders (or their renounees) who validly take up their Rights by no later than 9 October 2020, at their own risk;
- (ix) the CSDP or broker accounts of Qualifying South African Shareholders who hold their Shares in uncertificated form (or their renounees) who validly take up their Rights will be updated and credited in respect of New Shares and debited with a corresponding multiple of the SA Issue Price at 9:00 a.m. (South African Standard Time) on 25 September 2020; and
- (x) share certificates for the New Shares will be despatched to Qualifying South African Shareholders (or their renounees) who hold their Shares in certificated form who validly take up their Rights by no later than 9 October 2020, at their own risk.

The offer will be made: (a) to Qualifying Non-CREST Shareholders by way of the Provisional Allotment Letter (as described in paragraph (i) above); (b) to Qualifying South African Shareholders by way of this document and, in the case of Qualifying South African Shareholders holding their Shares in certificated form, the Form of Instruction (as described in paragraph (ii) above), and in the case of Qualifying South African Shareholders holding their Shares in uncertificated form by way of the credit of Letters of Allocation as described in paragraph (v) above; and (c) to Qualifying CREST Shareholders by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in paragraph (iv) above) (such Shareholders' stock accounts having been credited as described in paragraph (iii) above), in each case such offer being made on the terms and conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders or Qualifying South African Shareholders holding shares in certificated form, any relevant Provisional Allotment Letter or Form of Instruction respectively) and based on the information contained in this document.

The offer of New Shares pursuant to the Rights Issue is not being, and will not be, made by means of this document into any of the Excluded Territories or any other jurisdiction outside the United Kingdom or South Africa in which it would be illegal to make an offer. The attention of Overseas Shareholders is drawn to paragraph 11 of this Part X.

The New Shares will be issued pursuant to resolutions proposed at the General Meeting. For the purposes of section 578 of the Companies Act 2006, New Shares validly subscribed for by a Shareholder or any other person in the Rights Issue may be allotted by the Company notwithstanding any failure by any other Shareholder or other person to subscribe for New Shares. The New Shares will, when issued and fully paid, be ordinary shares ranking *pari passu* in all respects with the Existing Shares and the Consolidated Shares, and will rank in full for all dividends and distributions thereafter declared, made or paid on the share capital of the Company, save in respect of any dividend or distribution with a record date falling before the date of the issue of the New Shares. The rights attaching to the New Shares are governed by the Articles, a summary of which is set out in paragraph 6 of Part XX (*Additional Information*) of this document. There will be no restrictions on the free transferability of the New Shares save as provided in the Articles.

All documents including Provisional Allotment Letters, Forms of Instruction and cheques and definitive share certificates posted to, by or from Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

Any person who accepts and/or renounces a Provisional Allotment Letter or Letter of Allocation, or who requests registration of the New Shares comprised therein, or who makes a valid acceptance in accordance with the procedures set out in this Part X will be deemed by doing so to make the representations and warranties to the Company and the Underwriters contained in paragraph 11.8 of this Part X. Shareholders taking up their Rights by sending a many-to-many (“MTM”) instruction to Euroclear will also be deemed to have given the representations and warranties set out in paragraph 7.2.4 of this Part X, unless the requirement is waived by the Company and the Underwriters.

### **3. Conditionality**

The Underwriting Agreement is conditional, *inter alia*, upon:

- (i) the Underwriting Agreement having become unconditional in all respects save for the conditions relating to UK Admission;
- (ii) the Resolutions having been passed by Shareholders at the General Meeting;
- (iii) the irrevocable undertakings from APG and Lighthouse being duly executed and not having been breached or terminated prior to UK Admission;
- (iv) the Sale Agreement not being terminated prior to UK Admission;
- (v) completion of the Capital Reorganisation prior to UK Admission; and
- (vi) UK Admission occurring on or before 8:00 a.m. (London time) on 10 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree) and SA Admission of the Letters of Allocation occurring on or before 9:00 a.m. (South African Standard Time) on 7 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree).

If any of the conditions is not satisfied or, if applicable, waived, then the Rights Issue will not take place. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

The Rights Issue will become fully unconditional at UK Admission. Following UK Admission, the Underwriting Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights). For further details of the Underwriting Agreement, please see paragraph 16.1 of Part XX (*Additional Information*) of this document.

### **4. Action to be taken**

**The action to be taken in respect of New Shares depends on whether, at the relevant time, the Qualifying Shareholder holds his Shares in certificated form or uncertificated form (that is, in CREST).**

**If you are a Qualifying Shareholder (other than a Qualifying South African Shareholder) and you have any queries about the Rights Issue or the procedure for acceptance and payment, you should call the UK Shareholder Helpline on +44 (0) 371 664 0321. This helpline is available from 9:00 a.m. to 5:30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The UK Registrar cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

**If you are a Qualifying South African Shareholder and have any queries about the Rights Issue or the procedure for acceptance or payment, you should contact the South African Shareholder Helpline on 086 11 00 634 (from inside South Africa) or +27 11 370 5000 (from outside South Africa) between 8:00 a.m. and 5:00 p.m. (South African Standard Time), Monday to Friday (excluding public holidays).**

Please note that calls to a Shareholder Helpline may be monitored or recorded and that different charges may apply to calls made from mobile telephones. For legal reasons, the Shareholder Helplines will only be able to provide you with information contained in this document and as such will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or

investment advice. Shareholder Helpline staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

If you are a Qualifying Non-CREST Shareholder, have received a Provisional Allotment Letter, and, subject to certain exceptions, are not located in and do not have a registered address in any of the Excluded Territories, please refer to paragraphs 3 and 6 to 9 inclusive of this Part X.

If you are a Qualifying South African Shareholder, have received a Form of Instruction, and, subject to certain exceptions, are not located in and do not have a registered address in any of the Excluded Territories, please refer to paragraphs 6 and 8 to 11 inclusive of this Part X.

If you are a Qualifying CREST Shareholder, and, subject to certain exceptions, are not located in and do not have a registered address in any of the Excluded Territories, please refer to paragraphs 7 to 11 inclusive of this Part X and to the CREST Manual for further information on the CREST procedures referred to below.

If you are Qualifying Shareholder located in and/or with a registered address in any of the Excluded Territories, please refer to paragraph 11 of this Part X.

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

## **5. Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters**

### **5.1 General**

The Company intends that the Provisional Allotment Letters will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, such Qualifying Non-CREST Shareholders with a registered address in any of the Excluded Territories) on 9 September 2020.

The personalised Provisional Allotment Letter will set out:

- the holding of Existing Shares at the UK Record Date on which the Qualifying Non-CREST Shareholder's entitlement to New Shares has been based;
- the aggregate number and cost of New Shares in certificated form which have been provisionally allotted to such Qualifying Non-CREST Shareholder;
- the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form;
- the procedures to be followed if a Qualifying Non-CREST Shareholder who is eligible to use the Special Dealing Service wishes to sell all of his or her Nil Paid Rights or to effect a Cashless Take-up using the Special Dealing Service; and
- instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

On the basis that Provisional Allotment Letters are posted on 9 September 2020 and that dealings commence on 10 September 2020,

- the latest time and date for acceptance and payment in full will be 11:00 a.m. (London time) on 24 September 2020; and
- the latest time and date for receipt of instructions under the Special Dealing Service in respect of the sale of all Nil Paid Rights or a Cashless Take-up will be 11.00 a.m. on 17 September 2020.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 9 September 2020, the expected timetables set out in Part V (*Expected Timetable of Principal Events in the United Kingdom*) and Part VI (*Expected Timetable of Principal Events in South Africa*) of this document will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service. References to dates and times in this document should be read as subject to any such adjustment.

## **5.2 Procedure for acceptance and payment**

### **5.2.1. Qualifying Non-CREST Shareholders who wish to accept in full**

Holders of Provisional Allotment Letters who wish to take up all of their entitlements must complete and return the Provisional Allotment Letter, together with a cheque or bankers' draft in pounds sterling made payable to "Link Market Services Limited Re Hammerson plc Rights Issue A/C" and crossed "A/C payee only" for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter, by post or hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received as soon as possible and in any event so as to be received by not later than 11:00 a.m. (London time) on 24 September 2020, being the last date and time for acceptances. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose and for use within the United Kingdom only. If you post your Provisional Allotment Letter within the United Kingdom by first class post, it is recommended that you allow at least four days for delivery.

The Company may, at its discretion, elect to accept payment by way of electronic fund transfer. If it elects to accept payment in such manner, further details will be included in the Provisional Allotment Letter.

### **5.2.2. Qualifying Non-CREST Shareholders who wish to accept in part**

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights (other than by effecting a Cashless Take-up using the Special Dealing Service) should refer to paragraph 5.6 below.

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights by effecting a Cashless Take-up using the Special Dealing Service should refer to paragraph 5.7 below.

### **5.2.3. Company's discretion as to validity of acceptances**

If payment is not received in full by 11:00 a.m. (London time) on 24 September 2020, the provisional allotment will be deemed to have been declined and will lapse. The Company and the Joint Global Coordinators may (in their absolute discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required).

The Company and the Joint Global Coordinators reserves the right to treat as invalid any acceptance or purported acceptance of the offer of New Shares that appears to the Company to have been executed in, despatched from or that provides an address for the delivery of definitive share certificates for New Shares in an Excluded Territory.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this paragraph 5.2 is deemed to request that the Fully Paid Rights and/or New Shares New Shares to which he will become entitled be issued to him/her on the terms set out in this document and subject to the Company's Articles.

### **5.2.4. Payments**

All payments must be made in GBP by: (i) cheque; or (ii) banker's draft in pounds sterling drawn on an account at a branch in the United Kingdom of a bank or building society and bear a UK bank or building society sort code number in the top right-hand corner

Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Link Market Services Limited Re Hammerson plc Rights Issue A/C" and crossed "A/C payee only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the PAL. Neither post-dated cheques nor payments via CHAPS, BACS or electronic transfer will be accepted. All documents, cheques and bankers' drafts sent through the post will be sent at the risk of the sender.

The Company reserves the right to have cheques and bankers' drafts presented for payment on receipt and to instruct the Receiving Agent to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. Interest will not be paid on payments made before such payments are due but will accrue for the benefit of the Company.

Return of the Provisional Allotment Letter with a remittance in the form of a cheque or banker's draft will constitute a warranty that the cheque or banker's draft will be honoured on first presentation. The Company may elect, in its absolute discretion, to treat as invalid any acceptances in respect of which cheques or bankers' drafts are notified to it or its agent as not having been so honoured. If New Shares have already been allotted to Qualifying Non-CREST Shareholders prior to any payment not being so honoured and such acceptances being treated as invalid, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Non-CREST Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Non-CREST Shareholders pursuant to the provisions of this Part X in respect of the subscription of such shares) on behalf of such Qualifying Non-CREST Shareholders. In these circumstances neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by Qualifying Non-CREST Shareholders as a result.

If a cheque or banker's draft sent by a Qualifying Non-CREST Shareholder is drawn for an amount different from that set out on that Shareholder's Provisional Allotment Letter, that Shareholder's application shall be treated as an acceptance in respect of such whole number of shares that could be subscribed for at the UK Issue Price with the amount for which that cheque or banker's draft is drawn (and not the amount set out in the Provisional Allotment Letter). Any balance from the amount of the cheque will be retained for the benefit of the Company.

#### **5.2.5. Further representations and warranties**

Holders of Provisional Allotment Letters who accept and/or renounce their Provisional Allotment Letter also make the representations and warranties set out in paragraph 11.8.1 of this Part X, except in the circumstances described in that paragraph.

### **5.3 Money Laundering Regulations**

It is a term of the Rights Issue that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person lodging the Provisional Allotment Letter and, where relevant, its beneficial owner or ultimate controller and/or of any person on whose behalf the Provisional Allotment Letter is lodged with payment and, where relevant, its beneficial owner or ultimate controller (which requirements are referred to below as the "verification of identity requirements"). If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Provisional Allotment Letter.

The person who, by lodging the Provisional Allotment Letter with payment (the "applicant"), (including any person who appears to the Receiving Agent to be acting on behalf of some other person) accepts the allotment of the New Shares comprised in such Provisional Allotment Letter (being the provisional allottee or, in the case of renunciation, the person named in such Provisional Allotment Letter), shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as either of them may require to satisfy the verification of identity requirements and agree for the Receiving Agent and/or the Company to make a search using a credit reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained. Return of the Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by acceptance of such remittance.

If the Receiving Agent determines that the verification of identity requirements apply to an acceptance of an allotment and the verification of identity requirements have not been satisfied (which the Registrars shall in their absolute discretion determine) by 11:00 a.m. (London time) on 24 September

2020, the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the acceptance as invalid or may confirm the allotment of the relevant shares to the acceptor but (notwithstanding any other term of the Rights Issue) such shares will not be issued to him/her or registered in his name until the verification of identity requirements have been satisfied (which the Registrars shall in their absolute discretion determine). If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the acceptor, as the Company may in its absolute discretion allow, the Company in consultation with the Underwriters will be entitled to make arrangements to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the acceptor). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the acceptor, subject to the requirements of the Money Laundering Regulations. The Receiving Agent is entitled in its absolute discretion to determine whether the verification of identity requirements apply to any acceptor and whether such requirements have been satisfied. Neither the Company, the Receiving Agent, nor the Underwriters will be responsible or liable to any person for any loss suffered or incurred as a result of the exercise of any such discretion or as a result of any sale of relevant shares.

Return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the acceptor that the Money Laundering Regulations will not be breached by acceptance of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in an acceptance being treated as invalid or in delays in the despatch of a receipted fully-paid Provisional Allotment Letter or a share certificate.

Where the verification of identity requirements apply, please note the following, as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

- payments must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society and bear a UK bank or building society sort code number in the top right-hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Link Market Services Limited Re Hammerson plc Rights Issue A/C" and crossed "A/C payee only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque/bankers' draft to such effect. The account name should be the same as that shown on the application;
- if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation required to comply with the EU Money Laundering Directive (2005/06/EC) or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, India, Japan, Korea, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States), the agent should provide written confirmation that it has that status with the Provisional Allotment Letter(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant regulatory or investigatory authority; or
- if a Provisional Allotment Letter is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

In order to confirm the acceptability of any written assurance referred to above, or in any other case, the applicant should contact the UK Shareholder Helpline on +44 (0) 371 664 0321. This helpline is available from 9:00 a.m. to 5:30 p.m. (London time), Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones. The UK Registrar cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **5.4 Dealings in Nil Paid Rights**

Assuming the Rights Issue becomes unconditional, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8:00 a.m. (London time) on 10 September 2020, and dealings in the Letters of Allocation are expected to commence on the JSE at 9:00 a.m. (South African Standard Time) on 7 September 2020. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, nil paid, is expected to be 11:00 a.m. (London time) on 24 September 2020.

#### **5.5 Dealings in Fully Paid Rights**

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant Provisional Allotment Letter and delivering it, by post or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than 11:00 a.m. (London time) on 24 September 2020. To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letters returned to them after acceptance has been effected by the Receiving Agent.

Fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking the appropriate box on the Provisional Allotment Letter.

#### **5.6 Transfer, renunciation and splitting of Provisional Allotment Letters**

Holders of Provisional Allotment Letters who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter, other than by effecting a Cashless Take-up using the Special Dealing Service described in paragraph 5.7 below, may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, the letter will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in the Provisional Allotment Letter may be transferred by delivery of the Provisional Allotment Letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 11:00 a.m. (London time) on 24 September 2020. Qualifying Non-CREST Shareholders should note that fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders.

If a holder of a Provisional Allotment Letter wishes to have only some of the New Shares registered in his name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights or (if appropriate) Fully Paid Rights but to different persons, he may have the Provisional Allotment Letter split, for which purpose he or his agent must complete and sign Form X on the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by not later than 3:00 p.m. on 22 September 2020, to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split letter should be stated in an accompanying letter. Form X on split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue.

The Company and the Underwriters reserve the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory requirements, including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom.

Alternatively, holders of Provisional Allotment Letters who wish to take up some of their rights, without transferring the remainder, should complete Form X on the original Provisional Allotment Letter and return it, together with a covering letter confirming the number of rights to be taken up and a cheque or banker's draft in pounds sterling to pay for this number of New Shares, by post or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The



Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In this case, the Provisional Allotment Letter and payment must be received by the Receiving Agent by 11:00 a.m. (London time) on 24 September 2020.

## **5.7 Special Dealing Service**

### **5.7.1. Qualifying Non-CREST Shareholders who wish to sell all of their entitlement using the Special Dealing Service**

Qualifying Non-CREST Shareholders who are individuals with a registered address in the United Kingdom or in any other jurisdiction in the EEA and who wish to sell all of the Nil Paid Rights to which they are entitled may elect to do so using the Special Dealing Service. Such Qualifying Non-CREST Shareholders should complete and return the Provisional Allotment Letter in accordance with the instructions printed thereon, by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 11.00 a.m. on 17 September 2020, the latest time and date for requesting the sale of Nil Paid Rights through the Special Dealing Service.

A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose. If you post your Provisional Allotment Letter within the United Kingdom by first-class post, it is recommended that you allow at least four days for delivery. Please note that Link Asset Services will charge a commission of 1% of the gross proceeds of sale of all of the Nil Paid Rights to which the Qualifying Non-CREST Shareholder is entitled, subject to a minimum of £15.00, for effecting such sale through the Special Dealing Service.

Under the Special Dealing Service, Link Asset Services will collate all the instructions from Qualifying Non-CREST Shareholders wishing to use the service to sell all their Nil Paid Rights up to 11.00 a.m. on 17 September 2020 and instruct a broker to sell all such Nil Paid Rights on 18 September 2020.

Link Asset Services will aggregate instructions from all Qualifying Non-CREST Shareholders who have elected to sell all of their Nil Paid Rights under the Special Dealing Service that are received (or are treated as having been received). Such Nil Paid Rights in respect of which an instruction is received may be sold in several transactions and on separate days. Qualifying Non-CREST Shareholders would receive the average price obtained for the sale of all of the Nil Paid Rights aggregated for sale purposes in accordance with the above. This may result in Qualifying Non-CREST Shareholders who choose to sell all of their Nil Paid Rights through the Special Dealing Service receiving a higher or lower price than if their Nil Paid Rights were sold separately. This may also result in Qualifying Non-CREST Shareholders who choose to sell all of their Nil Paid Rights through the Special Dealing Service receiving a higher or lower price for their Nil Paid Rights than if all of their Nil Paid Rights had been sold in a single transaction or on a single day and such Qualifying Non-CREST Shareholders may receive the proceeds of sale later than if their Nil Paid Rights had been sold by another broker on an individual basis.

A Qualifying Non-CREST Shareholder who is considering giving an instruction to sell all of their Nil Paid Rights under the Special Dealing Service should note that there is no guarantee that the sale of Nil Paid Rights will be effected under the Special Dealing Service in relation to their Nil Paid Rights.

Whether such Qualifying Non-CREST Shareholder's Nil Paid Rights will be sold under the Special Dealing Service will depend on whether it is expected that the proceeds from the sale of the Nil Paid Rights of the majority of the Qualifying Non-CREST Shareholders (the "**Majority Shareholders**") who elect to sell all of their Nil Paid Rights and whose instructions are aggregated for sales purposes will exceed the commissions referred to above. If a Qualifying Non-CREST Shareholder's Nil Paid Rights are sold but the proceeds obtained for the sale of such Nil Paid Rights are less than the commissions referred to above, such Qualifying Non-CREST Shareholder will not receive any proceeds.

### **5.7.2. Qualifying Non-CREST Shareholders who wish to effect a Cashless Take-up using the Special Dealing Service**

Qualifying Non-CREST Shareholders who are individuals with a registered address in the United Kingdom or in any other jurisdiction in the EEA and who wish to effect a Cashless Take-up may elect to do so using the Special Dealing Service. Such Qualifying Non-CREST Shareholders should complete and return the Provisional Allotment Letter in accordance with the instructions printed thereon, by post or by hand (during normal business hours) to Link Asset Services, Corporate Actions,

The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 11.00 a.m. on 17 September 2020, the latest time and date for requesting a Cashless Take-up through the Special Dealing Service.

A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose. If you post your Provisional Allotment Letter within the United Kingdom by first-class post, it is recommended that you allow at least four days for delivery. Please note that Link Asset Services will charge a commission of 1% of the gross proceeds of sale of such number of Nil Paid Rights as is required to effect a Cashless Take-up for which a Qualifying Non-CREST Shareholder is entitled, subject to a minimum of £15.00.

Under the Special Dealing Service, Link Asset Services will collate all the instructions from Qualifying Shareholders wishing to use the service to effect a Cashless Take-up up to 11.00 a.m. on 17 September 2020 and instruct a broker to sell sufficient Nil Paid Rights for Qualifying Non-CREST Shareholders to take up the remainder of their Nil Paid Rights on 18 September 2020.

Link Asset Services will aggregate instructions from all Qualifying Non-CREST Shareholders who elect a Cashless Take-up under the Special Dealing Service that are received (or are treated as having been received). Such number of Nil Paid Rights which need to be sold to effect a Cashless Take-up for Qualifying Non-CREST Shareholders under the Special Dealing Service may be sold in several transactions and on separate days. Qualifying Non-CREST Shareholders would receive the average price obtained for the sale of all of the Nil Paid Rights aggregated for sale purposes in accordance with the above. This may result in Qualifying Non-CREST Shareholders who elect a Cashless Take-up under the Special Dealing Service receiving a higher or lower price than if their Nil Paid Rights were sold separately. This may also result in Qualifying Non-CREST Shareholders who choose to effect a Cashless Take-up under the Special Dealing Service receiving a higher or lower price for their Nil Paid Rights than if such Nil Paid Rights had been sold in a single transaction or on a single day.

A Qualifying Non-CREST Shareholder who is considering giving an instruction for Cashless Take-up under the Special Dealing Service should note that there is no guarantee that Cashless Take-up will be effected under the Special Dealing Service in relation to his or her Nil Paid Rights. Whether such Qualifying Non-CREST Shareholder's Nil Paid Rights will be sold under the Special Dealing Service will depend on whether it is expected that the proceeds from the sale of the Nil Paid Rights of the Majority Shareholders who elect for a Cashless Take-up under the Special Dealing Service and whose instructions are aggregated for sales purposes will be sufficient, after deducting the commissions referred to above, to take up one New Share for each of the Majority Shareholders. If a Qualifying Non-CREST Shareholder's Nil Paid Rights are sold, but the proceeds obtained for the sale of the Nil Paid Rights are not sufficient, after the deduction of the commissions referred to above, to acquire any New Shares at the Issue Price, such Qualifying Non-CREST Shareholder will not receive any New Shares.

### **5.7.3 General**

By giving an instruction under the Special Dealing Service, a Qualifying Non-CREST Shareholder will be deemed to have represented, warranted and undertaken that he or she will not thereafter seek to take any action in respect of his or her Provisional Allotment Letter. By giving instruction under the Special Dealing Service, he or she will be deemed to have renounced his or her Nil Paid Rights, as applicable to his or her instruction.

The Special Dealing Service Terms and Conditions will be posted to Qualifying Non-CREST Shareholders together with the Provisional Allotment Letter. A Qualifying Non-CREST Shareholder who is eligible for and elects to use the Special Dealing Service agrees to the terms and conditions of the Rights Issue set out in this document and the Special Dealing Service Terms and Conditions (including how the price for the sale of their Nil Paid Rights is calculated and the commissions that will be deducted from the proceeds of their sale of such Nil Paid Rights). Qualifying Non-CREST Shareholders using the Special Dealing Service should note that they will be clients of Link Asset Services and not of the Company when using such service. Link Asset Services' liability to such a Qualifying Non-CREST Shareholder and its responsibility for providing the protections afforded by the UK regulatory regime to clients for whom such services are provided is as set out in the Special Dealing Service Terms and Conditions and neither Link Asset Services nor the Company shall have any liability or responsibility to a Qualifying Non-CREST Shareholder using the

Special Dealing Service, except as set out in those Special Dealing Service Terms and Conditions. None of the Company, Link Asset Services or their agents shall be responsible for any loss or damage (whether actual or alleged) arising from the terms or timing of any sale, any settlement issues arising from any sale, any exercise of discretion in relation to any sale, or any failure to procure any sale, of Nil Paid Rights pursuant to the Special Dealing Service.

The Company, Link Asset Services and/or their agents shall each have sole discretion to determine the eligibility of Qualifying Non-CREST Shareholders and may each in their sole discretion interpret instructions (including handwritten markings) on the Provisional Allotment Letter, and none of the Company, Link Asset Services or their agents shall be responsible for any loss or damage (whether actual or alleged) arising from any such exercise of discretion. All remittances will be sent by post, at the risk of the Qualifying Non-CREST Shareholder entitled thereto, to the registered address of the relevant Qualifying Non-CREST Shareholder (or, in the case of joint holders, to the address of the joint holder whose name stands first in the register of Shareholders). No interest will be payable on any proceeds received from the sale of Nil Paid Rights under the Special Dealing Service.

The Company, Link Asset Services and/or their agents cannot offer financial, legal, tax or investment advice on the Special Dealing Service. The Special Dealing Service is an “execution only” service and not a recommendation to buy or sell the Nil Paid Rights. The Special Dealing Service Terms and Conditions apply to the Special Dealing Service. The value of Shares and any income from them can fluctuate and, when sold, investors may receive less than the original amount invested. Past performance is not a guide to future returns. The Special Dealing Service is provided by Link Asset Services, a trading name of Link Market Services Limited, which is authorised by the FCA.

#### **5.8 *Registration in names of Qualifying Shareholders***

A Qualifying Shareholder who wishes to have all the New Shares to which he is entitled registered in his name must accept and make payment for such allotment in accordance with the provisions set out in this document and the Provisional Allotment Letter but need take no further action. A share certificate is expected to be sent to such Qualifying Shareholders on or around 9 October 2020.

#### **5.9 *Registration in names of persons other than Qualifying Shareholders originally entitled***

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholders originally entitled, the renounee or his agent(s) must complete Form Y on the Provisional Allotment Letter (unless the renounee is a CREST member who wishes to hold such New Shares in uncertificated form, in which case Form X and the CREST Deposit Form must be completed (see paragraph 5.10 below) and deliver the entire Provisional Allotment Letter, when fully paid, by post or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than the latest time for registration of renunciations, which is expected to be 11:00 a.m. (London time) on 24 September 2020.

Registration cannot be effected unless and until the New Shares comprised in a Provisional Allotment Letter are fully paid.

The New Shares comprised in several renounced Provisional Allotment Letters may be registered in the name of one holder (or joint holders) if Form Y on the Provisional Allotment Letter is completed on one Provisional Allotment Letter (the “Principal Letter”) and all the Provisional Allotment Letters are delivered in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in the Consolidated Listing Form adjacent to Forms X and Y of the Principal Letter and the allotment number of the Principal Letter should be entered in the space provided on each of the other Provisional Allotment Letters.

#### **5.10 *Deposit of Nil Paid Rights or Fully Paid Rights into CREST***

The Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those Rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in this paragraph 5.10 or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such Rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both set out in the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter must be deposited with the CREST Courier and Sorting Service (“CCSS”). In addition, the normal CREST stock deposit procedures will need to be carried out, except that: (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit only some of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters. If the Rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. A consolidation listing form (as defined in the CREST Regulations) must not be used.

A holder of the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter who is proposing to convert those Rights into uncertificated form (whether following a renunciation of such Rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights or Fully Paid Rights in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 24 September 2020. **In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form in the Provisional Allotment Letter duly completed) with the CCSS (in order to enable the person acquiring the Nil Paid Rights or Fully Paid Rights in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 24 September 2020) is 3:00 p.m. (London time) on 21 September 2020.**

When Form Y and the CREST Deposit Form (both in the Provisional Allotment Letter) have been completed, title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and for the avoidance of doubt any entries in Form X of the Provisional Allotment Letter will not be recognised or acted upon by the Receiving Agent. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such Rights have been deposited into CREST.

CREST sponsored members should contact their CREST sponsor as only their CREST sponsor will be able to take the necessary action to take up the entitlement or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

#### **5.11 Issue of New Shares in definitive form**

Share certificates in respect of the Consolidated Shares to be held in certificated form are expected to be despatched by post by 18 September 2020 at the risk of the person(s) entitled to them. Share certificates in respect of the New Shares to be held in certificated form are expected to be despatched by post by 9 October 2020 at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders and renouncees or their agents or, in the case of joint holdings, to the first-named Shareholder at their registered address (unless a lodging agent's stamp or details appear in the relevant box of the Provisional Allotment Letter). After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Shares will be certified by the Receiving Agent against the lodgement of fully paid Provisional Allotment Letters and/or, in the case of renunciations, against the Provisional Allotment Letters held by the Receiving Agent.

## **6. Action to be taken by Qualifying South African Shareholders**

### **6.1 General**

#### **6.1.1. *Qualifying South African Shareholders who hold their Shares in uncertificated form***

It is expected that Qualifying South African Shareholders who hold their Shares in uncertificated form (other than, subject to certain exceptions, Qualifying South African Shareholders resident in or with registered addresses in any of the Excluded Territories) will not receive a Form of Instruction and will have their accounts at their CSDP or broker automatically credited with their Letters of Allocation which represent their entitlement to Nil Paid Rights, on 10 September 2020.

Qualifying South African Shareholders who hold their Shares in uncertificated form that wish to participate in the Rights Issue must act in terms of the instructions received from their CSDP or broker.

#### **6.1.2. *Qualifying South African Shareholders who hold their Shares in certificated form***

It is expected that Qualifying South African Shareholders who hold their Shares in certificated form (other than, subject to certain exceptions, Qualifying South African Shareholders resident in or with registered addresses in any of the Excluded Territories) will have their Letters of Allocation which represent their entitlement to Nil Paid Rights credited to the account with the SA Transfer Secretaries on 10 September 2020.

Qualifying South African Shareholders who hold their Shares in certificated form (other than, subject to certain exceptions, Qualifying South African Shareholders resident in or with a registered address in any of the Excluded Territories) will receive a Form of Instruction. The personalised Form of Instruction, which constitutes a temporary document of title, sets out:

- the holding of Existing Shares as at the SA Record Date on which the Qualifying South African Shareholder's entitlement to New Shares has been based;
- the aggregate number and the SA Issue Price of New Shares in certificated form which have been provisionally allotted to the Qualifying South African Shareholder; and
- the procedures to be followed if the Qualifying South African Shareholder wishes to exercise his Nil Paid Rights, or sell or renounce all or part of his Letters of Allocation and instructions regarding payment.

**The latest time and date for acceptance and payment in full will be 12:00 p.m. (South African Standard Time) on 23 September 2020.**

### **6.2 Procedure for acceptance of the Rights Issue**

#### **6.2.1. *Qualifying South African Shareholders who hold their Shares in uncertificated form***

Qualifying South African Shareholders who hold their Shares in uncertificated form must instruct their CSDP or broker as to whether they are Qualifying South African Shareholders and wish to participate in the Rights Issue to enable their CSDP or broker to act on their behalf in terms of the custody agreement entered into between the relevant Qualifying South African Shareholder and the CSDP or broker.

#### **6.2.2. *Qualifying South African Shareholders who hold their Shares in certificated form***

Full details of the procedure for the exercise of Nil Paid Rights and payment are contained in the relevant Forms of Instruction to be sent to Qualifying South African Shareholders who hold their Shares in certificated form (other than, subject to certain exceptions, Qualifying South African Shareholders resident in or with registered addresses in any of the Excluded Territories). The following should be noted:

- Qualifying South African Shareholders may subscribe for a lesser number of New Shares than their full entitlement and must indicate the number of New Shares for which they wish to subscribe on the Form of Instruction;
- any instruction to sell or renounce all or part of their Letters of Allocation in favour of another person may only be made by a Qualifying South African Shareholder who holds their Shares in certificated form by means of the Form of Instruction;

- the properly completed Form of Instruction and payment of the aggregate SA Issue Price for any New Shares must, subject to the rest of this paragraph 6.2.2, be made by cheque (crossed, marked “not transferable” and with the words “or bearer” deleted), by a banker’s draft (drawn by a registered bank in South Africa) or by EFT in Rand and made payable to “Hammerson Rights Offer on behalf of Hammerson” must be delivered by hand, post or e-mail to the SA Transfer Secretaries at either of the addresses referred to in paragraph 6.6.2 of this Part X to be received by not later than 12:00 p.m. (South African Standard Time) on 23 September 2020, and the receipt of which by the SA Transfer Secretaries will constitute an irrevocable acceptance by such Qualifying South African Shareholders to take up their Nil Paid Rights, save as required by statute. Qualifying South African Shareholders are advised to take postal delivery times into consideration if posting their Form of Instruction, as no late postal deliveries will be accepted. Each cheque or banker’s draft will be deposited immediately upon collection. In the backdrop of the COVID-19 pandemic and subsequent impact in South Africa, as well as the general uncertainty occasioned by this and the related restrictions imposed, or which may be imposed, by the South African Government on movement in South Africa, Qualifying South African Shareholders who hold their Shares in certificated form are encouraged to (i) return completed Forms of Instruction to the SA Transfer Secretaries by e-mail and (ii) to pay for the New Shares subscribed for by EFT with the proof of payment returned by e-mail together with the completed Form of Instruction. If Qualifying South African Shareholders who hold their Shares in certificated form elect to return completed Forms of Instruction and payment by hand, by courier or by post, such Qualifying South African Shareholders are encouraged to contact the SA Transfer Secretaries (at the telephone numbers referred to in paragraph 6.6.2) to confirm receipt thereof. The SA Transfer Secretaries will not accept any Form of Instruction, cheque, bankers’ draft or proof of payment which is received after 12:00 p.m. (South African Standard Time) on 23 September 2020, whether delivered by post, by hand, by email or otherwise;
- should the requisite cheque, banker’s draft or proof of payment by EFT not accompany the completed Form of Instruction, the SA Transfer Secretaries will treat the application for the subscription of New Shares as invalid;
- payment must be made by way of (i) cheque (ii) banker’s draft or (iii) EFT in accordance with the terms and conditions set out in this document and the Form of Instruction. Should any cheque or banker’s draft be dishonoured, or should payment in full not be received for any reason whatsoever the Company may in its sole discretion, without prejudice to any other rights it may have, regard the application to subscribe for New Shares and the duly completed Form of Instruction as null and void and/or take such other steps in regard thereto as it deems fit; and
- if any Form of Instruction, cheque, banker’s draft or EFT proof of payment is not received as set out above, the Nil Paid Rights will be deemed to have been declined by the Qualifying Shareholder to whom the Form of Instruction is addressed and the right to subscribe for the New Shares offered to the addressee or renounced in favour of another person in terms of such Form of Instruction will lapse, no matter who then holds it.

### **6.3 Procedure for sale of Letters of Allocation**

Qualifying South African Shareholders not wishing to exercise and/or renounce all or part of their Nil Paid Rights may sell all or part of their Letters of Allocation. Alternatively, such Qualifying South African Shareholders may allow all or part of their Nil Paid Rights to lapse.

#### **6.3.1. Qualifying South African Shareholders who hold their Shares in uncertificated form**

Qualifying South African Shareholders who hold their Shares in uncertificated form must instruct their CSDP or broker as to whether they are Qualifying South African Shareholders and wish to sell their Letters of Allocation to enable the CSDP or broker to act on their behalf in terms of the custody agreement entered into between the relevant Qualifying South African Shareholder and the CSDP or broker.

#### **6.3.2. Qualifying South African Shareholders who hold their Shares in certificated form**

Qualifying South African Shareholders who hold their Shares in certificated form wishing to sell all or part of their Letters of Allocation in respect of some or all their Nil Paid Rights as reflected in the relevant Form of Instruction must complete Form A of the relevant Form of Instruction and return it to

the SA Transfer Secretaries in accordance with the instructions contained therein, to be received by no later than 12:00 p.m. (South African Standard Time) on 18 September 2020. The SA Transfer Secretaries will endeavour to procure the sale of the Letters of Allocation on the JSE on behalf of such Qualifying South African Shareholder and will remit the proceeds in accordance with the payment instructions reflected on the Form of Instruction, provided that such proceeds, net of brokerage charges and associated expenses, are in excess of the ZAR equivalent of £5.00 (at the spot rate on the effective date of such sale, if any).

Qualifying South African Shareholders who hold their Shares in certificated form should note that the closer to the above deadline that they instruct the SA Transfer Secretaries to sell their Letters of Allocation, the less opportunity the SA Transfer Secretaries will have to sell their Letters of Allocation at a profit or at all.

None of the Company, the SA Transfer Secretaries or any broker appointed by them will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sale, the price obtained or any failure to sell such Letters of Allocation. References in this paragraph 6.3.2 to a Qualifying South African Shareholder who holds their Shares in certificated form include references to such shareholder's renounees, the person or persons executing the Form of Instruction and any person or persons on whose behalf such person or persons executing the Form of Instruction is or are acting. In the event of more than one person executing the Form of Instruction the provisions of this paragraph 6.3.2 shall apply jointly and severally.

#### **6.4 Procedure for renunciation of Letters of Allocation**

Qualifying South African Shareholders not wishing to sell all or part of their Letters of Allocation or to exercise all or part of their Nil Paid Rights may renounce all or part of the Letters of Allocation in respect of the remaining Nil Paid Rights in favour of another person, who may then take up the Nil Paid Rights represented by such renounced Letters of Allocation. Alternatively, such Qualifying South African Shareholders may allow all or part of their Nil Paid Rights to lapse.

##### **6.4.1. Qualifying South African Shareholders who hold their Shares in uncertificated form**

Qualifying South African Shareholders who hold their Shares in uncertificated form must instruct their CSDP or broker as to whether they are Qualifying South African Shareholders and wish to renounce their Letters of Allocation to enable the CSDP or broker to act on their behalf in terms of the custody agreement between the relevant Qualifying South African Shareholder and the CSDP or broker.

##### **6.4.2. Qualifying South African Shareholders who hold their Shares in certificated form**

Qualifying South African Shareholders who hold their Shares in certificated form who do not wish to sell all or part of their Letters of Allocation in respect of some or all of the Nil Paid Rights reflected in the relevant Form of Instruction and who do not wish to subscribe for all of the New Shares offered in terms of the Form of Instruction, and wish to renounce all or part of the Letters of Allocation in favour of another person, must complete Form B of their Form of Instruction and the person in whose favour such Letters of Allocation have been renounced who wishes to subscribe for the New Shares in terms of the Rights Issue must complete Form C of the relevant Form of Instruction and lodge the Form of Instruction together with their payment of the aggregate SA Issue Price to the SA Transfer Secretaries at either of the addresses set out in paragraph 6.6.2 below to be received by no later than 12:00 p.m. (South African Standard Time) on 23 September 2020 in accordance with the instructions contained herein and in the Form of Instruction.

The lodging of the Form of Instruction, with Form B of the relevant Form of Instruction purporting to be signed by the Qualifying South African Shareholder whose name appears thereon and Form C of the relevant Form of Instruction purporting to be signed by the renounee(s) whose name(s) appear(s) thereon, will be taken to be conclusive evidence of the right of the:

- Qualifying South African Shareholders to deal with the Form of Instruction; and
- renounee(s) to have the New Shares in question allotted to him/them and to receive a certificate in respect of those New Shares.

The Company will not be obliged to investigate whether Forms B and C of the relevant Form of Instruction have been properly signed or completed or to investigate any facts surrounding the signing or lodging of either form.

Any person in whose favour Letters of Allocation have been renounced must:

- be a person who is not, subject to certain exceptions, resident or with a registered address in any of the Excluded Territories; and
- not be subject to the laws or regulations of a country under which its participation in the Rights Issue would be prohibited or subject to any restrictions imposed by that country's laws and regulations, either collectively or individually.

## **6.5 Partial acceptance, renunciation and/or sale**

Qualifying South African Shareholders may exercise only a portion of their Nil Paid Rights and renounce and/or sell the Letters of Allocation representing their remaining Nil Paid Rights and/or allow their remaining Nil Paid Rights to lapse.

### **6.5.1. Qualifying South African Shareholders who hold their Shares in uncertificated form**

Qualifying South African Shareholders who hold their Shares in uncertificated form must instruct their CSDP or broker as to whether they are Qualifying South African Shareholders and wish to exercise only a portion of their Nil Paid Rights and renounce and/or sell the Letters of Allocation in respect of their remaining Nil Paid Rights and/or allow their remaining Nil Paid Rights to lapse, to enable the CSDP or broker to act on their behalf in terms of the custody agreement entered into between the relevant Qualifying South African Shareholder and the CSDP or broker.

### **6.5.2. Qualifying South African Shareholders who hold their Shares in certificated form**

Qualifying South African Shareholders who hold their Shares in certificated form and wish to exercise only a portion of their Nil Paid Rights and wish to renounce and/or sell the Letters of Allocation in respect of their remaining Nil Paid Rights and/or allow their remaining Nil Paid Rights to lapse must indicate on the relevant Form of Instruction the number of New Shares for which they wish to subscribe and/or complete Form A of their Form of Instruction indicating the number of their Letters of Allocation they wish to sell and/or complete Form B of their Form of Instruction indicating the number of Letters of Allocation that they wish to renounce, as applicable and, in the event that they wish to renounce any portion of their Letters of Allocation then the person in whose favour such Letters of Allocation have been renounced and who wishes to exercise the Nil Paid Rights represented by such renounced Letters of Allocation and subscribe for the New Shares in terms of the Rights Issue must complete Form C of the relevant Form of Instruction. The Form of Instruction must be received by the SA Transfer Secretaries at one of the addresses referred to in paragraph 6.6.2 below by no later than 12:00 p.m. (South African Standard Time) on 18 September 2020 if Qualifying South African Shareholders want to sell any of their Letters of Allocation, and by no later than 12:00 p.m. (South African Standard Time) on 23 September 2020 if Qualifying South African Shareholders do not want to sell any of their Letters of Allocation but want to exercise a portion of their Nil Paid Rights and renounce the Letters of Allocation in respect of their remaining Nil Paid Rights and/or allow their remaining Nil Paid Rights to lapse. In this regard, the other procedures and instructions in the Form of Instruction will apply to each of the actions taken by Qualifying South African Shareholders who hold their Shares in certificated form.

## **6.6 Payment**

### **6.6.1. Qualifying South African Shareholders who hold their Shares in uncertificated form**

Qualifying South African Shareholders who hold their Shares in uncertificated form who wish to subscribe for New Shares must, in making payment, act in terms of the instructions received from their CSDP or broker.

### **6.6.2. Qualifying South African Shareholders who hold their Shares in certificated form**

Payment by Qualifying South African Shareholders who hold their Shares in certificated form who wish to subscribe for New Shares must, together with their duly completed Form of Instruction, lodge a cheque (crossed, marked "not transferable" and with the words "or bearer" deleted), lodge a banker's draft (drawn on a bank registered in South Africa) or proof of payment by EFT for the aggregate SA Issue Price for the New Shares for which they are subscribing made payable to "Hammerson Rights



Offer on behalf of Hammerson” for the amounts payable, in Rand, with the SA Transfer Secretaries as follows:

Delivered to:

Hammerson—Rights Issue  
c/o Computershare Investor Services Pty Ltd  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196  
South Africa

Posted/Courier to:

Hammerson—Rights Issue  
c/o Computershare Investor Services Pty Ltd  
PO Box 61763  
Marshalltown  
2007

Emailed to:

corporate.events@computershare.co.za

so as to be received by the SA Transfer Secretaries by no later than 12:00 p.m. (South African Standard Time) on 23 September 2020.

Any payments made by way of EFT must be made into the designated bank account, details of which are available from the SA Transfer Secretaries on request by contacting the SA Transfer Secretaries’ call centre for corporate actions on +27 11 370 5000 and, in South Africa only, 086 1100 634.

In the backdrop of the COVID-19 pandemic and subsequent impact in South Africa, as well as the general uncertainty occasioned by this and the related restrictions imposed, or which may be imposed, by the South African Government on movement in South Africa, Qualifying South African Shareholders who hold their Shares in certificated form are encouraged to (i) return completed Forms of Instruction to the SA Transfer Secretaries by e-mail and (ii) to pay for the New Shares subscribed for by EFT with the proof of payment returned by e-mail together with the completed Form of Instruction. If Qualifying South African Shareholders who hold their Shares in certificated form elect to return completed Forms of Instruction and payment by hand, by courier or by post, such Qualifying South African Shareholders are encouraged to contact the SA Transfer Secretaries to confirm receipt thereof.

If Qualifying South African Shareholders who hold their Shares in certificated have any queries, they should contact the SA Transfer Secretaries via email at corporate.events@computershare.co.za or by telephone on: +27 11 370 5000 and, in South Africa only, 086 1100 634. Calls will be charged at the standard geographic rate and will vary by provider. Calls outside South Africa will be charged at the applicable international rate. The helpline is open between 8:00 a.m. and 5:00 p.m. (South African standard time), Monday to Friday (excluding public holidays in South Africa).

**6.6.3. *Company's discretion as to validity of acceptances***

In respect of Qualifying South African Shareholders who hold their Shares in certificated form, if payment is not received in full by 12:00 p.m. (South African Standard Time) on 23 September 2020, the provisional allotment of New Shares will be deemed to have been declined and will lapse. The Company and the Joint Global Coordinators may (in their absolute discretion) treat a Form of Instruction as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required).

The Company and the Joint Global Coordinators reserve the right to treat as invalid any acceptance or purported acceptance of the offer of New Shares that appears to the Company and the Joint Global Coordinators or their respective agents to have been executed in, despatched from or that provides an address for the delivery of definitive share certificates for New Shares in an Excluded Territory.

A Qualifying South African Shareholder holding their shares in certificated form who validly accepts the offer of New Shares and makes payment in accordance with this paragraph 6.6.3 is deemed to request that the New Shares to which they will become entitled be issued to him/her on the terms set out in this document and subject to the Company’s Articles.

The SA Transfer Secretaries will not accept any Form of Instruction, cheque, bankers’ draft or proof of payment which is received after 12:00 p.m. (South African Standard Time) on 23 September 2020, whether delivered by post, by hand, by email or otherwise.

#### **6.6.4. Currency for payment**

Qualifying South African Shareholders are being offered New Shares at an SA Issue Price of ZAR12.70 per New Share. South African Exchange Control Regulations do not generally permit residents of the Common Monetary Area to make payments of this nature in currencies other than Rand.

#### **6.7 Lapsing of Nil Paid Rights**

Qualifying South African Shareholders who do not want to take up any of their Nil Paid Rights to subscribe for New Shares and do not want to sell or renounce their Letters of Allocation do not need to do anything. Nil Paid Rights that are not taken up will be dealt with in accordance with paragraph 8 of this Part X.

If Qualifying South African Shareholders do not take up their Nil Paid Rights, although they continue to own the same number of Shares, their percentage holding in Hammerson will be diluted.

#### **6.8 Dealings in Letters of Allocation**

Subject to the Rights Issue otherwise becoming unconditional, dealings on the Main Board of the JSE in the Letters of Allocation are expected to commence at 9:00 a.m. (South African Standard Time) on 7 September 2020.

#### **6.9 Representations and warranties of Qualifying South African Shareholders**

Qualifying South African Shareholder holding their Shares in certificated form who accept and/or renounce their Forms of Instruction also make the representations and warranties set out in paragraph 11.8.1 of this Part X and Qualifying South African Shareholders holding their Shares in uncertificated form who make a valid acceptance in accordance with this Part X also make the representations and warranties set out in paragraph 11.8.2 of this Part X.

#### **6.10 Compliance with the Financial Intelligence Centre Act, 2001**

A Qualifying South African Shareholder shall, upon request, provide the SA Transfer Secretaries with any documentation required by the SA Transfer Secretaries, or any other party, for the purpose of complying with any obligations which they may have under or in connection with the Financial Intelligence Centre Act, 2001.

### **7. Action to be taken in relation to Nil Paid Rights or Fully Paid Rights in CREST**

#### **7.1 General**

It is expected that each Qualifying CREST Shareholder, other than, subject to certain exceptions, Shareholders with a registered address, or resident in, any of the Excluded Territories, will receive a credit to his CREST stock account of his entitlement to Nil Paid Rights on 10 September 2020. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Shares held on the relevant Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted. The Nil Paid Rights will constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders or to enable the Nil Paid Rights by 11:00 a.m. (London time) on 10 September 2020, Provisional Allotment Letters shall, unless the Company determines otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may be adjusted as appropriate.

**References to dates and times in this document should be read as subject to any such adjustment.**

The Company will make an appropriate announcement to a Regulatory Information Service approved by the FCA giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST members who wish to take up all or part of, or otherwise to transfer, all or part of their Nil Paid Rights and/or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement as only your CREST sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

The Nil Paid Rights constitute a separate security for the purposes of CREST and will be admitted to CREST and enabled for settlement. Applications in respect of Nil Paid Rights may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. Transactions identified by the CREST Claims Processing Unit as “cum” the Rights Issue entitlement will generate an appropriate market claim transaction and the relevant Rights Issue entitlement(s) will thereafter be transferred accordingly.

## **7.2 Procedure for acceptance and payment**

### **7.2.1. MTM instructions**

CREST members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an MTM instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (b) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the CREST RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank (as this term is defined in the CREST Manual) of the Receiving Agent in pounds sterling, in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in paragraph (a) above; and
- (c) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up his Nil Paid Rights referred to in paragraph (a) above.

### **7.2.2. Contents of MTM instructions**

The MTM instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- the number of Nil Paid Rights to which the acceptance relates;
- the participant ID of the accepting CREST member;
- the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;
- the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 9RA01;
- the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 20812HAM;
- the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;
- the intended settlement date (which must be on or before 11:00 a.m. (London time) on 24 September 2020);

- the Nil Paid Rights ISIN. This is GB00BK7YQL71;
- the Fully Paid Rights ISIN. This is GB00BK7YQM88;
- the Corporate Action Number (as this term is defined in the CREST Manual) for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- a priority of at least 80; and
- the contact name and telephone numbers in the shared notes field.

### **7.2.3. Valid acceptance**

An MTM instruction complying with each of the requirements as to authentication and contents set out in paragraph 7.2.2 above will constitute a valid acceptance where either:

- the MTM instruction settles by not later than 11:00 a.m. (London time) on 24 September 2020; or
- at the discretion of the Company and the Joint Global Coordinators (i) the MTM instruction is received by Euroclear by not later than 11:00 a.m. (London time) on 24 September 2020; and (ii) the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST member specified in the MTM instruction at 11:00 a.m. (London time) on 24 September 2020; and (iii) the relevant MTM instruction settles by 2:00 p.m. (London time) on 24 September 2020 (or such later time and/or date as the Company and the Joint Global Coordinators have determined). An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Provider's Communications Host.

### **7.2.4. Representations, warranties and undertakings of CREST members**

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with this paragraph 7.2 represents, warrants and undertakes to the Company that he has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him/her or by his CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11:00 a.m. (London time) on 24 September 2020 and remains capable of settlement at all times after that until 2:00 p.m. (London time) on 24 September 2020 (or until such later time and/or date as the Company and the Joint Global Coordinators may determine). In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that at 11:00 a.m. (London time) on 24 September 2020 and at all times thereafter until 2:00 p.m. (London time) on 24 September 2020 (or until such later time and date as the Company and the Underwriters may determine) there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt.

A CREST members or CREST sponsored member who makes a valid acceptance in accordance with this paragraph 7.2 also makes the representations and warranties set out in paragraph 11.8.2 of this Part X, except in the circumstances described in that paragraph.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST member or CREST sponsored member for such amount to be debited or the CREST member's or CREST sponsored member's acceptance is otherwise treated as invalid and New Shares have already been allotted to such CREST member or CREST sponsored member, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part X in respect of the subscription of such shares) on behalf of such CREST member or CREST sponsored member. In these circumstances, neither the Company nor any other

person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

By making a valid acceptance in accordance with the procedures set out in this paragraph 7.2, a Qualifying CREST Shareholder agrees and acknowledges that: (i) the Underwriters are acting exclusively for the Company and no one else in connection with the Rights Issue and the listing of the New Shares and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients for providing advice in connection with the Rights Issue, Admission or the contents of this document; and (ii) apart from the responsibilities and liabilities, if any, which may be imposed on any of the Underwriters by the FSMA or by the JSE, as applicable, none of the Underwriters has any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by any of them, the Company or any other person, or on behalf of them in connection with the Company, the Nil Paid Rights, the Fully Paid Rights, the New Shares or the Rights Issue. None of the Underwriters shall have any responsibility or liability whatsoever to such Qualifying Shareholder, whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

#### **7.2.5. CREST procedures and timings**

CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11:00 a.m. (London time) on 24 September 2020. In connection with this, CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### **7.2.6. CREST member's undertaking to pay**

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this paragraph 7.2: (a) undertakes to pay to the Company or procure the payment to the Company of, the amount payable in pounds sterling on acceptance in accordance with the above procedures or in such other manner as the Company may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism, (as defined in the CREST Manual), the creation of a RTGS settlement bank (as defined in the CREST Manual) payment obligation in pounds sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay to the Company the amount payable on acceptance); and (b) requests that the Fully Paid Rights and/or New Shares, to which they will become entitled, be issued to them on the terms set out in this document and subject to the Memorandum of Association and Articles. Qualifying CREST Shareholders agree that the UK Registrar will hold such moneys on trust for the Company.

If the payment obligations of the relevant CREST member in relation to such New Shares are not discharged in full and such New Shares have already been issued to the CREST member or CREST sponsored member, the Company may (in its absolute discretion as to the manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the same including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part X in respect of the subscription of such shares) or an amount equal to the original payment of the CREST member or CREST sponsored member (whichever is lower) on trust for such CREST member or CREST sponsored member. In these circumstances, neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any CREST member or CREST sponsored member as a result.

### **7.2.7. Discretion as to rejection and validity of acceptances**

The Company may agree in its absolute sole discretion to:

- reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 7.2. Where an acceptance is made as described in this paragraph 7.2 which is otherwise valid, and the MTM instruction concerned fails to settle by 2 p.m. on 24 September 2020 (or by such later time and/or date as the Company and the Joint Global Coordinators may determine), the Company and the Joint Global Coordinators shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 7.2, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 7.2;
- treat as valid (and binding on the CREST member or CREST sponsored member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 7.2;
- accept an alternative properly authenticated arrangement instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company and the Joint Global Coordinators may determine;
- treat a properly authenticated arrangement instruction (the “first instruction”) as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated arrangement instruction giving details of the first instruction, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- accept an alternative instruction or notification from a CREST member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

### **7.3 Money Laundering Regulations**

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the beneficial owner or ultimate controller of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact the Receiving Agent before sending any MTM instruction or other instruction so that appropriate measures may be taken. Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the verification of the identity requirements in the Money Laundering Regulations or the FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If satisfactory evidence of identity has not been provided within a reasonable time, the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement without prejudice to the right of the Company to take proceedings to recover any loss suffered by it/them as a result of failure by the applicant to provide satisfactory evidence.

#### **7.4 Dealings in Nil Paid Rights**

Dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8:00 a.m. (London time) on 10 September 2020. A transfer (in whole or in part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 24 September 2020.

#### **7.5 Dealings in Fully Paid Rights**

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and (where appropriate) the Provisional Allotment Letter, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last date for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11:00 a.m. (London time) on 24 September 2020. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 24 September 2020. After 24 September 2020, the New Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable by means of CREST in the usual way.

#### **7.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST**

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4.30 p.m. on 18 September 2020, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, the Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 24 September 2020. You are recommended to refer to the CREST Manual for details of such procedures.

#### **7.7 Issue of New Shares in CREST**

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 24 September 2020 (being the latest date for the settlement of Fully Paid Rights in CREST). New Shares (in definitive form) will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Shares with effect from the next dealing day (expected to be 25 September 2020).

#### **7.8 Right to allot/issue in certificated form**

Despite any other provision of this document, the Company reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or New Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the UK Registrar in connection with CREST.

### **8. Procedure in respect of Rights not taken up and withdrawal rights**

#### **8.1 Procedure in respect of Rights not taken up**

If an entitlement to New Shares (whether in whole or in part) is not validly taken up in accordance with the procedure laid down for acceptance and payment, then that provisional allotment (or that part of the provisional allotment not taken up, as the case may be) will be deemed to have been declined and will lapse. The Joint Global Coordinators shall use reasonable endeavours to procure, for the benefit of the non-taking Shareholders, by not later than 4:30 p.m. on the second dealing day after 24 September 2020, subscribers for all of those New Shares not taken up at a price per New Share which is at least equal to the total of the UK Issue Price or the SA Issue Price (as applicable) and the

expenses of procuring the relevant subscribers (including any applicable brokerage and other commissions and any amounts attributable to VAT and currency conversion costs).

Notwithstanding the above, the Joint Global Coordinators may cease to endeavour to procure any such subscribers if, in the reasonable opinion of the Joint Global Coordinators, it is unlikely that any such subscriber(s) can be so procured at such a price by such time. If and to the extent that subscribers for New Shares cannot be procured on the basis outlined above, the relevant New Shares (excluding all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable) will be subscribed for by the Underwriters at the UK Issue Price or the SA Issue Price (as applicable) pursuant to the terms of the Underwriting Agreement.

Any premium obtained over the aggregate of the UK Issue Price or the SA Issue Price (as applicable) and the expenses of procuring subscribers (including any applicable brokerage and other commissions and any amounts attributable to VAT and currency conversion costs) shall be paid (subject as provided in this paragraph 8):

- where the Nil Paid Rights were, at the time they lapsed, in certificated form on the UK Register, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter relating to those Nil Paid Rights;
- where the Nil Paid Rights were, at the time they lapsed, in uncertificated form on the UK Register, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST;
- in respect of non-accepting Qualifying South African Shareholders, non-accepting transferees and non-accepting renouces (as the case may be), to the person registered as the holder of Shares as at the relevant Record Date; and
- to the extent not provided above, where an entitlement to New Shares was not taken up by an Overseas Shareholder, to such Overseas Shareholder.

New Shares for which subscribers are procured on this basis will be re-allotted to such subscribers and the aggregate of any premiums (being the amount paid by such subscribers after deducting the UK Issue Price or the SA Issue Price (as applicable) and the expenses of procuring such subscribers including any applicable brokerage and other commissions and any amounts attributable to VAT and currency conversion costs), if any, will be paid (without interest and after deducting currency conversion costs) to those persons entitled (as referred to above) pro rata to the relevant lapsed Nil Paid Rights, save that no payment will be made of amounts of less than £5.00 (or the equivalent in Rand on the relevant date), which amounts will be aggregated and ultimately paid to the Company. Payments will be made in pounds sterling where payable to Qualifying Shareholders (other than Qualifying South African Shareholders) and in Rand where payable to Qualifying South African Shareholders and any currency conversions from pounds sterling to Rand or Rand to pounds sterling as appropriate shall be at the relevant spot price. Cheques for the amounts due will be sent in pounds sterling or Rand (as applicable), by post, at the risk of the entitled person(s), to their registered address(es) (the registered address of the first named in the case of joint holders), provided that where any entitlement concerned was held in CREST or Strate, the amount due will, unless the Company (in its absolute discretion) otherwise determines, be satisfied by the Company procuring the creation of an assured payment obligation in favour of the relevant CREST member's (or CREST sponsored member's) RTGS settlement bank (as defined in the CREST Manual) in respect of the cash amount concerned in accordance with the RTGS payment mechanism (as defined in the CREST Manual) or procuring that the relevant CSDP or broker's account is credited with the cash amount concerned.

Any transactions undertaken pursuant to this paragraph 8 shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and none of the Company, the Underwriters nor any other person procuring subscribers shall be responsible for any loss or damage (whether actual or alleged) arising from the terms of or timing of any subscription, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis described above. The Underwriters will be entitled to retain any brokerage fees, commissions, or other benefits received in connection with these arrangements.

Prospective investors are hereby notified that the sellers of the New Shares may be relying upon the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.



**8.1.1. Representations and warranties in connection with any placing by the Underwriters of New Shares not taken up**

In connection with any placing by the Underwriters of New Shares not taken up, any person within the United States that purchases any such New Shares must meet certain requirements and will be deemed to have represented, warranted, undertaken, agreed and acknowledged as follows:

- (i) it is, and at the time of any purchase of the New Shares, a QIB;
- (ii) if it is acquiring the New Shares as a fiduciary or agent for one or more investor accounts, (a) each such account is a QIB, (b) it has investment discretion with respect to each account, and (c) it has full power and authority to make (and it does make) the representations, warranties, undertakings, agreements and acknowledgements herein on behalf of each such account;
- (iii) any New Shares it acquires will be for its own account (or for the account of a QIB as to which it exercises sole investment discretion and has authority to make, and does make, the representations, warranties, undertakings, agreements and acknowledgments contained herein) for investment purposes, and not with a view to resale or distribution within the meaning of the US securities laws, subject to the understanding that the disposition of its property shall at all times be and remain within its control;
- (iv) the New Shares have not been and will not be registered under the US Securities Act, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph (v) below and that the New Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act;
- (v) if in the future it or any other QIB for which it is acting or any other fiduciary or agent representing such investor decides to offer, sell, transfer, assign, pledge or otherwise dispose of any New Shares, it will do so only (a) pursuant to an effective registration statement under the US Securities Act, (b) to a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in an “offshore transaction” pursuant to Rule 904 under Regulation S (and not in a pre-arranged transaction resulting in the resale of such New Shares into the United States) or (d) otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction;
- (vi) it is not acquiring the New Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the US Securities Act) or any directed selling efforts (as that term is defined in Regulation S) and that its purchase of the New Shares is not part of a plan or scheme to evade the registration requirements of the US Securities Act;
- (vii) it (a) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investments in the New Shares, and (b) and any accounts for which it is acting, are able to bear the economic risk, and sustain a complete loss, of such investment in New Shares, and it is aware that there is a substantial risk incident to the purchase thereof;
- (viii) the information contained or incorporated by reference in this document has been prepared in accordance with the requirements of the London Stock Exchange and the Johannesburg Stock Exchange, the laws of the United Kingdom and South Africa, including without limitation any financial information and any description of the risks and uncertainties regarding the Group, may be materially different from any disclosure that would be provided in a US registered offering. In particular, but without limitation, it acknowledges that the financial information available as part of this document has been prepared in accordance with IFRS, and thus may not be comparable to financial statements of US companies prepared in accordance with US generally accepted accounting principles;
- (ix) it will base its investment decision on this Prospectus. It acknowledges and agrees that it has held and will hold the Prospectus in confidence, it being understood that the Prospectus that it has received or will receive is solely for its use and that it has not duplicated, distributed, forwarded, transferred or otherwise transmitted the Prospectus (including electronic copies thereof) to any other person within the United States;
- (x) any information regarding the Company which it may access in compliance with applicable securities laws speaks only as of the date of its public release, that it may not be complete or

correct as of any time after that date, and that none of the Banks has made any representations, express or implied, to it with respect to the Company, the New Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company and the New Shares, nor have any of the Banks nor any of their affiliates made any representations, express or implied, that there are no material misstatements or omissions in any information regarding the Company which it may access in compliance with applicable securities laws. It acknowledges that it has not relied on any information contained in any research reports prepared by the Banks or any of their respective affiliates;

- (xi) it has made its own independent investigation and appraisal of the business, results, financial condition, prospects, creditworthiness, status and affairs of the Group and has made its own investment decision to acquire the New Shares solely on the basis of such independent investigation and appraisal. It understands that there may be certain consequences under US and other tax laws resulting from an investment in the New Shares, and it will make such investigation and consult such tax and other advisors with respect thereto as it deems appropriate;
- (xii) it understands that the New Shares will be “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation can be made as to the availability of the exemption provided by Rule 144 under the US Securities Act for the resale of the New Shares. It agrees that for so long as the New Shares are “restricted securities” (as so defined), they may not be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such New Shares will not settle or trade through the facilities of the Depository Trust Company, the New York Stock Exchange or any other US exchange or clearing system;
- (xiii) it understands and acknowledges that the Company shall have no obligation to recognise any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notation on its records or give instructions to any transfer agent of the New Shares in order to implement such restrictions; and
- (xiv) it understands that the foregoing representations, warranties, undertakings, agreements and acknowledgements are required in connection with United States and other securities laws and that the Company, its affiliates, the Banks and their respective affiliates, and others are entitled to rely upon the truth and accuracy of and its compliance with the representations, warranties, undertakings, agreements and acknowledgements contained herein. It agrees that if any of the representations, warranties, undertakings, agreements and acknowledgements made herein are no longer accurate or have not been complied with, it will promptly notify the Company and the Banks.

## **8.2 Withdrawal rights**

Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders or their renounees who have the right to withdraw their acceptances under Article 23(2) of the Prospectus Regulation after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must deposit a written notice of withdrawal or email [Withdraw@Linkgroup.co.uk](mailto:Withdraw@Linkgroup.co.uk) (which shall not include a notice sent by facsimile), which must include the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST member, the participant ID and the member account ID of such CREST member, by post or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or, after calling the UK Shareholder Helpline, in each case so as to be received before the end of the period of two Business Days beginning with the first Business Day after the date on which the supplementary prospectus (if any) was published. Notice of withdrawal of acceptance given by any other means or which is deposited with, or received by, the UK Registrar after the end of the period of two Business Days beginning with the first Business Day after the date on which the supplementary prospectus (if any) was published will be invalid.

Qualifying South African Shareholders who hold their Shares in certificated form or their renounees who wish to exercise such right of withdrawal after a supplementary prospectus (if any) has been published must do so by depositing a written notice of withdrawal (which shall not include a notice sent by any form of electronic communication other than facsimile) which must include the full name and address of the person wishing to exercise such right of withdrawal, to Computershare Investor Services Pty Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, or by email

to corporate.events@computershare.co.za, in each case so as to be received before the end of the period of two Business Days beginning with the first Business Day after the date on which the supplementary prospectus (if any) was published. Notice of withdrawal of acceptance given by any other means or which is deposited with, or received by, the SA Transfer Secretaries after the end of the period of two Business Days beginning with the first Business Day after the date on which the supplementary prospectus (if any) was published will be invalid.

If such right to withdraw would apply at any time after the last date for valid acceptance, such date shall be postponed to a new date announced by the Company being not earlier than two Business Days following publication of any supplementary prospectus.

Qualifying South African Shareholders who hold their Shares in uncertificated form who wish to exercise such right of withdrawal after a supplementary prospectus (if any) has been published should contact their CSDP or broker. Furthermore, the exercise of withdrawal rights will not be permitted after payment by the relevant person of his subscription price in full and the allotment of the New Shares to such person becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to consult their professional advisers, including their legal advisers, as this may be a matter of law.

Provisional allotments of entitlements to New Shares which are the subject of a valid withdrawal notice will be deemed to be declined and will therefore be subject to the provisions of this paragraph 8 as if the entitlement to New Shares had not validly been taken up. In such circumstances, to the extent that Shareholders have paid monies to the Company in respect of an acceptance which they wish to withdraw, the Company will remit such monies to Shareholders at their own risk and without interest, within 14 Business Days to the address set out in the Provisional Allotment Letter and/or the UK Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment. Any interest earned on such monies will be retained for the benefit of the Company.

## **9. Taxation**

Information on United Kingdom, South African and United States taxation with regard to the Rights Issue is set out in Part XIX (*Taxation*) of this document, and is intended only as a general guide to the current tax position in the United Kingdom, South Africa and the United States. If you are in any doubt as to your tax position, you should consult your own independent adviser immediately.

## **10. South African Exchange Control**

A summary of the current exchange control positions in South Africa is set out in Section B of Part XIX (*Taxation*) of this document, and is intended as a general guide only and is therefore not comprehensive.

## **11. Overseas Shareholders**

This document has been approved by the FCA, being the competent authority in the United Kingdom, and the JSE, being the competent authority in South Africa. The making of the proposed offer of New Shares to persons resident in or who have a registered address in countries other than the UK or South Africa may be affected by the law or regulatory requirements of the relevant jurisdiction. Any Shareholder who is in any doubt as to his position should consult an appropriate professional adviser without delay.

### **11.1 General**

**The making or acceptance of the proposed offer of Nil Paid Rights, Fully Paid Rights and/or New Shares to persons who have registered addresses outside the United Kingdom and South Africa, or who are located or resident in countries other than the United Kingdom and South Africa, may be affected by the laws or regulatory requirements of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Rights. Any Shareholder who is in any doubt as to his position should consult an appropriate professional adviser without delay.**

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom and South Africa wishing to take up Rights under the Rights

Issue to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. **The comments set out in this paragraph 11 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his position should consult his professional adviser without delay and take independent professional advice in relation thereto.** Receipt of this document, a Provisional Allotment Letter and/or Form of Instruction or the crediting of Nil Paid Rights to a stock account in CREST or Letters of Allocation to a CSDP or broker account in Strate will not constitute an offer in those jurisdictions in which it would be illegal to make or accept an offer and, in those circumstances, this document, the Provisional Allotment Letter and/or Form of Instruction must be treated as sent (or made available) for information only and should not be copied or redistributed.

Save as set out in this paragraph 11 no action has been or will be taken in any jurisdiction (other than the United Kingdom and South Africa) that would permit a public offer or distribution of the New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation or the Forms of Instruction or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation and the Forms of Instruction may not be distributed, offered or sold, directly or indirectly, and this document may not be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. As set out in paragraph 11.2 below, unless otherwise expressly agreed with the Company, any person that subscribes for the New Shares or exercises the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation or the Forms of Instruction that does not sign and deliver a QIB Investor Letter (as defined below) will be deemed to have represented and warranted that it is located outside the United States and is subscribing for the New Shares or purchasing or exercising the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation or the Forms of Instruction in an offshore transaction in compliance with the provisions of Regulation S. Persons into whose possession this document comes (or who otherwise access this document) should inform themselves about and observe any restrictions on the distribution of this document and the offer or distribution of the New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation and the Forms of Instruction contained in this document. Unless otherwise expressly agreed with the Company, any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and is not a QIB is required to disregard it. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer to subscribe for, or a distribution of, any of the New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Letters of Allocation and the Forms of Instruction to any person in any jurisdiction to whom it is unlawful to make or accept such offer, distribution or solicitation in such jurisdiction.

New Shares will be provisionally allotted (nil paid) to all Shareholders on the UK Register and the SA Register as at the relevant Record Date (including, for the avoidance of doubt, any Overseas Shareholders). However, neither the Provisional Allotment Letters nor Forms of Instruction will be sent to Qualifying Shareholders with registered addresses, or who are resident or located, in any Excluded Territory and Nil Paid Rights or Letters of Allocation, as the case may be, will not be credited to CREST accounts or the CSDP or broker accounts in Strate of Shareholders with registered addresses in any Excluded Territory, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person in any Excluded Territory receiving or being given access to a copy of this document, a Provisional Allotment Letter or Form of Instruction and/or receiving a credit of Nil Paid Rights to a stock account in CREST or a Letter of Allocation to a broker or CSDP account in Strate may treat the same as constituting an invitation or offer to him/her nor should he in any event use the Provisional Allotment Letter or Form of Instruction or deal with Nil Paid Rights or Fully Paid Rights in CREST or Letters of Allocation in Strate unless such an invitation or offer could lawfully be made to and accepted by him/her or the Provisional Allotment Letter or Form of Instruction (as the case may be) could lawfully be used or dealt with without contravention of any registration or other legal requirements. In

such circumstances, this document, the Provisional Allotment Letter and the Form of Instruction are to be treated as sent (or made available) for information only and should not be copied or redistributed.

Accordingly, persons (including, without limitation, custodians, nominees and trustees) receiving or being given access to a copy of this document and/or a Provisional Allotment Letter or Form of Instruction or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights or whose broker or CSDP account in Strate is credited with a Letter of Allocation, should not, in connection with the Rights Issue, distribute or send the same or transfer Nil Paid Rights, Fully Paid Rights or Letters of Allocation in or into any jurisdiction where to do so would or might contravene local securities laws or regulations including, but not limited to, those of the Excluded Territories. If a Provisional Allotment Letter, a Form of Instruction or a credit of Nil Paid Rights, Fully Paid Rights or Letters of Allocation is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the Rights referred to in the Provisional Allotment Letter, the Form of Instruction or in this document or renounce the Provisional Allotment Letter or Form of Instruction or transfer the Nil Paid Rights, Fully Paid Rights or Letter of Allocation unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or a Provisional Allotment Letter or a Form of Instruction or transfer Nil Paid Rights, Fully Paid Rights or Letter of Allocation into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 11.

The Company reserves the right to treat as invalid and will not be bound to allot or issue any New Shares in respect of any acceptance or purported acceptance of the offer of New Shares which:

- appears to the Company or its agents to have been executed, effected or despatched from any of the Excluded Territories; or
- in the case of a Provisional Allotment Letter or Form of Instruction, provides an address for delivery of the definitive share certificates in, or, in the case of a credit of New Shares in CREST or Strate, to a CREST member or CREST sponsored member, broker or CSDP whose registered address is in any of the Excluded Territories or any other jurisdiction outside the United Kingdom or South Africa in which it would be unlawful to deliver such definitive share certificates or make such a credit or which does not make the warranty set out in the Provisional Allotment Letter or Form of Instruction (as the case may be) to the effect that the person accepting and/or renouncing and/or otherwise disposing of the provisional allotment does not have a registered address and is not otherwise located in one of the Excluded Territories and is not acquiring the Nil Paid Rights, the Fully Paid Rights, Letters of Allocation or the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares in one of the Excluded Territories or where the Company believes acceptance of such Provisional Allotment Letter or Form of Instruction (as the case may be) may infringe applicable legal or regulatory requirements.

Subject to paragraphs 11.2 to 11.7 below, any person (including, without limitation, agents, nominees and trustees) outside the United Kingdom and South Africa, wishing to take up their Rights under the Rights Issue must satisfy himself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. **The comments set out in this paragraph 11 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.**

The attention of Overseas Shareholders resident or with registered addresses in any of the Excluded Territories is drawn to paragraphs 11.2 to 11.7 below. Entitlements to Nil Paid Rights to which Shareholders with registered addresses in any of the Excluded Territories would otherwise be entitled, will be aggregated with entitlements to Nil Paid Rights which have not been taken up by other Shareholders and, if possible, sold as described in paragraph 8 of this Part X. The net proceeds of such sales (after deduction of expenses) will be paid to the relevant Shareholders pro-rated to their holdings of Existing Shares at the relevant Record Date as soon as practicable after receipt, except that (i) individual amounts of less than £5.00 (or the equivalent in Rand) per holding and (ii) fractional entitlements will be disregarded. None of the Company, the Underwriters or any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the acquisition or the procuring of it or any failure to procure subscribers.

Despite any other provision of this document, the Provisional Allotment Letter or the Form of Instruction, the Company reserves the right to permit any Shareholder to take up his Rights if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. These Shareholders who wish, and are permitted, to take up their entitlement, should note that payments must be made as described in paragraphs 5.2.4, 6.6 and 7.2.6 of this Part X.

Overseas Shareholders who are not Qualifying South African Shareholders should note that all subscription monies must be in pounds sterling by cheque or banker's draft and should be drawn on a bank in the United Kingdom. For more information regarding payment details see paragraphs 5.2.4 and 7.2.6 of this Part X.

Overseas Shareholders who are Qualifying South African Shareholders should note that all subscription monies must be in Rand by cheque or banker's draft and should be drawn on a bank in South Africa. For more information regarding payment details see paragraph 6.6 of this Part X.

## **11.2 United States**

The Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation, the Provisional Allotment Letters and the New Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation, the Provisional Allotment Letters or the New Shares in the United States.

Notwithstanding the foregoing, Hammerson reserves the right to offer the Securities to a limited number of Qualifying Shareholders in the United States that are determined by Hammerson to be eligible to participate in the Rights Issue, which may include QIBs, in offerings exempt from, or in transactions not subject to, the registration requirements under the US Securities Act.

A QIB will be permitted to subscribe for the New Shares via the Rights Issue only if the QIB (i) returns a duly completed and executed QIB investor letter (the "**QIB Investor Letter**") containing relevant representations and warranties, including that it and any account for which it is acting is a QIB, to and in accordance with the instructions of its custodian or nominee; and (ii) sends copies of such duly completed and executed QIB Investor Letter to Hammerson. Unless otherwise expressly agreed with the Company, any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and is not a QIB is required to disregard it.

Accordingly, Hammerson is not extending the offer under the Rights Issue into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, none of this document and the Provisional Allotment Letter or the Form of Instruction constitutes or will constitute an offer or an invitation to apply for, or an offer or an invitation to subscribe for or acquire, any Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares in the United States. Subject to certain exceptions, neither this document nor a Provisional Allotment Letter or a Form of Instruction will be sent to any Qualifying Shareholder in, or with a registered address in, the United States. Subject to certain exceptions, Provisional Allotment Letters or renunciations thereof sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring New Shares and wishing to hold such Shares in registered form must provide an address for registration of the New Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires or subscribes for Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document, the Provisional Allotment Letter or the Form of Instruction, taking up their entitlement or accepting delivery of the Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation or the New Shares that it is not, and that at the time of acquiring the Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation or the New Shares it will not be, in the United States or acting on behalf of a person on a non-discretionary basis in the United States or any state of the United States.

Hammerson reserves the right to treat as invalid any Provisional Allotment Letter or Form of Instruction (or renunciation thereof) that appears to Hammerson or its agents to have been executed in or dispatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Rights Issue, or which does not make the warranty set out in the Provisional Allotment Letter or the Form of Instruction to the effect that the person accepting and/or renouncing the Provisional Allotment Letter or the Form of Instruction or exercising the Nil Paid Rights does not have a registered address and is not otherwise located in the United States and is not acquiring the Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation or the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares in the United States or where Hammerson believes acceptance of such Provisional Allotment Letter or the Form of Instruction may infringe applicable legal or regulatory requirements. Hammerson will not be bound to allot (on a non-provisional basis) or issue any New Shares, Nil Paid Rights, Fully Paid Rights or Letters of Allocation to any person with an address in, or who is otherwise located in, the United States in whose favour a Provisional Allotment Letter or the Form of Instruction or any Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares may be transferred or renounced. In addition, the Company and the Underwriters reserve the right to reject any MTM instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Nil Paid Rights.

The Company will, during any period in which it is neither subject to and in compliance with Section 13 or 15(d) of the US Exchange Act nor exempt from such reporting requirements pursuant to and in compliance with Rule 12g3-2(b) thereunder, provide to each holder or beneficial owner of the New Shares and to each prospective purchaser (as designated by such holder) of New Shares, upon the request of such holder or prospective purchaser, the information required to be provided under Rule 144A(d)(4) under the US Securities Act.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Securities within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

None of the Nil Paid Rights, the Fully Paid Rights, the New Shares, the Provisional Allotment Letters, the Letters of Allocation, this document or any other offering document relating to the Existing Shares or to the New Shares have been approved or disapproved by the United States Securities and Exchange Commission, any securities regulatory authority of any state of the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Fully Paid Rights, the Nil Paid Rights, the Letters of Allocation, New Shares or the Rights Issue or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

The provisions of paragraph 8 of this Part X will apply to any Rights not taken up. Accordingly, subject to certain exceptions, Qualifying Shareholders with registered addresses in the United States will be treated as holders who are not participating in the Rights Issue, and the Underwriters will endeavour to sell the Rights relating to such holders' entitlements on such holders' behalf.

### **11.3 European Economic Area**

In relation to each EEA State (each, a "relevant member state"), no New Shares, Nil Paid Rights, Fully Paid Rights or Letters of Allocation have been offered or will be offered pursuant to the Rights Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the New Shares, Nil Paid Rights, Fully Paid Rights and Letters of Allocation which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Regulation, except that offers of New Shares, Nil Paid Rights, Fully Paid Rights or Letters of Allocation may be made to the public in that relevant member state:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Underwriters for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of New Shares, Nil Paid Rights, Fully Paid Rights or Letters of Allocation shall result in a requirement for the publication by the Company or any Bank of a prospectus pursuant to Article 3 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in that relevant member state.

#### **11.4 Australia**

In accordance with ASIC Corporations (Foreign Rights Issues) Instrument 2015/356, the Company is extending the offer under the Rights Issue to each Qualifying Shareholder whose registered address is in Australia. Neither this document, the Provisional Allotment Letter, the Letter of Allocation nor the Form of Instruction is a prospectus or product disclosure statement or otherwise a disclosure document for the purposes of Chapter 6D or Part 7.9 of the Australian Corporations Act 2001 (Cth) ("**Corporations Act**") and does not constitute an offer, or an invitation to purchase or subscribe for the Nil Paid Rights, the Fully Paid Rights or the New Shares offered by this document, the Provisional Allotment Letter, the Letter of Allocation or the Form of Instruction except to the extent that such an offer or invitation would be permitted under Chapter 6D or Part 7.9 of the Corporations Act (as modified by ASIC Corporations (Foreign Rights Issues) Instrument 2015/356) without the need for a lodged prospectus or product disclosure statement.

#### **11.5 New Zealand**

The New Shares being offered under the Rights Issue are not being offered to the public within New Zealand other than to Qualifying Shareholders with registered addresses in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 ("**Exemption Notice**").

None of this document, the Provisional Allotment Letter, the Letter of Allocation nor the Form of Instruction are a product disclosure statement under the Financial Markets Conduct Act 2013 ("**FMCA**") or other similar offering or disclosure document under New Zealand law and no such document has been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the FMCA or any other relevant law in New Zealand.

None of this document, the Provisional Allotment Letter, the Letter of Allocation nor the Form of Instruction contains all the information that a product disclosure document, under New Zealand law, is required to contain, nor does any such document constitute an offer, or an invitation to purchase or subscribe for the Nil Paid Rights, the Fully Paid Rights or the New Shares offered by this document, the Provisional Allotment Letter, the Letter of Allocation or the Form of Instruction in New Zealand, except to the extent that such an offer or invitation would be permitted under the Exemption Notice.

#### **11.6 Canada**

The Securities have not been and will not be qualified by prospectus for offer or sale to the public in Canada under applicable Canadian securities laws. Notwithstanding the foregoing, existing Shareholders resident in the Provinces of Alberta, British Columbia, Ontario and Quebec may participate in the Rights Issue pursuant to section 2.1.2 of National Instrument 45-106 *Prospectus Exemptions*. Any resale of New Shares, Nil Paid Rights or Fully Paid Rights must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

The restrictions set out in the preceding paragraph do not apply to an account of a resident of Canada that is fully managed by a licensed or registered investment manager outside of Canada.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Joint Underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

#### **11.7 Excluded Territories and Other Overseas Territories**

Due to restrictions under the securities laws of the Excluded Territories, no Provisional Allotment Letters or Forms of Instruction will be sent to, and no Nil Paid Rights or Fully Paid Rights will be credited to a stock account in CREST of, and no Letters of Allocation will be credited to the CSDP or broker account of any Qualifying Shareholder with a registered address in any of the Excluded Territories and, if possible, subscribers will be procured in respect of the New Shares to which such Qualifying Shareholders were entitled in accordance with paragraph 8 of this Part X. The Nil Paid



Rights, the Fully Paid Rights, the New Shares, the Provisional Allotment Letters, the Letters of Allocation, and the Forms of Instruction also have not been and will not be registered under the securities laws of any Excluded Territory and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption, from and in compliance with (or in a transaction not subject to), any applicable securities laws. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation or the New Shares in any of the Excluded Territories and no offer of New Shares is being made by virtue of this document, the Provisional Allotment Letters or the Forms of Instruction into the Excluded Territories.

#### **11.7.1. Japan**

The New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Forms of Instruction and the Letters of Allocation have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the “**FIEL**”). The New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Forms of Instruction and the Letters of Allocation may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines in Japan. Therefore, subject to certain exceptions, the Rights Issue will not be made within Japan and Provisional Allotment Letters or Forms of Instruction will not be sent to any Shareholder in or with a registered address in Japan, nor will any Nil Paid Rights be credited to a stock account in CREST and no Letters of Allocation will be credited to a CSDP or broker account on behalf of any Shareholder with a registered address in Japan. As used in this paragraph 11.7.1, the term “resident of Japan” means any natural person having his place of domicile or residence in Japan, or any corporation or other entity organised under the laws of Japan or having its main office in Japan.

#### **11.7.2. Switzerland**

The Company has not been approved by the Swiss Financial Market Supervisory Authority as a foreign collective investment scheme pursuant to Article 120 of the Swiss Collective Investment Schemes Act (“**CISA**”) and no Swiss representative and Swiss paying agent has been or will be appointed in Switzerland. The New Shares, Nil Paid Rights, Fully Paid Rights and Letters of Allocation may not be publicly offered (as such term is defined in the Swiss Code of Obligations (“**CO**”)) in or into Switzerland and may only be distributed in, into or from Switzerland to regulated qualified investors within the meaning of Article 10(3)(a) and (b) CISA. The New Shares, Nil Paid Rights, Fully Paid Rights and Letters of Allocation will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for prospectuses under the CISA, Article 652a or 1156 CO or the listing rules of SIX or any other exchange or regulated trading facility in Switzerland and therefore does not constitute a prospectus within the meaning of the CISA, Article 652a or 1156 CO or the listing rules of SIX or any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Company, the New Shares, the Nil Paid Rights, the Fully Paid Rights or the Letters of Allocation may be distributed to unregulated qualified investors or non-qualified investors within the meaning of the CISA in, into or from Switzerland or made available in Switzerland in any manner which would constitute a public offering within the meaning of the CO and all other applicable laws and regulations in Switzerland. Neither this document nor any other offering or marketing material relating to the Company, the New Shares, the Nil Paid Rights, the Fully Paid Rights or the Letters of Allocation have been or will be filed with, or approved by, any Swiss regulatory authority. The investor protection afforded to investors of interests in collective investment schemes under the CISA does not extend to subscribers or acquirers of the New Shares, the Nil Paid Rights, the Fully Paid Rights or the Letters of Allocation.

#### **11.7.3. Qualifying South African Shareholders in Excluded Territories**

The crediting of Letters of Allocation to a CSDP or broker account in State of a Qualifying South African Shareholder with a registered address in any Excluded Territory, will not constitute an offer in that jurisdiction and no such Qualifying South African Shareholder with a registered address in any Excluded Territory, receiving a credit of Letters of Allocation to a CSDP or broker account in State

may treat the same as constituting an invitation or offer to him/her nor should he in any event use or deal with any Letters of Allocation credited to him/her in Strate (unless such an invitation or offer could lawfully be made to and accepted by him/her or the Letters of Allocation could lawfully be used or dealt with without contravention of any registration or other legal requirements) and the entitlements of such Qualifying South African Shareholder with a registered address in any Excluded Territory to New Shares will be sold in the market as if they were New Shares not taken up, in accordance with paragraph 8 of this Part X.

#### **11.7.4. Other Overseas Shareholders**

Qualifying Shareholders who are located in other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights.

Any person in an Excluded Territory who obtains a copy of this document or a Provisional Allotment Letter or a Form of Instruction, is required to disregard them, except with the consent of the Company and the Underwriters.

Notwithstanding the foregoing, if a Qualifying Shareholder with a registered address in any of the Excluded Territories can demonstrate to the satisfaction of the Company and the Underwriters that receipt, and acceptance, of the offer in such jurisdiction will not breach applicable securities laws then the Company in its absolute discretion (in consultation with the Underwriters) may either arrange for such Qualifying Shareholder to be sent a Provisional Allotment Letter or a Form of Instruction if he is a Qualifying Non-CREST Shareholder or a Qualifying South African Shareholder holding his Shares in certificated form (as the case may be) or, if he is a Qualifying CREST Shareholder or a Qualifying South African Shareholder who holds Shares in uncertificated form, arrange for Nil Paid Rights to be credited to the relevant CREST stock account or for Letters of Allocation to be credited to the relevant CSDP or broker account in Strate, as the case may be.

### **11.8 Further representations and warranties**

#### **11.8.1. Qualifying Non-CREST Shareholders and Qualifying South African Shareholders holding their shares in certificated form**

Any person accepting and/or renouncing a Provisional Allotment Letter or accepting and/or renouncing Letters of Allocation in terms of a Form of Instruction or requesting registration of the New Shares comprised therein makes the representations and warranties set out below to the Company and the Underwriters, except where proof has been provided to the Company's and the Underwriters' satisfaction that such person's use of the Provisional Allotment Letter or Form of Instruction will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction. Documentation for establishing such proof may be obtained from the Company or the Receiving Agent. In the absence of such proof, the representations and warranties referred to above are that: (a) such person is not located or resident in, and is not accepting and/or renouncing the Provisional Allotment Letter or the Form of Instruction, or requesting registration of the relevant New Shares, from within any of the Excluded Territories; (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire or subscribe for New Shares or to use the Provisional Allotment Letter or Form of Instruction in any manner in which such person has used or will use it; (c) such person is not accepting, renouncing or requesting registration on a non-discretionary basis for a person located or resident in any of the Excluded Territories or any jurisdiction referred to in (b) above at the time the instruction to accept, renounce or request was given; and (d) such person is not acquiring New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into any of the Excluded Territories or any jurisdiction referred to in (b) above. The Company, in consultation with the Underwriters, may treat as invalid any acceptance or purported acceptance of the allotment of New Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter or Form of Instruction if it (a) appears to the Company to have been executed in or despatched from any of the Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement in any jurisdiction; (b) provides an address in any of the Excluded Territories for delivery of definitive share certificates for New Shares (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or (c) purports to exclude any of the representations and warranties required by this paragraph 11.8.

#### **11.8.2. Qualifying CREST Shareholders and Qualifying South African Shareholders holding Shares in uncertificated form**

A Qualifying South African Shareholder holding his Shares in uncertificated form, a CREST member or a CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in paragraph 6 or 7 (as the case may be) of this Part X makes the representations and warranties set out below to the Company and the Underwriters, except where proof has been provided to the Company's and the Underwriters' satisfaction that such person's acceptance will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction. Documentation for establishing such proof may be obtained from the Company or the Receiving Agent. In the absence of such proof, the representations and warranties referred to above are that: such person (a) is not located within or resident in any of the Excluded Territories; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire or subscribe for Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares; (c) is not accepting on a nondiscretionary basis for a person located within or resident in any of the Excluded Territories or any jurisdiction referred to in (b) above at the time the instruction to accept was given; and (d) is not acquiring Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights, Letters of Allocation or New Shares into any of the Excluded Territories or any jurisdiction referred to in (b) above. The Company, in consultation with the Underwriters, may treat as invalid any MTM instruction if it: (a) appears to the Company to have been despatched from any of the Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement in any jurisdiction; or (b) purports to exclude any of the representations and warranties required by this paragraph 11.8.

For the purposes of this paragraph 11.8, any natural person having his place of domicile or residence in Japan, or any corporation or other entity organised under the laws of Japan or having its main office in Japan, would be resident in Japan.

#### **11.9 Times and dates**

The Company shall, at its discretion and after consultation with its financial and legal advisers, be entitled to amend the dates that Provisional Allotment Letters or Forms of Instruction are despatched or dealings in Nil Paid Rights commence and amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall announce such amendment via a RIS and/or SENS (as appropriate) and notify the FCA and/or the JSE (as appropriate) and, if appropriate, Shareholders.

#### **11.10 Waiver**

The provisions of this paragraph 11 and of any other terms of the Rights Issue relating to Qualifying Shareholders with registered addresses in, or who are located in, any of the Excluded Territories may be waived, varied or modified as regards specific Qualifying Shareholder(s) or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 11 which refer to Qualifying Shareholders shall include references to the person or persons executing a Provisional Allotment Letter (or a Form of Instruction, as the case may be) and, in the event of more than one person executing a Provisional Allotment Letter (or a Form of Instruction, as the case may be), the provisions of this paragraph 11 shall apply jointly to each of them.

#### **11.11 Governing law**

The terms and conditions of the Rights Issue as set out in this document and, where appropriate, the Provisional Allotment Letter and the Form of Instruction and any non-contractual obligation relating thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The New Shares will be created pursuant to the Articles and under the Companies Act 2006.

#### **11.12 Jurisdiction**

The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document, and/or, where appropriate, the Provisional Allotment Letter and/or the Form of Instruction (including, without limitation, disputes arising relating to any non-contractual obligations arising out of or in connection with the Rights Issue,

this document, the Provisional Allotment Letter and/or the Form of Instruction). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders (but no other Qualifying Shareholders), the Provisional Allotment Letter, and in the case of Qualifying South African Shareholders who hold their Shares in certificated form (but no other Qualifying Shareholders), the Form of Instruction, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART XI

### TERMS OF THE DISPOSAL

#### 1. Parties and structure

On 6 August 2020, the Purchaser entered into the Sale Agreement with the Sellers and the Company (as guarantor) to acquire the Sellers' aggregate 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake (as described below) by Hammerson Via 2).

Under the terms of the Sale Agreement, the estimated cash proceeds will be approximately €301 million as at 30 June 2020 (equivalent to approximately £274 million), subject to any adjustments made pursuant to customary completion accounts at Completion.

Pursuant to the Sale Agreement, the Purchaser has agreed with the Sellers to acquire 50% of the limited partnership interests in VIA LP and 50% of the issued share capital of each of (1) VIA (GP) Limited, (2) VIA Outlets B.V. and (3) VIA Germany B.V. (together such entities being the **"JV Targets"** and the limited partnership interests and shares held by the Sellers in the JV Targets (including any limited partner and/or shareholder loans (at par value) advanced to the JV Targets by the Sellers) together being the **"JV Sale Interests"**).

As part of the Disposal, the Sellers have agreed that the Group, through Hammerson Via 2, will retain an indirect 7.26% stake in German Propco (the **"Retained Minority Stake"**). This is to mitigate the risk of triggering a German real estate transfer tax (**"RETT"**) charge which would otherwise be payable on the acquisition of a stake in a German real estate-owning company equal to or exceeding 95% of the interests in such company. In order to mitigate the risk of such RETT charge, the Sellers have agreed to retain the Retained Minority Stake. Further details of these arrangements are set out in paragraphs 9 and 10 of this Part XI.

The Retained Minority Stake has a net asset value of approximately €17 million as at 30 June 2020 and represents approximately 4% of the Group's current interests in VIA Outlets, based on net asset value as at 30 June 2020.

Pursuant to the Sale Agreement, Hammerson VIA has agreed to assign at par (for cash consideration) to the Purchaser at Completion a shareholder loan advanced by Hammerson VIA to Zweibrücken Lux Holdco S.à r.l. (**"German Minority HoldCo"**) (under which approximately €120,000 is owing).

#### 2. Conditions precedent to Completion

Completion is conditional on the Conditions set out in paragraph 6 in Part VIII (*Chair's Letter*) of this document.

Subject to the below, the Conditions must be satisfied by the Long Stop Date, being six months from 6 August 2020 (or such other date as the Sellers and the Purchaser may agree). Condition (ii) may be waived by the Purchaser, and Conditions (i), (iii) and (iv) may be waived by the Sellers or the Company, subject to the consent of the Purchaser (acting reasonably). If the Conditions have not been satisfied prior to the Long Stop Date, the Purchaser may terminate the Sale Agreement.

The Sellers, the Company and the Purchaser have agreed to use all reasonable endeavours to ensure the satisfaction of the Conditions and to provide such information and assistance as may be reasonably required by any other party in connection with the satisfaction of the Conditions prior to the Long Stop Date.

As the Purchaser has an existing jointly controlling interest in VIA Outlets, the Disposal does not bring about a material change in VIA Outlets' market position. As such, the Directors are confident that the Purchaser will receive the necessary regulatory approvals for the Disposal in the first phase and without any requirement to give undertakings to any regulatory authority, and expect the Disposal to complete in the fourth quarter of 2020.

#### 3. Consideration details

The consideration for the JV Sale Interests is based on a gross asset value for the investment properties of the VIA Outlets group of approximately €641 million, which represents a net initial yield of 6.5% and a 18.7% discount to gross asset value as at 30 June 2020. After adjustments for net debt, working capital and other items, including the retention of the Retained Minority Stake by

Hammerson Via 2 (which has a value of approximately €12 million under the terms of the Disposal), this results in estimated cash proceeds of approximately €301 million as at 30 June 2020 (equivalent to approximately £274 million), subject to any further adjustments made pursuant to customary completion accounts at Completion. Tax and other transaction costs are expected to be in the region of £5 million.

#### **4. Warranties and indemnities**

The Sellers have given a limited set of warranties in favour of the Purchaser. The warranties given include certain (i) fundamental warranties in relation to the Sellers' title to the JV Sale Interests, their capacity and authority to enter into and perform their obligations under the Sale Agreement and other transaction documents and their solvency and (ii) tax warranties which are customary for a transaction of this nature.

The Sellers have agreed to indemnify the Purchaser for certain tax liabilities, as further described in paragraph 11 (*Tax covenant*) below.

The Purchaser has given customary warranties in favour of the Sellers.

#### **5. Limitations of liability**

The Sale Agreement contains customary financial thresholds, time limitations, and other limitations and exclusions in relation to the Sellers' liability under the warranties given to the Purchaser and in respect of other claims made under the Sale Agreement, including:

- (i) a de minimis on all claims under the Sale Agreement of €50,000, other than claims under the tax covenant or in connection with RETT risk;
- (ii) a basket threshold on all claims under the Sale Agreement of €300,000, other than claims under the tax covenant or in connection with RETT risk;
- (iii) a maximum aggregate liability cap of €100 million on claims under the tax warranties and the main tax covenant (see paragraph 11 below) in the Sale Agreement, and
- (iv) a maximum aggregate liability cap of an amount equal to the final consideration value in respect of all other claims under the Sale Agreement.

The Purchaser must give notice of any claim under the Sale Agreement within two years from Completion and claims in respect of certain tax matters must be notified by the Purchaser to the Sellers within nine years from Completion (although there are no time limits on claims in relation to transfer taxes (including RETT) associated with the transfer of the JV Sale Interests).

#### **6. Pre-completion covenants**

The Sellers have given customary covenants to the Purchaser in relation to the conduct of the JV Targets during the period between signing the Sale Agreement and Completion. Such obligations include conducting the business of the JV Targets in the ordinary and usual course.

#### **7. Restrictive covenants**

The Sellers, on behalf of themselves and all members of the Group, have provided: (1) an undertaking to the Purchaser that they will not acquire assets within the catchment area (i.e. a 90 minute car journey) of the assets of the VIA Outlets group (as at Completion) that are reasonably likely to compete with the business of any member of the VIA Outlets group or any of the transferring properties for a period of two years after Completion; and (2) customary non-solicitation undertakings for a period of two years after Completion, subject to customary carve-outs.

#### **8. Existing lock-in period**

The sale and/or transfer of the Group's existing interest in VIA Outlets is governed by a lock-in provision, which requires the Group to obtain the approval of the relevant joint venture partner, currently the Purchaser, if it wishes to dispose of its interest on or before 31 December 2021, which in practice means that the Group would be unlikely to be able to dispose of its interest in VIA Outlets to a party other than the Purchaser before that date.

## 9. Retained Minority Stake

A German RETT charge is currently triggered on the acquisition of a direct or indirect stake in a German real estate-owning company equal to or exceeding 95% of the interests in such company. Therefore, if the Purchaser was to agree to acquire a 100% stake in VIA Outlets, a tax charge under the German RETT rules of between €16 million and €20 million would be triggered.

In order to mitigate the risk of such a tax charge being triggered, the Sellers and the Purchaser have agreed that the Company, through Hammerson Via 2, will retain the Retained Minority Stake. The retention of a minority stake in this way is a common feature of German real estate deals.

In the event that there is a RETT charge, Hammerson Via 2 and the Purchaser have agreed that Hammerson Via 2 would be liable for such RETT charge, save in a number of specific scenarios, the main ones being (i) the Purchaser increasing its stake in the Company, (ii) in connection with the transfer of the Retained Minority Stake to the Purchaser either through the exercise of the put option or the call option where the Purchaser chooses to take that Retained Minority Stake itself or into a connected entity rather than nominating a third party or (iii) where the Purchaser is selling all of its indirect interests in German Propco to a third party buyer and requires Hammerson Via 2 to sell the Retained Minority Stake to the same buyer (as described further in paragraph 10 below).

The shares in German Propco are held by two holding vehicles: Via Germany B.V. and German Minority HoldCo, which hold 89% and 11% respectively. As part of the Disposal, in order for the Company to retain an indirect 7.26% stake in German Propco (via an entity that would not itself be grouped with the Purchaser):

- (i) prior to the entry into the Sale Agreement, on 5 August 2020, the Company acquired, through Hammerson Via 2, 16% of the shares in one of the two German Propco holding vehicles, German Minority HoldCo (the shares in which were held prior to this acquisition by Hammerson Via 2 (50%) and the Purchaser (50%)) (the “**16% Shares**”), from the Purchaser for consideration of approximately €3 million, such that the shares in German Minority HoldCo are currently held by Hammerson Via 2 (66%) and the Purchaser (34%) (the “**Pre-Transaction Step**”);
- (ii) following the Disposal, the Company will retain its indirect 66% stake, held through Hammerson Via 2, in German Minority HoldCo and a new shareholders’ agreement will be put in place in respect of the management and governance of German Minority HoldCo (the “**Retained Minority Stake SHA**”) at Completion (see paragraph 10 below); and
- (iii) the Company will dispose of its indirect 50% stake, held through Hammerson Via 2, in the other German Propco holding vehicle, Via Germany B.V. (the shares in which are currently held by Hammerson Via 2 (50%) and the Purchaser (50%)) via the Disposal.

The Pre-Transaction Step will be unwound in the event that the Sale Agreement is terminated in accordance with its terms (and the Disposal does not occur), so as to restore the 50/50 shareholding of the Purchaser and Hammerson Via 2 in German Minority HoldCo that was in place prior to such transaction. If the step is unwound and Hammerson Via 2 disposes of the 16% Shares to the Purchaser, this disposal will be for the same consideration as the acquisition under the Pre-Transaction Step, less any dividends and distributions received by Hammerson Via 2 in respect of the 16% Shares between the date of the Pre-Transaction Step and the date on which it is unwound.

The Group has obtained insurance to cover the risk of a RETT charge arising as a result of certain retrospective changes of law.

## 10. Retained Minority Stake SHA

Hammerson Via 2, the Company and the Purchaser have agreed to enter into the Retained Minority Stake SHA on Completion in relation to the governance of German Minority HoldCo and certain transfer provisions in relation to the Retained Minority Stake. The Company has agreed to guarantee the payment obligations of Hammerson Via 2 under the Retained Minority SHA. The Retained Minority Stake has a net asset value of approximately €17 million as at 30 June 2020.

As part of the Disposal, at any time following Completion, the Purchaser will have a call option to acquire the Retained Minority Stake from Hammerson Via 2 at the net asset value at the time of exercise of the option.

In addition, after a lock-in period of three years from Completion, the Group will have a put option to sell the Retained Minority Stake to the Purchaser at the net asset value at the time of exercise of the option. In the event that the RETT rules are amended such that the transfer of the Retained Minority Stake would not trigger a RETT charge, the Group would be entitled to exercise this put option prior to the end of the lock-in period.

In the event that the Purchaser sells all of its interests (whether direct or indirect) in German Propco, Hammerson Via 2 will have the right to sell, and the Purchaser will have the right to require Hammerson Via 2 to sell, its interests in German Minority HoldCo to the same buyer on a pro rata pricing basis.

The transfer of the Retained Minority Stake by Hammerson Via 2 pursuant to the put, call, drag and tag rights in the Retained Minority Stake SHA shall be conditional on any necessary consent or approval required by any regulatory body or any third party lender in relation to the German Propco group.

In addition to the transfer terms set out above, Hammerson Via 2 will not be permitted to transfer the Retained Minority Stake to a third party without the consent of the Purchaser.

The call option and the Purchaser's right to require Hammerson Via 2 to sell its interests in German Minority HoldCo to the same buyer is part of this Class 1 and related party transaction for the purposes of the Listing Rules and will be approved by Shareholders (excluding APG and its associates) as part of the Disposal Resolution.

#### **11. Tax covenant**

The Sale Agreement contains a tax covenant pursuant to which, in broad terms, the Sellers will agree, subject to certain exceptions, to pay amounts to the Purchaser compensating the Purchaser for a proportion of any unexpected tax liabilities of the JV Targets in respect of events or periods occurring on or before Completion, subject to exclusions customary for a transaction of this nature. In addition, and beyond the main tax covenant for pre closing liabilities, tax indemnities are given in respect of transfer taxes (including RETT) associated with the transfer of the JV Sale Interests and certain pre completion restructuring steps. The Sellers' liability under the tax covenant is subject to certain financial and other limitations set out in paragraph 5 (*Limitations of liability*) of this Part XI.

#### **12. Termination**

The Purchaser may terminate the Sale Agreement prior to Completion in the event of a material breach of any non-tax warranty or pre-completion covenant set out in paragraph 6 of this Part XI, or where Conditions have not been fulfilled by the Long Stop Date.

#### **13. Governing law and jurisdiction**

The Sale Agreement is governed by the laws of England and Wales. The English courts have jurisdiction in relation to all disputes arising out of or in connection with the Sale Agreement.



## PART XII

### BUSINESS OVERVIEW OF THE GROUP

#### 1. Introduction

The Group is an owner, manager and developer of retail properties in Europe with a portfolio of high-quality flagship destinations and premium outlets, providing approximately 2.2 million m<sup>2</sup> of lettable area across 14 countries as at 30 June 2020. The Group's property portfolio comprises 21 flagship destinations in the United Kingdom, France and Ireland, investments in 9 premium outlets across Europe through its holding in Value Retail and investments in 11 premium outlets across Europe through its holding in VIA Outlets and eight retail parks in the United Kingdom. Flagship destinations, premium outlets and retail parks accounted for 50.9%, 34.6% and 5.7%, respectively, of the Group's total property portfolio by value as at 30 June 2020 (on a proportionally consolidated basis, including premium outlets). On 6 August 2020, the Group entered into the Sale Agreement, under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser and conditional upon Shareholder approval, obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million).

A number of the Group's UK, French and Irish flagship and retail park property investments and developments and all of the Group's premium outlets are held jointly with third party investors including 16 joint ventures, typically structured as limited partnerships. In addition, several of the Group's French properties are held through co-ownership structures. With the exception of its premium outlets, the Group manages jointly-owned assets in substantially the same manner as it manages its wholly-owned assets.

The Group intends to continue to refocus its portfolio towards flagship destinations in the United Kingdom and Ireland, proactively accelerate changes to its tenant mix to reflect the broader structural shifts in the market (including increasing space for non-fashion consumer brands, food and beverage and leisure offerings and reducing department store exposure) and, over the medium term, recycle capital into the Group's mixed-use City Quarters strategy to maximise the value of the Group's land bank surrounding its flagships destinations by creating vibrant city neighbourhoods where people want to live, work and play.

Hammerson is a real estate investment trust that has a primary equity listing on the London Stock Exchange and a secondary inward listing on the Johannesburg Stock Exchange, trading under the "HMSO" and "HMN" ticker symbols respectively. As at the date of this document, the Company's issuer rating and senior unsecured ratings have been rated "Baa3" (outlook under review) by Moody's and has been rated BBB (outlook negative) and "BBB+" (senior unsecured debt rating) by Fitch.

The Group has tax-exempt entities in the United Kingdom, France and Ireland. The Company obtained SIIC status in France in 2004 and REIT status in the United Kingdom in 2007. In Ireland, the Group's properties have been held in a QIAIF since 2016. The Company's UK REIT, French SIIC and Irish QIAIF status enables its qualifying activities to operate largely on a tax-exempt basis in relation to rental income and gains on disposals of properties. Additional information about the Company's REIT/ SIIC/QIAIF status is set out in paragraph 17 of this Part XII.

#### 2. The impact of and the Group's response to the COVID-19 outbreak

The outbreak of the COVID-19 pandemic has caused unprecedented disruption to the European retail sector and resulted in the closure of both stores and properties across the Group's portfolio. In the United Kingdom, the Group's flagship destinations and retail parks closed on 24 March 2020 and reopened in England on 15 June 2020 (with Highcross in Leicester being closed again from 30 June 2020 to 27 July 2020 due to local lockdown restrictions) and in Scotland on 13 July 2020 (other than essential retail as defined by the UK Government, which accounted for approximately 4% of UK flagship Passing Rent as at 31 December 2019). In France, the Group's flagship destinations closed on 15 March 2020 and reopened in May and June 2020 (other than essential retail as defined by the French government, which accounted for approximately 8% of French Passing Rent as at 31 December 2019). In Ireland, the Group's flagship destinations closed on 25 March 2020 and reopened on 15 June 2020 (other than essential retail as defined by the Irish government, which accounted for approximately 8% of Irish Passing Rent as at 31 December 2019). A majority of the Group's premium outlets were also closed during April and May 2020 following government directives

in relevant regions but were all reopened by 15 June 2020. Following reopening in the United Kingdom and Ireland, not all stores immediately reopened, particularly food and beverage and leisure operators who, due to government directives, were unable to reopen in England until 4 July 2020 (as at 31 July 2020, 81% of eligible stores were trading in England) and were unable to reopen in Ireland until 29 June 2020 (as at 31 July 2020, 88% of eligible stores were trading in Ireland). As at 31 July 2020, apart from the theatre and concert hall at Italie Deux, Paris, all stores had reopened in France. Footfall and sales have been and will likely continue to be adversely impacted (notwithstanding reopening) by changes in consumer behaviours, particularly whilst social distancing measures remain in place.

The closures had a significant adverse impact on the Group's financial performance during the six months ended 30 June 2020. In particular, the Group's like-for-like net rental income declined by £33.5 million (27%) for the six months ended 30 June 2020 (as compared to the six months ended 30 June 2019), and the value of the Group's property portfolio on a proportionally consolidated basis including premium outlets declined by £634.7 million (7.6%) as at 30 June 2020 (as compared to 31 December 2019). See the section entitled "Presentation of Financial and Other Information" in Part III (*Important Information*) of this document for more information.

As at 31 July 2020, for the United Kingdom, France and Ireland the Group had received in aggregate only 73%, 73% and 68%, respectively, of rent billed for the first and second quarters of 2020, excluding rent deferred or not yet due in the period, and had agreed rent abatements averaging 1.1 months' rent and rent deferrals averaging 0.8 months' rent with tenants whose units in aggregate accounted for 26% of Passing Rent as at 30 June 2020. The Group is currently engaged in discussions regarding rent abatement and deferral arrangements with the majority of its other tenants.

The Directors expect further downward pressure on the Group's property valuations and net rental income from falling rents and weak investor demand. The impact will likely be more acute in the United Kingdom than in Continental Europe in the short term, given different e-commerce penetration levels, lease structures and legal frameworks. The uncertain market environment and the unprecedented disruption that has been caused by the COVID-19 pandemic have led to a more cautious sentiment by investors, which has significantly adversely affected the investment markets in the near term.

The Board's priority is, and will remain, ensuring the health and well-being of its employees, customers and partners, while protecting the long-term value of the Company. The Group has taken a variety of steps to mitigate the impact of the COVID-19 outbreak on the business and the Group's tenants:

- **Suspension of dividends:** on 30 March 2020, the Group announced that the Board would no longer be recommending a final dividend of 14.8 pence per share for the financial year ended 31 December 2019. Assuming the successful completion of all of the Transactions, the Board intends to propose an enhanced scrip dividend, with a cash alternative, in the second half of 2020 in order to satisfy the Group's 2019 REIT PID obligation of £70 million, details of which will be provided in a circular to be published in due course. Taking a prudent approach to liquidity and the preservation of capital, absent any further material disposals, the Board intends to retain a scrip option in 2021 in respect of the Group's 2020 REIT PID obligation, before intending to return to cash dividends in 2022. In the event that all of the Transactions do not complete successfully, the Company is likely to seek an extension from HMRC in relation to the Group's 2019 REIT PID obligation, in order to avoid a tax liability of up to £14 million becoming payable and delay the scrip dividend until 2021.
- **Disposal:** on 6 August 2020, the Group entered into the Sale Agreement, under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser, conditional upon Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million). See Part XI (*Terms of the Disposal*) of this document for a summary of the terms and conditions of the Disposal.
- **Drawing of Revolving Credit Facilities:** on 25 March 2020, the Group drew an additional £100 million and during June 2020 drew a further £300 million under the approximately £1.2 billion Revolving Credit Facilities to provide surplus cash reserves. As at 30 June 2020, the Revolving Credit Facilities amounted to £1,245 million, with an undrawn element of £677 million.

- **Application and approval for Covid Corporate Financing Facility (CCFF):** on 18 June 2020, the Group's application for the CCFF was approved with a limit of £300 million. As at the date of this document, the Group had issued £75 million of commercial paper under the CCFF.
- **Amendments to Private Placement Senior Notes:** on 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant, the Group obtained amendments to the Note Purchase Agreements to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio: (1) from 150% to 125% for the period from 30 June 2020 to and including 30 October 2021, which includes the 30 June 2020, 31 December 2020 and 30 June 2021 covenant testing dates; and (2) from 150% to 140% for the period from 31 October 2021 to and including 30 December 2021, which includes a new covenant testing date as at 31 October 2021. For the purposes of determining compliance with the unencumbered assets covenant for the period from 31 October 2021 to and including 30 December 2021, the value of unencumbered assets is calculated with reference to the 30 June 2021 financial statements after giving effect to any acquisition and/or disposal of unencumbered assets since 30 June 2021 and net unsecured borrowings are determined as at 31 October 2021.
- **Executive pay reduction and cancellation of salary and fee increases:** the Board, including the Group's Executive Directors, agreed to a temporary 20% reduction in their pay from April 2020 until June 2020. On 25 March 2020, the Company also announced that the Executive and Non-Executive Directors had asked that their planned salary and fee increases due to take effect on 1 April 2020 be cancelled.
- **Reduction in capital expenditure:** the temporary suspension of the Group's on-site developments at Les 3 Fontaines, Cergy and Italie Deux, Paris resulted in a reduction in the Group's capital expenditure, with expenditure of £18.8 million incurred during the six months ended 30 June 2020. The Group has also identified a number of further material deferrals and efficiencies among its remaining forecast capital expenditure such that forecast expenditure in 2020 has reduced from £140 million to £110 million.
- **Service charge savings:** in order to support its tenants, the Group identified savings in service charge costs totalling approximately 40% of the Group's service charges in the United Kingdom and Ireland for the second quarter of 2020. These savings have been credited to the service charge demands due on 24 June 2020 and 1 July 2020 in the United Kingdom and Ireland, respectively. The Group has also delivered service charge savings in France of approximately 27% in the first half of 2020. Further savings in service charge costs are being targeted for the remainder of 2020.
- **Administrative costs savings:** the Group identified savings in property, administration and service charges across all territories arising from changes in variable pay, furlough schemes and other savings (including travel, entertainment and corporate events). As a result, the Group reduced its administrative costs by 6.3% during the six months ended 30 June 2020, compared with a 4% increase in the year ended 31 December 2019.
- **Operational measures:** the Group has introduced a variety of measures to ensure the safety of its employees, customers and partners following the reopening of stores and properties across its portfolio. These measures include enhanced cleaning processes with a clear focus on key customer touch points, the installation of fixed hand sanitiser stations throughout each destination, the introduction of one way systems and queuing outside destinations to manage capacity where required, clear signage reminding consumers to follow social distancing guidance and avoid shopping in large groups, use of centres' communication channels (including social media, digital in-mall displays, tannoy announcements and the launch of an online crowd checker website feature) to remind visitors about how to stay safe, encouraging customers to use contactless payment with retailers for transactions, live monitoring of footfall to limit the number of people in a centre at any one time and operating a split team basis in the Group's centres in the United Kingdom and Ireland to manage risk.

### 3. History and development

The Company was incorporated in the 1940s as Associated City Investment Trust Limited and began investing in residential and commercial property before shifting its focus to office and retail property development in the 1950s. In 1954, the Company changed its name to Hammerson Property and

Investment Trust Limited. In 1982, the Company was re-registered as a public limited company and in 1994 became Hammerson plc.

In 1976, the Company established its reputation for carrying out major retail development projects through completion of the development of the Brent Cross Shopping Centre, the first major covered shopping centre in the United Kingdom akin to a US-style mall.

The Group made a number of significant acquisitions and developments in the United Kingdom and France during the 1990s and 2000s. In 1998, the Group entered the outlets market by purchasing a minority interest in Bicester Village in the United Kingdom, signalling the start of its long-standing relationship with Value Retail. The Group went on to acquire Grantchester Holdings plc in 2002 which was its first major investment in out-of-town retail parks and in 2003 the Company opened the redeveloped Bullring Shopping Centre, Birmingham, a major retail-led urban regeneration project. The Group also completed the development of Cabot Circus in Bristol, the development of Highcross in Leicester and the redevelopment of O'Parinor near Paris in 2008, the development of Union Square in Aberdeen in 2009, the acquisition of the St Martin's retail portfolio (including the Centrale Shopping Centre in Croydon) in 2011, the acquisition of the Junction Fund retail parks portfolio in 2012 and the development of Les Terrasses du Port in Marseille in 2014.

In 2012, the Group made a strategic decision to focus solely on retail property and disposed of its remaining London office assets. In 2014, it increased its exposure to the premium outlets market by creating the VIA Outlets portfolio in partnership with the Purchaser, Meyer Bergman and Value Retail. The Group went on to relocate its London headquarters to Kings Place, Kings Cross and opened an expanded office in Reading, both in 2015. In 2015, the Group also entered the Irish market through a joint acquisition of a loan portfolio from the National Asset Management Agency ("**NAMA**"), and a subsequent agreement to acquire the secured property assets from the borrowers during 2016. Also in 2016, the Company obtained secondary inward listing on the Johannesburg Stock Exchange.

In 2017, the Group launched new Net Positive targets as part of its Positive Places strategy, aiming to become net positive for carbon emissions, resource use, water and socio-economic impacts by 2030. The Group's Net Positive targets have been divided into three five-year phases, with the first phase, which focuses on the Group's directly controlled environmental impacts, due to end on 31 December 2020.

In July 2018, the Group announced that it had reshaped its strategy to focus solely on two retail segments, being flagship destinations and premium outlets, and that, accordingly, it would dispose of its retail parks portfolio over the medium term. Since July 2018, the Group disposed of seven retail parks, for aggregate consideration of £364 million. As at 30 June 2020, the Group holds an interest in eight retail parks.

#### **4. Market dynamics**

The Group's flagship destinations are in those locations which have the ability to attract customers from a wide area and provide a superior trading environment for tenants. They are also capable of being repositioned away from a traditional retail-only offering and introducing a broader offering, including shopping, dining, leisure and, more recently, mixed uses such as services, workspace and residential.

Brands are contending with the structural shift towards omnichannel retailing and increased operating expenses, and this is resulting in tenants restructuring their store portfolios and cost bases. A further differentiating factor is how flagship destinations are managed. Expertise, experience and insight are required to ensure the brand and consumer offering matches its location and catchment and provide superior events and customer service. These factors are vital in drawing regular visitors and brands. The latter continue to seek space in these venues which are well-invested, provide high footfall and support their growth and omnichannel strategies.

The retail sector in the jurisdictions in which the Group operates has been severely disrupted by the COVID-19 pandemic and the actions taken by governments to address the pandemic. As discussed in more detail in paragraph 1.2 of Part II (*Risk Factors*) of this document, the COVID-19 outbreak has had a significant adverse impact on retail real estate operators, including the Group, and on its tenants, with the temporary closure of the vast majority of the units operated by the tenants of the Group and the introduction of mandatory lockdown and social distancing measures, resulting in a severe reduction in footfall and sales at the Group's flagship destinations, retail parks and premium

outlets and an acute decline in economic activity in Europe (including in the United Kingdom, France and Ireland, where the Group's flagship destinations and retail parks are located).

The pandemic has resulted in a number of retailers, restaurants and leisure operators, including tenants of the Group, entering into insolvency processes or otherwise retrenching their operations, which is a trend that the Directors expect is likely to continue in the short to medium term given the effect of the COVID-19 pandemic on businesses and its potential impact on consumer habits. The occupancy rate of the Group fell from 96.7% at 31 December 2019 to 94.2% at 30 June 2020. In addition, the challenging trading environment has resulted in a significant number of the Group's tenants seeking relief from rent payment obligations, including rent reductions, deferrals and switching from quarterly to monthly rent payments. On a like-for-like basis, the Group's net rental income fell by 27% for the six months ended 30 June 2020. Other retail-focused real estate companies have been similarly adversely impacted by the crisis.

The Group, through its dedicated Insight Team, monitors the latest consumer habits and retail trends to better understand the market. Whilst the COVID-19 pandemic has had the most significant impact on market dynamics, and the Directors expect it to continue to have a significant impact for the foreseeable future, a number of other structural trends affecting the retail property market influence the Group's strategy, drive prioritisation and guide performance, including:

- **Omnichannel retail:** consumers are increasingly using a combination of in-store and online channels and striking the right balance between online and physical retail remains a work in progress for many of the Group's tenants. Nonetheless, the Directors believe that the most successful brands recognise the continued importance of an attractive, right-sized store network in prime trading locations alongside a strong online platform.
- **Diversification of venues:** prior to the COVID-19 pandemic, discretionary expenditure was shifting away from retail towards more experience-led spending, particularly in the United Kingdom. Successful destinations were therefore increasingly providing consumers with a mix of shopping, dining and leisure activities (e.g. restaurants, cinemas, bowling alleys, performance spaces, escape rooms and indoor climbing centres) and, more recently, services, workspaces and residential properties where retail may not be the primary driver for a visit. The Directors expect that the trend towards diversification will continue in the longer term once the market recovers.
- **Retailer and brands preferences:** prior to the COVID-19 pandemic, there was growing demand for stores in large, higher-footfall locations. Retailers prefer to be clustered together in the same locations to optimise their interaction with consumers. Consumer brands are taking space to directly control the brand experience with their end customers. This has driven convergence by retailers and brands towards the same locations, increasing rental growth at those locations relative to others. The Directors expect that this trend will continue in light of the COVID-19 pandemic as over-capacity in the real estate market leads to lower quality retail venues struggling to attract and retain viable tenants.
- **Luxury retail:** prior to the COVID-19 pandemic, the level of global tourism was increasing, driven by the growth of the middle-income demographic in emerging economies and falling travel costs. Luxury retail was increasingly being enjoyed by these international tourists as part of a travel experience. The Directors expect that, when international travel returns to normalised levels in the fullness of time, the trend towards luxury retail will reassert itself.

## 5. The Hammerson Blueprint

The Group embeds the principles of the "Hammerson Blueprint" across everything it does, constantly looking to apply best practice to deliver value for all of its stakeholders and to create a positive and sustainable impact. The Hammerson Blueprint incorporates three key elements:

- **Positive place makers:** the Group aims to deliver positive impacts socially, environmentally and economically. The Group is committed to ensuring that its destinations are as inclusive and accessible as possible and to progressing towards its objective of being Net Positive for carbon emissions, water, resource use and socio-economic impacts by 2030.
- **Destination makers:** the Group aims to create connected community places to enjoy, shop, live and work by revitalising, refreshing and rethinking its venues in order to remain relevant.

- **Relationship makers:** the Group aims to deliver the best possible venues, both sustainably and profitably, through collaboration with brands, partners and third party experts.

## 6. Portfolio

The Group's property portfolio comprises investments in flagship destinations in the United Kingdom, France and Ireland, retail parks in the United Kingdom and premium outlets across Europe.

The Group has a pipeline of development opportunities across its portfolio, including development land adjacent to the Group's flagship destinations which is a key element of the Group's City Quarters strategy, giving the Group the opportunity to significantly grow and enhance the overall quality of its business.

### 6.1 Valuation analysis

A table setting out the valuation analysis (proportionally consolidated including premium outlets) as at 31 December 2019 for the Group's property assets by segment is set out below.

	Properties at valuation <sup>(1)</sup>	Revaluation in 2019	Capital return	Total return	Initial yield	True equivalent yield	Nominal equivalent yield <sup>(2)</sup>
			(unaudited) (£ million expect percentages)				
UK flagship destinations . . .	2,351.3	(581.8)	(19.9)%	(15.8)%	5.5%	6.2%	6.0%
France flagship destinations . . . . .	1,269.0	(130.6)	(10.2)%	(6.5)%	4.1%	4.7%	4.6%
Ireland flagship destinations . . . . .	860.0	(71.6)	(7.5)%	(3.6)%	4.1%	4.7%	4.6%
<b>Total flagship destinations . . . . .</b>	<b>4,480.3</b>	<b>(784.0)</b>	<b>(14.8)%</b>	<b>(10.8)%</b>	<b>4.8%</b>	<b>5.5%</b>	<b>5.3%</b>
UK Retail Parks . . . . .	453.3	(124.9)	(19.5)%	(14.0)%	7.3%	7.6%	7.3%
UK Other . . . . .	134.5	(41.2)	(23.6)%	(19.3)%	7.4%	9.4%	8.8%
<b>Investment portfolio . . . .</b>	<b>5,068.1</b>	<b>(950.1)</b>	<b>(15.6)%</b>	<b>(11.5)%</b>	<b>5.1%</b>	<b>5.8%</b>	<b>5.6%</b>
Developments . . . . .	599.6	(77.9)	(10.7)%	(9.2)%	—	—	—
<b>Property portfolio— excluding premium outlets . . . . .</b>	<b>5,667.7</b>	<b>(1,028.0)</b>	<b>(15.8)%</b>	<b>(11.9)%</b>	<b>—</b>	<b>—</b>	<b>—</b>
Premium outlets <sup>(3)</sup> . . . . .	2,659.1	199.8	8.2%	13.6%	—	—	—
<b>Total Group . . . . .</b>	<b>8,326.8</b>	<b>(828.2)</b>	<b>(9.8)%</b>	<b>(5.6)%</b>	<b>—</b>	<b>—</b>	<b>—</b>

(1) Includes impairment of £92 million recognised following reclassification of UK retail parks to assets held for sale. Valuation movements, returns and yields have been calculated excluding this impairment loss.

(2) Nominal equivalent yields are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13. This information has been subject to audit. The nominal equivalent yield for the Reported Group at 31 December 2019 was 5.8% (2018: 5.1%).

(3) Represents the Group's share of premium outlets through its investments in Value Retail and VIA Outlets and includes £7 million of land adjoining Bicester Village which is held at cost.

A table setting out the valuation analysis (proportionally consolidated including premium outlets) as at 30 June 2020 for the Group's property assets by segment is set out below.

	Properties at valuation	Revaluation in 2020	Capital return	Total return	Initial yield	True equivalent yield	Nominal equivalent yield
			(unaudited) (£ million except percentages)				
UK flagship destinations . . .	1,851.8	(495.0)	(21.1)%	(19.7)%	5.9%	6.9%	6.6%
France flagship destinations	1,229.1	(123.9)	(9.4)%	(7.9)%	4.3%	4.8%	4.7%
Ireland flagship destinations	833.7	(88.2)	(9.9)%	(8.3)%	4.6%	4.9%	4.7%
<b>Total flagship destinations</b>	<b>3,914.6</b>	<b>(707.1)</b>	<b>(15.4)%</b>	<b>(14.0)%</b>	<b>5.1%</b>	<b>5.8%</b>	<b>5.6%</b>
UK Retail Parks . . . . .	438.2	(1.3)	(13.3)%	(11.4)%	7.9%	8.4%	8.0%
UK Other . . . . .	117.7	(17.9)	(13.2)%	(11.4)%	5.9%	9.1%	8.6%
<b>Investment portfolio . . . . .</b>	<b>4,470.5</b>	<b>(726.3)</b>	<b>(15.1)%</b>	<b>(13.6)%</b>	<b>5.4%</b>	<b>6.2%</b>	<b>5.9%</b>
Developments . . . . .	563.3	(76.1)	(12.3)%	(11.8)%	—	—	—
<b>Property portfolio— excluding premium outlets . . . . .</b>	<b>5,033.8</b>	<b>(802.4)</b>	<b>(14.8)%</b>	<b>(13.4)%</b>	<b>—</b>	<b>—</b>	<b>—</b>
Premium outlets <sup>(1)</sup> . . . . .	2,658.3	(137.2)	(5.0)%	(4.0)%	—	—	—
<b>Total Group . . . . .</b>	<b>7,692.1</b>	<b>(939.6)</b>	<b>(11.7)%</b>	<b>(10.4)%</b>	<b>—</b>	<b>—</b>	<b>—</b>

(1) Represents the Group's share of premium outlets through its investments in Value Retail and VIA Outlets and includes £14 million of land adjoining Bicester Village which is held at cost.

A table setting out the valuation analysis (proportionally consolidated including premium outlets) as at 31 July 2020 for the Group's property assets by segment is set out below.

	Properties at valuation
UK flagship destinations . . . . .	1,802.4
France flagship destinations . . . . .	1,229.0
Ireland flagship destinations . . . . .	830.8
<b>Total flagship destinations . . . . .</b>	<b>3,862.2</b>
UK Retail Parks . . . . .	428.9
UK Other . . . . .	114.5
<b>Investment portfolio . . . . .</b>	<b>4,405.6</b>
Developments . . . . .	561.3
<b>Property portfolio—excluding premium outlets . . . . .</b>	<b>4,966.9</b>
Premium outlets <sup>(1)</sup> . . . . .	2,661.1
<b>Total Group . . . . .</b>	<b>7,628.0</b>

(1) Represents the Group's share of premium outlets through its investments in Value Retail and VIA Outlets, this includes £14 million of land adjoining Bicester Village which is currently held at cost.

As a result of the COVID-19 outbreak, the Group has seen a significant reduction in the value of its portfolio. As at 31 December 2019, 30 June 2020 and 31 July 2020, the Group's total property portfolio, including premium outlets, was valued at £8,326.8 million, £7,692.1 million and £7,628.0 million respectively (based on the fair value of the Group's total property portfolio under IFRS as set out in the 2019 Annual Financial Statements). This includes a negative capital return of 11.7% and a sale of two assets for proceeds of £43 million.

## 6.2 Valuation Reports

The 2019 Annual Financial Statements and the 2020 Interim Financial Statements, which have been incorporated by reference into this document as set out in Part XXI (*Documentation Incorporated by Reference*) of this document, include valuations of the Group's properties as at 31 December 2019 and 30 June 2020, respectively.

Updated property valuations as at 31 July 2020 are set out in the Valuation Reports in Appendix 1 (*Valuation Reports*) of this document. Cushman & Wakefield, CBRE and JLL have indicated that the

Valuation Reports included at Appendix 1 are subject to material valuation uncertainty, based in particular on the observation that the COVID-19 pandemic has had a significant impact on market activity and, as a result, valuers have attached less weight to previous market evidence to inform their opinions of value.

The property valuations in the Valuation Reports, as set out in Appendix 1 (*Valuation Reports*) of this document, are as at 31 July 2020. There has been no material change to the value of the Properties since 31 July 2020.

### **6.3 Joint operations, joint ventures and associates**

As at 30 June 2020, 69% of the total portfolio by value was held through associates and joint ventures including 17 of the Group's flagship destinations and retail parks and all of the Group's interests in premium outlets. These are generally held either with long-term institutional investors or other major real estate investors. With the exception of its two premium outlets, the Group manages jointly-owned assets in substantially the same manner as it manages its wholly-owned assets. For further details of the Group's investments in Value Retail and VIA Outlets, see paragraph 7.4 of this Part XII.

The Group does not proportionally consolidate its investments in Value Retail and VIA Outlets, which are externally managed by experienced outlet operators, independently financed and have operating metrics which differ from the Group's other properties. With the exception of its two premium outlets, the Group therefore reviews the performance of its premium outlets investments separately from the proportionally consolidated portfolio. Further information on the presentation of the Group's financial information is set out in paragraph 4 of Part III (*Important Information*) of this document.

## **7. Principal markets**

### **7.1 United Kingdom**

#### **7.1.1 UK flagship destinations**

##### **Overview**

The Group's portfolio of UK flagship destinations comprises 11 properties in the United Kingdom, all of which are within, or close to, city centres. As at 30 June 2020, these accommodated over 1,000 tenants in 830,000 m<sup>2</sup> of space, including 8 of the top 50 shopping centres in the United Kingdom (source: Javelin) and, as at 31 December 2019, accommodated over 1,000 tenants in 830,000 m<sup>2</sup> of space. As at 30 June 2020, the UK flagships represented approximately 24% of the Group's property portfolio by value and as at 31 December 2019, represented 28% of the Group's property portfolio by value (based on the fair value of the Group's total property portfolio under IFRS as set out in the 2019 Annual Financial Statements).

The Group's flagship destinations provide a diverse offer of retail, food & beverages, services and leisure and attracted more than 180 million visitors in 2019, prior to the impact of the COVID-19 pandemic.



A list of the Group's UK flagship destinations as at 30 June 2020 is set out below. There have been no changes to the Group's ownership of, or the number of tenants at, the below properties between 30 June 2020 and the Latest Practicable Date.

UK flagship destinations	Ownership (%)	Area (m <sup>2</sup> )	No. of tenants (unaudited)	Passing Rent as at 31 December 2019 (£ million)	Passing Rent as at 30 June 2020 (£ million)
Brent Cross, London	41	85,900	110	15.4	14.1
Bullring, Birmingham	50	122,600	148	26.2	22.5
Cabot Circus, Bristol	50	111,000	114	12.8	10.8
Centrale, Croydon <sup>(1)</sup>	50	64,300	47	3.4	2.5
Grand Central, Birmingham	50	37,700	65	5.8	5.1
Highcross, Leicester	50	99,900	118	12.9	11.1
Silverburn, Glasgow	50	100,200	101	10.2	10.0
The Oracle, Reading	50	71,900	99	13.9	12.0
Union Square, Aberdeen	100	51,800	75	18.1	14.6
Victoria, Leeds <sup>(2)</sup>	100	56,900	84	15.3	13.6
Westquay, Southampton <sup>(3)</sup>	50	95,400	105	15.3	13.5

(1) Included within the UK Other properties portfolio.

(2) Comprises Victoria Quarter and Victoria Gate.

(3) Comprises Westquay North and Westquay South.

### Operational summary

An operational summary of the Group's flagship destinations in the United Kingdom is set out below.

Key metrics	As at and for the six months ended 30 June 2020	As at and for the year ended 31 December (unaudited)		
	2020	2019	2018	2017
Like-for-like NRI growth (%)	(30.5)	(6.7)	(1.3)	1.8
Occupancy (%)	93.3	97.0	97.6	98.1
Leasing activity (£ million)	2.7	11.2	14.4	13.4
Leasing vs ERV (%)	(8)	(8)	5	8
Retail sales growth (%)	n/a	(1.8)	(2.9)	(2.7)
Footfall Growth (%) <sup>(1)</sup>	(53.9)	0.6	(1.8)	0.4

(1) Calculated on a same centre basis.

### 7.1.2 UK retail parks

#### Overview

In its July 2018 strategic update, the Group announced that it intended to exit the retail park sector over the medium term. Since this announcement, the Group has sold seven retail parks for aggregate consideration of £364 million including, most recently, Abbey Retail Park, Belfast, in February 2020 for proceeds totalling £33 million. As at 30 June 2020, the Group's portfolio of retail parks comprises eight parks in the United Kingdom.

On 20 February 2020, the Group exchanged contracts to sell a portfolio of seven retail parks to Orion. On 23 April 2020, Orion notified the Group that it did not intend to complete the purchase and on 6 May 2020 the Group announced that it would terminate the contract and access the £21 million deposit which had been held in escrow.

As at 30 June 2020, the Group's eight retail parks represented approximately 6% of the Group's property portfolio by value, providing 215,000 m<sup>2</sup> of lettable space for more than 210 tenants. As at 31 December 2019, the Group's nine UK retail parks represented 6.2% of the value of its property portfolio.

A list of the Group's UK retail parks as at 30 June 2020 is set out below. There have been no changes to the Group's ownership of, or the number of tenants at, the below properties between 30 June 2020 and the Latest Practicable Date.

UK retail parks	Ownership (%)	Area (m <sup>2</sup> )	No. of tenants	Passing Rent as at 31 December 2019 (£ million)	Passing Rent as at 30 June 2020 (£ million)
			(unaudited)		
Brent South Retail Park, London . . . . .	41	8,700	10	1.9	1.8
Central Retail Park, Falkirk . . . . .	100	37,600	29	6.1	6.1
Cleveland Retail Park, Middlesbrough . . . . .	100	27,900	19	4.4	4.4
Cyfarthfa Retail Park, Methyr Tydfil . . . . .	100	30,900	24	7.0	6.9
Elliott's Field Shopping Park, Rugby . . . . .	100	24,100	25	6.6	6.4
Ravenhead Retail Park, St. Helens . . . . .	100	27,700	17	4.5	4.5
The Orchard Centre, Didcot . . . . .	100	29,200	65	5.4	5.5
Telford Forge Retail Park, Telford . . . . .	100	28,000	21	5.1	4.8

### Operational summary

An operational summary of the Group's UK retail parks is set out below.

Key metrics	As at and for the six months ended 30 June	As at and for the year ended 31 December		
	2020	2019	2018	2017
		(unaudited)		
Like-for-like NRI growth (%) . . . . .	(21.2)	(1.4)	(4.3)	(2.5)
Occupancy (%) . . . . .	95.8	97.3	96.9	99.4
Leasing activity (£ million) . . . . .	1.6	2.6	2.4	6.3
Leasing vs ERV (%) . . . . .	(6)	1	11	11
Footfall Growth (%) <sup>(1)</sup> . . . . .	(31.1)	1.4	(1.3)	(0.4)

(1) Calculated on a same centre basis.

## 7.2 France

### Overview

The Group owns and operates six flagship destinations in France which, as at 30 June 2020, accommodated over 750 tenants, and attract approximately 70 million visitors each year (67 million in the year ended 31 December 2019). As at 30 June 2020, the Company's French portfolio represented approximately 18% of the Group's overall portfolio by value. The two wholly-owned centres, Les Terrasses du Port in Marseille and Les 3 Fontaines in Paris, accounted for 78% of the value of the Group's French portfolio as at 30 June 2020 and 77% of the value as at 31 December 2019.

A list of the Group's French properties as at 30 June 2020 is set out below. There have been no changes to the Group's ownership of, or the number of tenants at, the below properties between 30 June 2020 and the Latest Practicable Date.

<u>France flagship destinations</u>	<u>Ownership (%)</u>	<u>Area (m<sup>2</sup>)</u>	<u>No. of tenants</u> (unaudited)	<u>Passing Rent as at 31 December 2019 (£ million)</u>	<u>Passing Rent as at 30 June 2020 (£ million)</u>
Espace Saint-Quentin, Saint Quentin-En-Yvelines <sup>(1)</sup>	25	33,700	106	3.0	3.2
Italie Deux, Paris	25	62,100	119	5.5	5.7
Les 3 Fontaines, Cergy <sup>(2)(3)</sup>	100	44,300	104	17.8	15.2
Les Terrasses du Port, Marseille	100	62,900	163	28.5	29.7
Nicetoile, Nice <sup>(2)</sup>	10	17,300	102	1.4	1.1
O'Parinor, Aulnay-Sous-Bois <sup>(2)</sup>	25	68,600	163	5.8	6.0

(1) Key properties only.

(2) Held under co-ownership. Figures reflect Hammerson's ownership interests.

(3) Includes Cergy 3 which was acquired in 2017 and is classified within the development portfolio.

### Operational summary

An operational summary of the Group's flagship destinations in France is set out below.

<u>Key metrics</u>	<u>As at and for the six months ended 30 June</u>	<u>As at and for the year ended 31 December</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
		(unaudited)		
Like-for-like NRI growth (%)	(30.0)	2.1	(0.9)	2.6
Occupancy (%)	94.2	97.0	97.1	97.9
Leasing activity (£ million)	1.4	6.0	7.3	9.8
Leasing vs ERV (%)	4	5	5	5
Retail sales growth (%)	n/a	2.6	2.2	0.1
Footfall Growth (%) <sup>(1)</sup>	(39.5)	1.9	2.5	1.6

(1) Calculated on a same centre basis.

## 7.3 Ireland

### Overview

The Group owns and operates three flagship destinations in and around Dublin, which as a city accounts for over 40% of the country's population and 50% of national GDP. Disposable income in Dublin is 18% higher than the national average. As at 30 June 2020, the Company's Irish portfolio represented approximately 11% of the Group's overall portfolio by value, providing almost 200,000 m<sup>2</sup> of space, with over 300 tenants. As at 31 December 2019, the Irish portfolio represented 10% of the overall portfolio by value, providing almost 200,000 m<sup>2</sup> of space, with 320 tenants. The Group's Irish portfolio also includes 30 acres of development land adjacent to the flagship venues, providing the potential to expand and diversify the centres as part of the Group's City Quarters strategy.

A list of the Group's Irish properties as at 30 June 2020 is set out below. There have been no changes to the Group's ownership of, or the number of tenants at, the below properties between 30 June 2020 and the Latest Practicable Date.

<u>Ireland flagship destinations</u>	<u>Ownership (%)</u>	<u>Area (m<sup>2</sup>)</u>	<u>No. of tenants</u> (unaudited)	<u>Passing Rent as at 31 December 2019 (£ million)</u>	<u>Passing Rent as at 30 June 2020 (£ million)</u>
Dundrum Town Centre, Dublin	50	124,700	162	27.4	26.6
Ilac Centre, Dublin	50	27,300	62	4.4	4.7
Pavilions Swords, Dublin	50	43,700	90	7.5	8.0

## Operational summary

An operational summary of the Group's Irish flagship destinations is set out below.

Key metrics	As at and for the six months ended 30 June	As at and for the year ended 31 December		
	2020	2019	2018	2017
		(unaudited)		
Like-for-like NRI growth (%) . . . . .	(16.9)	(5.0)	1.6	7.4 <sup>(1)</sup>
Occupancy (%) . . . . .	96.3	99.6	99.0	99.7
Leasing activity (£ million) . . . . .	0.3	2.1	2.6	1.9
Leasing vs ERV (%) . . . . .	21 <sup>(2)</sup>		8	10
Footfall Growth (%) <sup>(2)</sup> . . . . .	(39.8)	1.8	(2.4)	—

(1) Assumes properties owned throughout 2016 and 2017.

(2) Calculated on a same centre basis.

## 7.4 Premium outlets

### Overview

The Group's exposure to the premium outlets market comes from its long-term holdings in, and relationship with, Value Retail and through VIA Outlets (a 50:50 joint venture between the Group and the Purchaser). On 6 August 2020, the Group entered into the Sale Agreement, under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser, conditional upon Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million).

Premium outlets offer a distribution channel for brands to sell excess inventory at a material discount to the original price. In addition, premium outlets provide international fashion and luxury brands in an upscale shopping environment, where retailers are able to maintain and protect their brand identity.

Although both the Value Retail and VIA Outlets portfolios are externally managed, the Group has a strong relationship with both management teams. Timon Drakesmith, the Company's former chief financial officer, was a board member of Value Retail and Chairman of the VIA Outlets advisory committee during 2019. Following his resignation, Simon Travis has assumed the role of Managing Director, Premium Outlets, with David Atkins, the Group's CEO, taking over the Value Retail board seat. On 27 May 2020, the Company announced that David Atkins has decided to step down as Chief Executive of Hammerson. David Atkins will remain in position as the Chief Executive of Hammerson and Hammerson's representative on the Value Retail board until spring 2021, at the latest, while the Board conducts a search for a new chief executive. It is anticipated that the new chief executive will take over the Value Retail board seat once David Atkins steps down. The premium outlets sector has many similarities with the Group's directly managed properties and the Group uses the knowledge gained from the sector to enhance the brand experience across its other portfolios.

## Operational summary

An operational summary of the Group's premium outlets is set out below.

Key metrics	Value Retail <sup>(1)</sup>			VIA Outlets <sup>(1)</sup>		
	For the six months ended 30 June 2020	For the year ended 31 December 2019	For the year ended 31 December 2018	For the six months ended 30 June 2020	For the year ended 31 December 2019	For the year ended 31 December 2018
			(unaudited)			
Brand sales (€m) . .	678	3,181	2,911	315	1,162	1,072
Brand sales growth (%) <sup>(2)</sup> . . .	(51)	9	8	(38)	8	10
Footfall growth (%) .	(50)	5	4	(45)	6	4
Average spend per visit (€) . . . . .	77	82	79	39	36	35
Average sales densities growth (%) <sup>(2)</sup> . . .	(51)	9	4	(32)	2	5
Like-for-like net rental income growth <sup>(3)</sup> . . . . .	(62)	13	4	(18)	6	10
Occupancy (%) . . .	95	97	97	93	93	92

(1) With the exception of like-for-like NRI growth, figures reflect overall portfolio performance, not the Group's ownership share and 2018 figures have been restated at 31 December 2019 exchange rates.

(2) Figures include assets owned for 24 months and include extensions and reconfigurations.

(3) Like-for-like NRI growth excludes the impact of extensions and reconfigurations.

### 7.4.1 Value Retail

#### Overview

Value Retail owns and operates nine high-end Villages in the United Kingdom and Western Europe, which provide approximately 189,000 m<sup>2</sup> of floor space and more than 1,000 stores. Value Retail focuses on international fashion and luxury brands and attracts long-haul tourists and wealthy domestic customers. The Villages, which include Bicester Village outside London, La Vallée Village near Paris and La Roca Village near Barcelona, are among the most successful outlet centres in Europe.

For the year ended 31 December 2019, the Villages generated total sales of €3.2 billion, placing them in the top echelons of the premium outlets sector. Average sales density for the Value Retail Villages was €17,800/m<sup>2</sup> in 2019 (as compared to €16,300/m<sup>2</sup> in 2018).

The Villages actively target the growing shopping-tourism market as well as attracting footfall from affluent domestic catchments. This strategy has been very successful and, as at 30 June 2020, Value Retail had delivered annual compound brand sales growth of 12% over the preceding 10 years.

The Group holds interests in the Value Retail holding companies as well as direct investments in the Villages and has grown its economic interests in the net assets of Value Retail. As at 31 December 2019, the Value Retail portfolio was valued at approximately £5.4 billion which represents a value of £2.0 billion for the Group's share. As at 30 June 2020, the value of the Value Retail portfolio was approximately £5.3 billion, of which the Group's share was £1.9 billion, representing approximately 25% of the total Group portfolio. The Group's economic interest in Value Retail as at 30 June 2020 was 40% (compared to 40% as at 31 December 2019).

A list of the Group's Value Retail properties as at 30 June 2020 is set out below. There have been no changes to the Group's ownership of, or the number of tenants at, the below properties between 30 June 2020 and the Latest Practicable Date.

Premium Outlets—Value Retail	Ownership (%)	Area (m <sup>2</sup> )	No. of tenants	Total income for the year ended 31 December 2019 <sup>(1)</sup> (£ million)	Total income for the six months ended 30 June 2020 <sup>(2)</sup> (£ million)
			(unaudited)		
Bicester Village, Oxford . . . . .	50	28,100	162	70.4	56.1
La Roca Village, Barcelona . . . . .	41	22,800	130	19.0	14.2
Las Rozas Village, Madrid . . . . .	38	16,600	101	11.5	8.8
La Vallée Village, Paris . . . . .	26	21,600	103	22.0	16.9
Maasmechelen Village, Brussels . . . . .	27	20,000	100	5.4	4.4
Fidenza Village, Milan . . . . .	34	21,100	118	6.3	5.1
Wertheim Village, Frankfurt . . . . .	45	21,200	111	10.0	8.4
Ingolstadt Village, Munich . . . . .	15	21,100	111	3.5	2.9
Kildare Village, Dublin . . . . .	41	16,200	92	8.7	7.1

(1) Figures represent annualised base and turnover rent at 31 December 2019 for each premium outlet, at the Group's ownership share.

(2) Figures represent annualised base and turnover rent at 30 June 2020 for each premium outlet, at the Group's ownership share.

## 7.4.2 VIA Outlets

### Overview

VIA Outlets is a joint venture formed in 2014 in partnership with the Purchaser, Meyer Bergman and Value Retail in which the Group originally held an approximately 47% interest. In September 2019, Hammerson and the Purchaser purchased the Meyer Bergman and Value Retail shares for €32 million (£29 million) each, a slight premium to June 2019 NAV, resulting in a 50:50 joint venture structure. This transaction was undertaken to streamline and simplify the corporate structure of VIA Outlets, enhance the governance of the investment and increase the Group's exposure to a high growth sector.

VIA Outlets operates eleven outlets in nine European countries providing 264,000 m<sup>2</sup> of floor space and over 1,130 stores.

As at 31 December 2019, the VIA Outlets portfolio was valued at £1.4 billion, of which the Group's 50% interest was £693 million. As at 30 June 2020, the market value of the VIA Outlets portfolio was £1.4 billion, of which the Group's 50% interest was £716 million, representing approximately 9% of the total Group portfolio. For the six months ended 30 June 2020, the loss attributable to VIA Outlets was £20.9 million (compared to a profit of £34.3 million for the year ended 31 December 2019).

On 6 August 2020, the Group entered into the Sale Agreement, under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser, conditional upon Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million). Further details of the Disposal, including details of the terms of the Sale Agreement, are set out in Part XI (*Terms of the Disposal*) of this document.

A list of the Group's VIA Outlets properties as at 30 June 2020 is set out below. There have been no changes to the Group's ownership of, or the number of tenants at, the below properties between 30 June 2020 and the Latest Practicable Date.

Premium Outlets—VIA Outlets	Ownership (%)	Area (m <sup>2</sup> )	No. of tenants	Total income for the year ended 31 December 2019 <sup>(1)</sup> (£ million)	Total income for the six months ended 30 June 2020 <sup>(2)</sup> (£ million)
Batavia Stad Amsterdam Fashion Outlet . . .	50	31,900	130	7.3	6.9
Fashion Arena Prague Outlet . . . . .	50	24,400	100	7.3	3.8
Landquart Fashion Outlet, Zürich . . . . .	50	21,300	78	4.1	4.5
Freeport Lisbon Fashion Outlet . . . . .	50	36,400	128	4.2	5.3
Hede Fashion Outlet, Gothenburg . . . . .	50	18,600	58	5.4	1.7
Mallorca Fashion Outlet . . . . .	50	32,700	82	1.8	4.5
Wroclaw Fashion Outlet, Poland . . . . .	50	13,700	87	4.8	2.0
Seville Fashion Outlet . . . . .	50	15,700	61	2.1	2.3
Zweibrücken Fashion Outlet . . . . .	50	29,500	112	2.3	7.7
Vila do Conde Porto Fashion Outlet . . . . .	50	27,500	106	8.4	5.0
Oslo Fashion Outlet . . . . .	50	13,300	94	5.0	2.1

(1) Figures represent annualised base and turnover rent at 31 December 2019 for each premium outlet, at the Group's ownership share.

(2) Figures represent annualised base and turnover rent at 30 June 2020 for each premium outlet, at the Group's ownership share.

A table setting out the Group's share of results of VIA Outlets for the six months ended 30 June 2020 and for the three years ended 31 December 2019, 31 December 2018 and 31 December 2017 is set out below. The following historical financial information has been extracted without material adjustment from the consolidation schedules and supporting analysis that underlie the audited consolidated financial information of Hammerson for the six months ended 30 June 2020 and for the three years ended 31 December 2019, 31 December 2018 and 31 December 2017. The financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The historical financial information has been prepared on a basis consistent with the accounting policies adopted in the Group's latest annual accounts, being those for the year ended 31 December 2019.

	Hammerson share			
	Six months ended 30 June 2020 (unaudited)	Year ended 31 December		
		2019	2018	2017
		(audited)		
		(£ million)		
<b>Gross rental income . . . . .</b>	<b>19.6</b>	<b>45.6</b>	<b>42.6</b>	<b>36.2</b>
<b>Net rental income . . . . .</b>	<b>12.6</b>	<b>31.8</b>	<b>31.9</b>	<b>25.6</b>
Administration expenses . . . . .	(3.3)	(6.5)	(7.2)	(4.4)
<b>Operating profit before other net (losses)/gains . . . . .</b>	<b>(9.3)</b>	<b>25.3</b>	<b>24.7</b>	<b>21.2</b>
Revaluation (losses)/gains on properties . . . . .	(30.6)	29.1	11.2	14.0
<b>Operating (loss)/profit . . . . .</b>	<b>(21.3)</b>	<b>54.4</b>	<b>35.9</b>	<b>35.2</b>
Net finance cost . . . . .	(5.3)	(8.8)	(9.7)	(3.8)
<b>(Loss)/Profit before tax . . . . .</b>	<b>(26.6)</b>	<b>45.6</b>	<b>26.2</b>	<b>31.4</b>
Current tax charge . . . . .	0.9	(2.5)	(2.2)	(1.6)
Deferred tax credit/(charge) . . . . .	4.8	(8.8)	0.6	(16.2)
<b>Hammerson share of (loss)/profit for the period . . . . .</b>	<b>(20.9)</b>	<b>34.3</b>	<b>24.6</b>	<b>13.6</b>

A table setting out the Group's share of the assets and liabilities of VIA Outlets as at 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017 is set out below.

	Hammerson share			
	As at 30 June 2020 (unaudited)	As at 31 December		
		2019	2018 (audited)	2017
		(£ million)		
<b>Non-current assets</b>				
—Investment and development properties . . . . .	716.2	693.5	635.8	600.3
—Goodwill <sup>(1)</sup> . . . . .	—	8.9	3.6	3.6
—Other non-current assets . . . . .	7.6	6.0	3.4	0.2
	<b>723.8</b>	<b>708.4</b>	<b>642.8</b>	<b>604.1</b>
<b>Current assets</b>				
—Other current assets . . . . .	15.0	11.1	7.7	14.5
—Cash and deposits . . . . .	24.1	29.7	33.2	20.9
	<b>39.1</b>	<b>40.8</b>	<b>40.9</b>	<b>35.4</b>
<b>Current liabilities</b>				
—Other payables . . . . .	(14.7)	(23.6)	(15.8)	(20.2)
—Loans—secured . . . . .	(7.3)	(3.3)	(32.0)	(27.7)
	<b>(22.0)</b>	<b>(26.9)</b>	<b>(47.8)</b>	<b>(47.9)</b>
<b>Non-current liabilities</b>				
—Loans—secured . . . . .	(276.1)	(263.9)	(243.6)	(166.8)
—Derivative financial instruments . . . . .	(2.6)	(4.0)	(3.1)	—
—Other payables . . . . .	(6.6)	(6.2)	(3.1)	(3.8)
—Deferred tax . . . . .	(69.8)	(69.2)	(59.8)	(59.7)
	<b>(355.1)</b>	<b>(343.3)</b>	<b>(309.6)</b>	<b>(230.3)</b>
<b>Total investment in joint venture . . . . .</b>	<b>386.0<sup>(2)</sup></b>	<b>379.0</b>	<b>326.3</b>	<b>361.3</b>

(1) During the six months ended 30 June 2020, management performed a review of the carrying value of its investments in joint ventures and concluded that an impairment of £9.6 million was required. This impairment is equivalent to the notional goodwill on the investment in VIA Outlets (£9.6 million).

(2) At 30 June 2020, the Group reclassified £370.7 million of its investment in VIA Outlets to assets held for sale and subsequently impaired the asset to its fair value less costs of disposal in accordance with IFRS 5. The resultant £101.6 million impairment charge has been recognised within the Reported Group.

## 8. Developments

### 8.1 Development overview

The Group has a pipeline of development and extension opportunities in the United Kingdom, France and Ireland. As at 30 June 2020, the Group's development portfolio was valued at £563.3 million, representing 7% of the Group's total property portfolio.

In light of the uncertainty in the European and wider retail sector and the Group's near term priority of strengthening its balance sheet, the Group does not intend to commit to any major projects until markets stabilise. The Directors expect any future schemes to include a wider variety of uses, with less space dedicated to retail and with its Net Positive targets fully embedded within all new projects, as exemplified in the Group's City Quarters strategy.

As at 30 June 2020, the Group's committed capital expenditure was £117 million, of which the majority represented the remaining expenditure at the on-site Paris extension schemes at Les 3 Fontaines, Cergy and Italie Deux, Paris. Following the outbreak of COVID-19, the Group has taken steps to reduce its capital expenditure. As a result of the temporary suspension of the Group's on-site Paris extension schemes at Les 3 Fontaines, Cergy and Italie Deux, Paris, the Group's capital expenditure during the six months ended 30 June 2020 was limited to £18.8 million and the Group's budgeted capital expenditure for the year ended 31 December 2020 was reduced from £140 million to £110 million.



## 8.2 Current on-site developments

The Group's significant recent on-site developments include:

- (i) the 6,400 m<sup>2</sup>, €44 million (£40 million) extension of Italie Deux, Paris. Work started on-site in June 2018 and, as at 30 June 2020, the opening of the scheme was expected to take place in Q4 2020; and
- (ii) the 33,000 m<sup>2</sup> extension of Les 3 Fontaines, Cergy. Work started on-site in early 2018. As at 30 June 2020, the opening of the main extension was expected in Q1 2022 and the final leisure phase at Cergy 3 was due to complete in Q4 2023. The scheme had a projected total development cost of €382 million (£347 million), including additional future cost contingency, and is part of a wider city centre development of Cergy, in the suburbs of Paris.

As a result of the COVID-19 pandemic, the Group's on-site development projects at Les 3 Fontaines, Cergy and Italie Deux, Paris were temporarily suspended between 17 March 2020 and 4 May 2020 as the workforce was unable to be on site. Following the easing of lockdown restrictions, works on these projects recommenced in May 2020.

## 8.3 Future developments

The Group does not expect to commit to any major expenditure in the near term. However, the Group has continued to progress planning for a number of future schemes which the Group is considering in the longer term:

- (i) the Group, with its 50:50 joint venture partner Ballymore, submitted revised plans to the Greater London Authority in July 2019 in connection with its proposed mixed-use development of the Goodsyrd, London. A determination from the Mayor of London on the development is expected by the end of 2020; and
- (ii) the Group's proposed developments at Brent Cross and Croydon are currently on hold; however, the Group continues to review plans for future major schemes at these sites, which are being revised to include a greater mixed-use element than originally planned. The Group is also in active discussions with stakeholders to support ongoing third party regeneration around both sites.

## 9. City Quarters

The Group's City Quarters strategy aims to leverage existing land interests around its flagship destinations, located in major cities in the United Kingdom and Ireland and near to key transport links in order to diversify its property portfolio to include properties with a mix of uses, including residential, workspace and hotel and leisure. This development will be undertaken to create sustainable place-making and the Directors believe that this strategy has the potential to deliver 6,600 residential units, 1,600 hotel rooms, 300,000 m<sup>2</sup> of workspace and nine parks and public spaces.

The Group has made good progress with this new strategy and had secured three major consents over the last 12 months, including:

- outline planning consent to regenerate the Martineau Galleries site in Birmingham city centre;
- full planning consent for a new 205 bed hotel adjacent to Victoria Gate, Leeds. The Group is currently in advanced negotiations such that construction could commence in late 2020; and
- final planning consent for a residential scheme of over 100 apartments directly adjacent to Dundrum, Dublin.

The Group's medium-term priority projects for its City Quarters strategy include:

- **Dublin Central, Dublin:** this scheme includes workspace, retail and hotel elements across a 5.5 acre site. As at 30 June 2020, the book value of the Group's share in the development was £69 million. The Group intends to start on-site development works in Q1 2022.
- **Martineau Galleries, Birmingham:** this scheme includes workspace, residential, retail and hotel elements across a 7.5 acre site. As at 30 June 2020, the book value of the Group's share in the development was £46 million. The Group intends to start on-site development works in Q1 2023.

- **Dundrum Village, Dublin:** this is a residential scheme of over 100 apartments on a 6.9 acre site adjacent to Dundrum Town Centre. As at 30 June 2020, the book value of the Group's share in the development was £23 million. The Group intends to start on-site development works in Q1 2023.
- **Bishopsgate Goodsyards, London:** this major mixed-use scheme includes workspace, retail and residential elements across a 10 acre site. As at 30 June 2020, the book value of the Group's share in the development was £58 million. The Group intends to start on-site development works in Q4 2023.

## 10. Acquisitions and disposals

Principal acquisitions and disposals for the Group for the year ended 31 December 2019 and the six months prior to 30 June 2020 included:

- the sale of a 75% interest in Italie Deux, Paris to AXA Investment Managers for €432 million (£363 million). Contracts were also exchanged for the forward sale of 75% of the Italik extension at Italie Deux for an additional €41 million (£35 million), with completion due to take place 18 months after completion of the scheme in 2020;
- the sale of Dallow Road Retail Park, Luton, for £24 million, Abbotsinch Retail Park, Paisley, for £67 million, St Oswald's Retail Park, Gloucester, for £54 million and Parc Tawe Retail Park, Swansea, for £22 million and Abbey Retail Park, Belfast, for £33 million; and
- the acquisition of an additional 3.125% interest in VIA Outlets for €32 million (£29 million), increasing the Group's overall interest from approximately 47% to 50%.

For the years ended 31 December 2019, 31 December 2018 and 31 December 2017, the Group achieved disposals of £542 million, £570 million and £400 million respectively.

In addition, on 6 August 2020, the Group entered into the Sale Agreement, under which it agreed to the sale of its 50% interest in VIA Outlets (subject to retention of the Retained Minority Stake by Hammerson Via 2) to the Purchaser, conditional upon Shareholder approval and obtaining merger control approvals in Germany, Spain and Portugal, for estimated cash proceeds of approximately €301 million (equivalent to approximately £274 million).

## 11. Rental income

### 11.1 Net rental income

Rental income from investment properties is the primary source of revenue for the Group.

In the United Kingdom and Ireland, rents are typically fixed under the terms of the lease for a period of five years (subject to any initial rent free periods), after which the rent is adjusted through a rent review process. In the United Kingdom, rent reviews are nearly always "upward only" whereby the rent is increased to the market rent at the review date, unless the market rent is lower than the Passing Rent, in which case it will not change. In Ireland, the Passing Rent payable under the majority of leases which were entered into after March 2010 may be adjusted either upwards or downwards during the rent review process. In France, rents are generally subject to indexation annually and usually include three or six-year break clauses which, in practice, are seldom exercised. The index used to calculate rent indexation for the Company's retail properties in France is normally based on the official commercial rent index which is a composite index, comprising retail prices, commercial turnover averages and construction costs.

Net rental income ("NRI") is the Group's primary revenue measure and like-for-like NRI growth is key to growing earnings and dividend payments. Like-for-like NRI is calculated in line with EPRA guidance, and excludes the impact of acquisitions, disposals, developments and exchange rate movements. Growth is achieved through leasing activity, tenant engineering and other "value adding" initiatives.

On a like-for-like basis, NRI declined by 27.0% in the six months ended 30 June 2020 (as compared to declines of 4.2% in the year ended 31 December 2019 and 1.3% in the year ended 31 December 2018), with NRI at the Group's UK and Irish flagships falling by 30.5% and 16.9% respectively (compared to 6.7% and 5.0% respectively in the year ended 31 December 2019) and a decline of 21.2% at the Group's UK retail parks (compared to a decline of 1.4% in the year ended 31 December

2019). NRI also declined by 30.0% in France (compared to an increase of 2.1% in the year ended 31 December 2019).

Whilst premium outlets are excluded from the Group's primary NRI measures, on a like-for-like basis, NRI from premium outlets declined by 50.8% in the six months ended 30 June 2020 (compared to an increase of 10.8% in the year ended 31 December 2019). Aggregating the premium outlets growth would result in a group like-for-like NRI decline of 35.0%, compared to an increase of 0.5% during the year ended 31 December 2019.

## 11.2 Occupancy

Occupancy rate measures the ERV, as calculated by the Group's external valuers, of the area in a property, or portfolio, excluding developments, which is let, expressed as a percentage of the total ERV of that property or portfolio. The rate is calculated in line with EPRA guidance using the ERV of the occupied space on a proportionally consolidated basis, excluding premium outlets. The occupancy rate of the Group's property portfolio remained consistent at 97.2% as at 31 December 2018 and 31 December 2019, which is above the Group's target of 97%. As at 30 June 2020, the Group's occupancy rate fell to 94.2%.

## 11.3 Income security and quality

The Group has a diverse tenant base with approximately 4,700 tenants as at 31 December 2019, the largest of whom was H&M with annual Passing Rent of £8.9 million. As at 30 June 2020, the Group had approximately 4,700 tenants, the largest of whom was H&M with Passing Rent of £8.5 million.

The Group's tenants have faced, and continue to face, a challenging market. Many traditional retailers, most notably mainstream department stores and undifferentiated high street fashion retailers, are subject to significant pressure as a result of falling gross margins, cost pressure from higher employment costs, business rates and the increasing expense of providing a comprehensive offer, including online returns. These pressures have been significantly exacerbated by the COVID-19 pandemic and the ensuing closure of properties and stores across the Group's retail portfolio. The Group continues to support occupiers throughout the COVID-19 outbreak and has agreed a variety of different arrangements with its tenants on a case-by-case basis, including rent deferrals, waivers and monthly payment plans.

A list of the Group's top ten tenants ranked by Passing Rent as at 30 June 2020 is set out below.

Top ten tenants (proportionally consolidated excluding premium outlets and including UK retail parks)	Passing Rent as at 30 June 2020 (£ million)	Percentage of total Passing Rent as at 30 June 2020 (%)
	(unaudited)	
H&M . . . . .	8.5	2.9
Inditex . . . . .	8.2	2.8
Next . . . . .	7.0	2.4
Marks & Spencer . . . . .	5.7	2.0
Boots . . . . .	5.3	1.8
TK Maxx . . . . .	4.6	1.6
Dixons Carphone . . . . .	4.0	1.4
Frasers Group . . . . .	4.0	1.4
River Island . . . . .	3.6	1.4
JD Sports . . . . .	3.5	1.2
<b>Total</b> . . . . .	<b><u>54.4</u></b>	<b><u>18.9</u></b>

A list of the Group's top ten tenants ranked by Passing Rent as at 31 December 2019 is set out below.

Top ten tenants (proportionally consolidated excluding premium outlets and including UK retail parks)	Passing Rent as at 31 December 2019 (£ million) (unaudited)	Percentage of total Passing Rent as at 31 December 2019 (%)
H&M . . . . .	8.9	3.0
Inditex . . . . .	8.4	2.8
Next . . . . .	7.4	2.5
Boots . . . . .	5.4	1.8
Marks & Spencer . . . . .	5.1	1.7
B&Q . . . . .	4.6	1.5
TK Maxx . . . . .	4.6	1.5
River Island . . . . .	4.6	1.5
Frasers Group . . . . .	4.5	1.5
Debenhams . . . . .	3.9	1.3
<b>Total</b> . . . . .	<b><u>57.4</u></b>	<b><u>19.1</u></b>

#### 11.4 Lease expiries and breaks

Certain of the leases granted to tenants may contain break clauses, which entitle the tenant to unilaterally terminate the lease on a set period of notice. If exercised, these "tenant only" break rights would cause the lease to be terminated. Where leases have been "tacitly renewed" (i.e. renewed on the same conditions if no notice of termination has been given within the relevant period), each of the parties may terminate the leases at any time with six months' prior notice. Leases in France are usually subject to three or six-year break clauses, although in practice these are seldom exercised.

Under contractual arrangements with tenants that were in place as at 31 December 2019, excluding premium outlets, leases with Passing Rent of £72.8 million will expire or be subject to tenants' break clauses during the period from 2020 to 2022, with a further £18.8 million of Passing Rent outstanding in relation to leases with a historic expiry date as at the same date. As at 30 June 2020, £20 million of Passing Rent in relation to leases with a historic expiry date was outstanding, with leases with a Passing Rent of £61.1 million due to expire or be subject to tenants' break clauses during the period from 1 July 2020 to 31 December 2022.

As at 30 June 2020, the average unexpired lease term of the Group's leases was 5.2 years (compared to 5.5 years as at 31 December 2019)

## 12. Sustainability

The Group's sustainability strategy, Positive Places, aims to create destinations that deliver positive impacts economically, socially and environmentally. The Group has five core commitments as part of this strategy:

- **Challenge and innovate:** challenging the status quo and trialling new solutions to support the transition to a more sustainable business model.
- **Protect and enhance:** protecting the natural environment by minimising resource consumption and delivering restorative projects.
- **Upskill and inspire:** investing in people and rewarding those that deliver change in line with sustainability related objectives.
- **Partner and collaborate:** a stakeholder-led approach to create collaborative projects and evolve from client to partner.
- **Serve and invest:** delivering social value to communities, measured in jobs, skills, civic pride and investment.

In 2017, the Group launched new Net Positive targets as part of its Positive Places strategy, aiming to become net positive for carbon emissions, resource use, water and socio-economic impacts by 2030. The Group's Net Positive targets have been divided into three five-year phases. The first phase, which focuses on the Group's directly controlled environmental impacts, is due to end on 31 December 2020.

The Group's key developments towards achieving its Net Positive targets during 2019 included:

- reducing energy demand across its managed portfolio by a further 12%, delivering £0.9 million in cost savings;
- engaging with tenants to reduce energy demand in their spaces within the Group's assets, helping to reduce the carbon emissions of the Group's tenants by over 800 tonnes in 2019;
- working with its design team to aim to deliver best in class sustainability in its Dublin developments, with the Podium at Dundrum on track to achieve BREEAM Excellent and NZEB requirements; and
- delivering a variety of corporate community engagement projects in partnership with local stakeholders, including working with Inspire Education Business Partnership on Work Week, a work related learning programme engaging 3,100 young people, and working with Community Renewal on the Guided Well Enhancement Learning programme, a programme aimed at reducing health inequality among residents local to the Group's Silverburn asset in Glasgow.

The Group has made substantial progress in achieving its Net Positive Targets during the first phase of the project. During 2019, the Group's carbon footprint was approximately 13,000 tonnes CO<sub>2</sub>e, compared to approximately 30,500 tonnes CO<sub>2</sub>e in 2015. The Group's water use also reduced to approximately 185,000 m<sup>3</sup> during 2019, compared to approximately 336,000 m<sup>3</sup> in 2015 and its resource use, net of recycling, fell to approximately 3,400 tonnes in 2019, compared to approximately 8,500 tonnes in 2015. During the six months to 30 June 2020, the Group's carbon footprint was approximately 7,300 tonnes CO<sub>2</sub>e and its water use reduced to approximately 132,000 m<sup>3</sup>.

### 13. Research and development

The Group has a dedicated Insight Team, which monitors and analyses the latest consumer habits and retail trends using data collected from across the Group's property portfolio, digital apps, insights from the Group's relationships with international retailers, commissioned research reports and surveys and international site visits to retail destinations.

The Group's strategy and decisions are shaped and informed by the trends identified by the Insight Team in the retail property market.

### 14. Employees and employee relations

As at 30 June 2020, the Group directly employed 554 people across the United Kingdom, France and Ireland. The table below provides a breakdown of the number of people employed by the Group, broken down by geographic region as at the dates indicated.

	As at 30 June 2020	As at 31 December (unaudited)		
		2019	2018	2017
UK and Ireland . . . . .	413	418	409	449
France . . . . .	141	135	124	138
<b>Total employees . . . . .</b>	<b>554</b>	<b>553</b>	<b>533</b>	<b>587</b>

As part of its response to the COVID-19 pandemic, the UK Government introduced the Coronavirus Job Retention Scheme, allowing UK companies whose operations have been severely affected by the COVID-19 pandemic to furlough employees who are unable to work, or have no work to do, during the pandemic. UK companies are entitled to apply for a grant to cover 80% of the usual monthly wage costs of each furloughed employee, up to £2,500 per month. In the period 6 April to 30 June 2020, up to a third of UK employees were furloughed at any one time and as at 30 June 2020, the Group had claimed £716,000 under this scheme.

Similarly, in France, the French government has introduced the "chômage partiel" scheme. Under this scheme, the French government will pay a proportion of the wages of any worker who is unable to work or has had their hours reduced due to the COVID-19 pandemic. Companies which contribute to the French social security system are entitled to apply for a grant to cover up to 70% of each such employee's hourly wage for every hour not worked, up to a maximum of €45.68 per hour. Up to a fifth of employee costs were recovered in April and May and as at 30 June 2020, the Group had claimed £168,000 under this scheme.

In Ireland, the Irish government has also announced the Temporary Wage Subsidy Scheme to allow employers in Ireland to pay employees during the COVID-19 pandemic. The Company is not participating in this scheme.

## **15. Insurance**

The Group has insurance policies that provide coverage relating to the Group's operations, activities and assets. This includes property owner's insurance, business interruption, public/product liability and terrorism insurance. The Group also has a range of corporate and financial lines insurances.

## **16. Legal and regulatory framework**

The United Kingdom, Ireland and France have planning regimes that impose restrictions on new developments. Particularly in the case of retail schemes, the planning environments are very restrictive. This limits the supply of new accommodation to the benefit of owners of existing retail properties. In all three countries, the planning process can sometimes be uncertain and protracted. French law imposes specific authorisations in addition to standard planning regulations for development in the retail sector.

In the United Kingdom, contracts for the lease of property are governed partly by the Landlord and Tenant Act 1954 and other legislation, but the terms of the relevant contract or lease are also important. A typical lease is for a duration of 10 to 15 years, with rent payable quarterly in advance and with rent reviews at the end of each five year period. Rent reviews are nearly always "upward only" whereby the rent is increased to the market rent at the review date, unless the market rent is lower than the Passing Rent, in which case it will not change. Tenants typically bear the responsibility for repairing and insuring the property. A more recent trend in the United Kingdom is for a more flexible approach by property owners, which may include shorter leases, rent which is partly related to a tenant's turnover and monthly rents.

The legal and regulatory framework in Ireland is broadly similar to the position in the United Kingdom (described above) and is governed by the Landlord and Tenant (Amendment) Act 1980. Irish law prohibits "upward only" rent reviews for leases granted after March 2010. Instead, an open market rent review (whether "upward" or "downward") applies at the end of each five year period. "Upward only" rent reviews are permitted for leases granted before March 2010. Tenants have statutory rights to renew their leases after continuous occupation of five years, but can contract out of these statutory renewal rights.

The "Code du Commerce" governs leases in France, where a typical lease is shorter than in the United Kingdom, at around nine years and with the tenant often having the right to break the lease every three years. Where leases are tacitly renewed, each of the parties may terminate the lease at any time with 6 months' prior notice. Rents for the majority of leases are revised annually according to a composite index combining the three official indices, which are related to retail prices, retail sales volumes, the cost of construction, or a combination of these indices. Applicable indices are published quarterly by INSEE, the French statistics institute. Rents may go up or down depending on the index. Tenants have the right to renew their leases for a further term at the end of the lease term.

## **17. Taxation of the Group**

The Group benefits from tax exemptions under the UK REIT, French SIIC and Irish QIAIF regimes and as a result bears minimal current tax.

### **17.1 UK REIT regime**

The UK REIT tax regime has applied to the Company since 1 January 2007. As a UK REIT, the Company is exempt from corporation tax on its qualifying UK property rental business income and gains but is required to pay PIDs equal to at least 90% of the Company's tax exempt income profits from its qualifying UK property rental business.

Shareholders resident for tax purposes in the United Kingdom will be taxed on PIDs received at their full marginal tax rates and, for most shareholders, PIDs will be paid after deducting withholding tax at the basic rate of income tax. However, certain categories of shareholder are entitled to receive PIDs without withholding tax, principally UK resident companies, UK public bodies, UK pension funds and

managers of ISAs, PEPs and Child Trust Funds. For further information on the UK tax position see Section A of Part XIX (*Taxation*) of this document.

To remain a UK REIT there are a number of conditions to be met in respect of the principal company of the group, the group's qualifying activity and its balance of business which are set out in the UK REIT legislation in the Finance Act 2006 and the Corporation Tax Act 2010, and regulations made thereunder. These include various tests relating to a number of factors, including the structure, ownership and residence of the Company, the nature of the Company's business, the percentage of profits derived from, and assets involved in, the Company's property rental business, the terms of loans to the Company and the level of distribution to shareholders.

Although REIT status affords the Group certain tax advantages while it continues to qualify as a REIT, the operation of the REIT rules subjects the Group to tax charges in certain circumstances, including where the Group has a PID Shortfall. With respect to the financial year ended 31 December 2019, if the Group does not make a distribution of £70 million by 31 December 2020, this will give rise to a PID Shortfall which could result in a tax charge for that financial year of up to £14 million. Further details can be found at paragraph 6.2 of Part II (*Risk Factors*) of this document.

### **17.2 French SIIC regime**

The Company and certain of its French subsidiaries elected for SIIC tax status with effect from January 2004.

According to the SIIC tax status, qualifying rental income, capital gains on properties and subsidiaries and dividends distributed out of exempt income from SIIC companies are exempted from French corporate income tax (*impôt sur les sociétés*) subject to the following distribution requirements being fulfilled (within certain specified time limits): (i) at least 95% of exempt profits generated by French-source renting activities, (ii) at least 70% of capital gains on sales of French real property or of interests in certain partnerships or SIIC subsidiaries, and (iii) 100% of dividends paid out of exempt income from SIIC subsidiaries.

In order to maintain the Group's SIIC status in France, in relation to a capital gain from the Group's disposal of a 75% interest in Italie Deux in December 2019, the Group's distributions are required to total approximately €270 million (approximately £245 million) over the period from the beginning of 2020 to the end of 2022, which can be satisfied by cash or scrip dividends over this period.

### **17.3 Irish QIAIF regime**

The Irish properties acquired in 2016 are held in a QIAIF, which exempts participants from Irish tax on property income and chargeable gains, subject to certain requirements. The QIAIF provides similar tax benefits to those available under the UK REIT and French SIIC regime, without the distribution requirements. However, unlike the UK REIT and French SIIC regime, distributions and, since 2019, certain excessive interest payments from Ireland to the United Kingdom are subject to a 20% withholding tax.

## PART XIII

### DIRECTORS, PROPOSED DIRECTOR, SENIOR MANAGERS AND CORPORATE GOVERNANCE

#### 1. Directors

The Directors of the Company as at the date of this document and their respective roles are set out below:

Name	Position
David Tyler . . . . .	Chair
David Atkins . . . . .	Chief Executive
James Lenton . . . . .	Chief Financial Officer
Gwyn Burr . . . . .	Independent Non-Executive Director and Senior Independent Director
Pierre Bouchut . . . . .	Independent Non-Executive Director
Méka Brunel . . . . .	Independent Non-Executive Director
Desmond de Beer . . . . .	Non-Executive Director
Andrew Formica . . . . .	Independent Non-Executive Director
Adam Metz . . . . .	Independent Non-Executive Director
Carol Welch . . . . .	Independent Non-Executive Director

The business address of each Director is Kings Place, 90 York Way, London, N1 9GE United Kingdom.

A short biography for each Director is set out below. Further information on the Directors, including the companies of which each of the Directors has been a director at any time in the past five years, is set out in paragraph 8.1 of Part XX (*Additional Information*) of this document.

#### David Tyler, Chair

David was appointed to the Board on 12 January 2013 and was appointed as Chair on 9 May 2013. David is an experienced chairman having served in this role at a number of listed companies, including J Sainsbury plc and Logica plc. His 45 years' experience in executive and non-executive roles spans the consumer, retail, business services and financial services sectors. David also has extensive financial knowledge, as he is a Fellow of the Chartered Institute of Management Accountants and a member of the Association of Corporate Treasurers, and has held senior financial roles during his career.

David is committed to effective governance, and has served on the Investment Association's Executive Remuneration Working Group and as co-chair of the Parker Review Committee on ethnic diversity. David is also one of the four founding chairmen of Chapter Zero, a group enhancing the knowledge of non-executive directors on climate change and how to respond effectively to it. He is currently the chairman of Domestic & General Ltd, The White Company and of Hampstead Theatre.

On 15 June 2020, the Company announced that Robert Noel is to succeed David Tyler as Non-Executive Chair of the Company. Robert Noel will join the Board and take over the position with effect from a date to be confirmed but no later than 1 October 2020, at which point David Tyler will step down from the Company.

#### David Atkins, Chief Executive

David was appointed to the Board on 1 January 2007 and was appointed as Chief Executive on 1 October 2009. David joined the Company in 1998. His career at Hammerson began with responsibility for strategy and investment performance, on a number of overseas transactions, particularly in France. In 2002 he took responsibility for the UK retail parks portfolio and, in 2006, for the wider UK retail portfolio.

He is a non-executive director of Value Retail PLC and Whitbread PLC, a member of the policy committee of the British Property Federation, a trustee of the Reading Real Estate Foundation and a governor of Berkhamsted Schools Group.

Previously he was a member of the executive boards of the European Public Real Estate Association and Revo (formerly known as BCSC) and a member of the Revo Educational Trust.



On 27 May 2020, the Company announced that, with the agreement of the Board, David Atkins had decided to step down as Chief Executive of the Company and would remain in position until spring 2021 at the latest while the Board conducts a search for his successor.

#### **James Lenton, Chief Financial Officer**

James was appointed to the Board on 16 September 2019 and was appointed as Chief Financial Officer on 1 October 2019. He has extensive experience in financing, capital allocation and business transformation, gained through senior roles at global financial and professional services organisations. From 2014 to 2018 James was CFO and a board member of AIG's European Group, where he delivered new profitability and financing strategies, and which he originally joined in 2013 as deputy CFO for EMEA.

Prior to AIG, James worked at EY (formerly Ernst & Young). In 2006 he was appointed Partner, providing a range of assurance and advisory services including M&A, financing and external audit. From 2011 he was responsible for developing a new global strategy for the Insurance Assurance practice. In addition to leading the finance team at Hammerson, James is responsible for health and safety and IT.

#### **Gwyn Burr, Independent Non-Executive Director and Senior Independent Director**

Gwyn was appointed to the Board on 21 May 2012 and was appointed as Senior Independent Director on 25 January 2019. Gwyn has expertise in marketing, customer services, human resources, sustainability and strategy obtained while working in senior roles at major retail brands, including Asda and Sainsbury's.

Gwyn has served on the boards of a diverse range of companies and has experience on other remuneration committees both as a member and chair. Gwyn's extensive board experience and understanding of different points of view and business circumstances underpin her role as the Senior Independent Director.

#### **Pierre Bouchut, Independent Non-Executive Director**

Pierre was appointed to the Board on 13 February 2015. Pierre has considerable senior management experience in finance, European retail and European property. He was the chief operating officer, Europe and Indonesia and a member of the management board of Ahold Delhaize N.V. until January 2018.

His previous roles include senior management roles and chief financial officer of Delhaize Group SA, Carrefour SA and Schneider Electric SA and chief executive officer of Casino Guichard-Perrachon SA. He is a board member and chairman of the finance, audit and risk committee of Firmenich SA. He is also a non-executive director of Albioma SA and GVC Holdings PLC and a member of the board of GeoPost SA.

#### **Méka Brunel, Independent Non-Executive Director**

Méka was appointed to the Board on 1 December 2019. Méka has extensive experience in the European real estate sector which, together with her knowledge and skills in property outside of retail, strengthens the Board's expertise. Méka first joined Gecina, the Euronext listed REIT with French office and residential assets, as executive director of strategic development in 2003. She was then appointed chief executive of Eurosic, the office REIT, in 2006 and became the European President of Ivanhoé Cambridge Inc in 2009. Méka returned to Gecina in 2014, joining as a non-executive director before being appointed its chief executive officer in 2017.

She is a civil engineer, holds an MBA from the HEC Paris School of Management and is a fellow of RICS. Méka has previously served as a non-executive director of Crédit Foncier de France, the chair of France Green Building Council and vice-chairman of EPRA. She is chair of the development board of the Métropole du Grand Paris.

Méka Brunel was appointed to the Board following a request by a Shareholder to add further depth to the Board. Méka Brunel is not a representative of any Shareholder and was not personally appointed on the basis of any arrangements or undertakings with any Shareholder. The Board considers Méka Brunel to be an independent director in accordance with the UK Corporate Governance Code.

### **Desmond de Beer, Non-Executive Director**

Desmond (Des) was appointed to the Board on 15 June 2020. Des has significant experience in property investment and management. He spent his early career in the banking industry in South Africa culminating in his appointment as General Manager, Corporate Equity and member of the Executive Committee at Nedcor Investment Bank.

Des was a founder of Resilient REIT Limited, a South African Real Estate Investment Trust, where he has served as CEO since listing in 2002. Des was also a founder of New Europe Property Investments plc and its successor NEPI Rockcastle plc. He served as a non-executive director of these companies and chaired the investment committees until May 2020. Desmond is also a non-executive director of Lighthouse Capital Limited.

### **Andrew Formica, Independent Non-Executive Director**

Andrew was appointed to the Board on 26 November 2015. Andrew is an actuary, having qualified in Australia and the UK. He has considerable experience in capital markets and fund management, including property management, and has managed portfolios and businesses across Europe and globally. Most recently he successfully led Henderson Group plc through its merger with Janus Capital in 2017 and then became co-chief executive of the combined group until 2018. He is the chief executive officer and a director of Jupiter Fund Management plc and a member of the Investment Association board.

Previously he was non-executive director of TIAA Henderson Real Estate Limited.

### **Adam Metz, Independent Non-Executive Director**

Adam was appointed to the Board on 22 July 2019. Adam has wide-ranging experience in retail and commercial real estate, as both an executive and non-executive director. He served as CEO of General Growth Properties and President of Urban Shopping Centres, Inc., two US REITs focused on the retail sector. He also has extensive investment experience gained at Blackstone Group, TPG Capital and most recently the Carlyle Group. At the Carlyle Group, he was a Managing Director and Head of International Real Estate and also served on Carlyle's Management Committee until 2018.

Adam has considerable board experience, previously serving on the Boards of Forest City Realty, Parkway Properties and AMLI Realty in the US and Aliansce, a public company focused on shopping malls in Brazil.

Adam Metz was appointed to the Board following a request by a Shareholder to add further depth to the Board. Adam Metz is not a representative of any Shareholder and was not personally appointed on the basis of any arrangements or undertakings with any Shareholder. The Board considers Adam Metz to be an independent director in accordance with the UK Corporate Governance Code.

### **Carol Welch, Independent Non-Executive Director**

Carol was appointed to the Board on 1 March 2019. Carol has extensive experience in marketing, brand, innovation and business transformation gained while working in senior roles at a number of international consumer goods businesses including PepsiCo, Cadbury Schweppes and Associated British Foods. Carol also has more recent leisure and hospitality experience, having led the transformation of Costa Coffee as its chief marketing officer with responsibility for brand communication, digital, in-store design and the loyalty programme. In 2017 she joined ODEON Cinemas, a division of AMC Theatres, and has initiated a strategy to transform the UK estate and guest experience.

## **2. Proposed Director**

On 15 June 2020, the Company announced that Robert Noel is to succeed David Tyler as Non-Executive Chair of the Company. Robert Noel will join the Board and take over the position with effect from a date to be confirmed but no later than 1 October 2020, at which point David Tyler will step down from the Company.

## Robert Noel

Robert has over 30 years' experience in the property sector having started his career at property services firm Nelson Bakewell and becoming a director in 1992. In 2002 he joined the board of Great Portland Estates plc as Property Director. In 2010 he joined the board of Land Securities Group PLC as Managing Director of its London Portfolio and was subsequently appointed group chief executive officer in 2012. He retired from Landsec in March 2020

Robert is currently senior independent director at Taylor Wimpey Plc and a Trustee of the Natural History Museum.

Robert was previously a trustee of LandAid, the property industry charity. He served on the Board of the British Property Federation from 2016-2020 and was its President in 2018/19. Robert also served on the Prime Minister's Business Advisory Group in 2015-2016.

## 3. Senior Managers

The Senior Managers of the Company as at the date of this document and their respective roles are set out below:

<u>Name</u>	<u>Position</u>
Simon Betty . . . . .	Managing Director City Quarters and Developments
Mark Bourgeois . . . . .	Managing Director UK & Ireland
Alice Darwall . . . . .	General Counsel and Company Secretary
Jean-Philippe Mouton . . . . .	Managing Director France

The business address of each Senior Manager is Kings Place, 90 York Way, London, N1 9GE United Kingdom.

A short biography for each Senior Manager is set out below. Further information on the Senior Managers, including the companies of which each of the Senior Managers has been a director at any time in the past five years, is set out in paragraph 8.1 of Part XX (*Additional Information*) of this document.

### Simon Betty, Managing Director City Quarters and Developments

Simon joined Hammerson in 2006 and in 2011 moved to the corporate finance team with responsibility for investor relations and corporate strategy activities. Simon was appointed Retail Director for Ireland in 2015, following the Company's acquisition of the Project Jewel loan portfolio from NAMA. Simon was appointed to the newly created role of Managing Director City Quarters and Developments in February 2020. Simon is a Chartered Surveyor and has an MBA from Cass Business School.

### Mark Bourgeois, Managing Director UK & Ireland

Mark joined Hammerson in 2017 as Managing Director of UK & Ireland, responsible for the Company's flagship destinations and retail parks business. Mark began his career at KPMG and then qualified as a Chartered Surveyor with Donaldsons, where he became partner in charge of the London Shopping Centre Management team. Mark moved to Capital & Regional in 1998 where, as Executive Director, he led the management and development of their substantial shopping portfolio.

### Alice Darwall, General Counsel and Company Secretary

Alice joined Hammerson in March 2020. Alice has a broad and extensive skillset and legal expertise developed across a number of different sectors, including 10 years as Group General Counsel for French Connection Group plc, General Counsel of Berendsen plc and, more latterly, Group General Counsel and Company Secretary for both Mothercare plc and Debenhams Group.

### Jean-Philippe Mouton, Managing Director France

Jean-Philippe was appointed Managing Director of Hammerson France in April 2010. He joined Hammerson in 2003 to head up Hammerson France's subsidiary focusing on property leasing, development and asset management. In February 2006, he assumed responsibility for management of the French portfolio as Director of Operations for Hammerson France. Prior to joining Hammerson,

Jean-Philippe worked for Disneyland Paris as Strategic Planning Director, and previously worked at Standard Chartered Bank.

#### **4. Directors' and Senior Managers' Interests**

Details of the interests of each Director and Senior Manager are set out in paragraph 8.2 of Part XX (*Additional Information*) of this document.

#### **5. Corporate governance**

##### **5.1 Compliance with the UK Corporate Governance Code**

The Board is committed to the highest standards of corporate governance and complies in full with the UK Corporate Governance Code. The Board also takes account of institutional shareholder and governance rules and guidance on disclosure and shareholder authorisation. The Board meets at least 6 times a year and may meet at other times at the request of one or more of the Directors.

##### **5.2 Board composition**

The Group is controlled through the Board, which currently comprises ten Directors and is responsible to Shareholders for proper management of the Company. The Board's main roles are to create value for Shareholders, to provide entrepreneurial leadership of the Company, to approve the Company's strategic objectives and to ensure that the necessary financial and other resources are made available to enable the Company to meet those objectives.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding its chair, should comprise non-executive directors determined by the board to be independent. For the purposes of assessing compliance with the UK Corporate Governance Code, the Board considers that Gwyn Burr, Pierre Bouchut, Méka Brunel, Andrew Formica, Adam Metz and Carol Welch are non-executive directors who are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board also considers that the chair of the Company was independent on appointment.

The UK Corporate Governance Code further recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the non-executive directors to be the Senior Independent Director to provide a sounding board for the chair and to serve as an intermediary for the other directors when necessary. The Senior Independent Director is Gwyn Burr, who serves as an additional point of contact for shareholders if they have concerns which contact through the normal channels of the chairman or the chief executive officer has failed to resolve or for which such contact is inappropriate.

##### **5.3 Board committees**

As required by the UK Corporate Governance Code the Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee, with formally delegated duties and responsibilities and with written terms of reference. In 2019, the Board also established an Investment and Disposal Committee to oversee its acquisition and disposal programme.

The members of each committee are as follows:

<u>Name</u>	<u>Chair</u>	<u>Members</u>
Audit . . . . .	Pierre Bouchut	Gwyn Burr Andrew Formica Adam Metz
Remuneration . . . . .	Gwyn Burr	Méka Brunel David Tyler Carol Welch
Nomination . . . . .	David Tyler	Pierre Bouchut Méka Brunel Gwyn Burr Desmond de Beer Andrew Formica Adam Metz Carol Welch
Investment and Disposal Committee . . . . .	Andrew Formica	Pierre Bouchut Méka Brunel Adam Metz

### **Audit Committee**

The Audit Committee is appointed by the Board and comprises at least three members, all of whom must be independent Non-Executive Directors. At least one member must have recent and relevant financial experience. The committee chair is appointed by the Board and in the absence of the committee chair the members present elect one of their number to chair the meeting. The committee chair must be an independent Non-Executive Director. The committee meets at least three times a year at appropriate times in the reporting and audit cycle and at such other times as the committee chair, the external or internal auditors or any member of the committee may request.

The role of the Audit Committee is to monitor the integrity of the Company's financial statements and review and, when appropriate, make recommendations to the Board on business risks, internal controls and compliance. It is also responsible for making recommendations to the Board on the appointment of, and fees to be paid to, the Company's external auditors.

### **Remuneration Committee**

The Remuneration Committee is appointed by the Board and comprises at least three members, all of whom must be independent Non-Executive Directors. The quorum is any two members of the committee. The committee chair is appointed by the Board and in the absence of the committee chair the members present elect one of their number to chair the meeting. The committee meets at least twice a year and at such other times as the Board, the committee chair or any member of the committee may request.

The Remuneration Committee is responsible for determining the remuneration of the Chair, Executive Directors and the Group Executive Committee. The Board sets the remuneration of the Non-Executive Directors.

### **Nomination Committee**

The Nomination Committee is appointed by the Board and comprises at least three members, a majority of whom must be independent Non-Executive Directors (including the Chair). The quorum is any two members of the Committee both of whom must be independent Non-Executive Directors. The committee chair is either the Chair or an independent Non-Executive Director, and in the absence of the committee chair the members present will elect one of their number who would qualify to be the committee chair to chair the meeting. The committee meets at least twice a year and at such other times as the committee chair or any member of the committee may request.

The Nomination Committee is responsible for making recommendations on suitable candidates for appointment to the Board, ensuring that it has the appropriate balance of skills, expertise, knowledge and independence.

Following his appointment to the Board, Robert Noel will also chair the Nomination Committee.

## **Investment and Disposal Committee**

The Investment and Disposal Committee is appointed by the Board and comprises at least two members, all of whom shall be independent Non-Executive Directors. The quorum is any two members of the committee. The committee chair is appointed by the Board and in the absence of the committee chair the members present elect one of their number to chair the meeting. The committee meets at least six times a year and otherwise as required.

The Investment and Disposal Committee was established by the Board in February 2019 to provide assistance in fulfilling its responsibilities to oversee the acquisition and disposal programme, to recommend to the Board any acquisition or disposal over £50 million and to direct the allocation of capital in the Group. The Committee assists the Board in meeting its obligations to set and deliver the Group's strategy.

## PART XIV

### SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present selected financial and other information of the Group as at the dates and for the periods indicated, which have been extracted without material adjustment from the Financial Statements. The following information should be read in conjunction with the section entitled “*Presentation of Financial and Other Information*” in Part III (*Important Information*) and Part XVI (*Operating and Financial Review*) of this document, as well as the portions of the Hammerson Half-Year Results 2020, the Hammerson Annual Report 2019, the Hammerson Annual Report 2018 and the Hammerson Annual Report 2017 incorporated by reference into this document as set out in Part XXI (*Documentation Incorporated by Reference*) of this document.

#### 1. Income statement<sup>(1)</sup>

	Six months ended 30 June		Year ended 31 December		
	2020	2019	2019 <sup>(2)</sup>	2018	2017
	(unaudited)		(unaudited) (£ million)	(audited)	
<b>Revenue</b> . . . . .	<b>93.0</b>	<b>124.8</b>	<b>246.2</b>	<b>292.4</b>	<b>320.6</b>
<b>Operating profit before other net losses and share of joint ventures and associates</b> . . . . .	<b>18.2</b>	<b>59.1</b>	<b>111.0</b>	<b>152.2</b>	<b>174.2</b>
Other net (losses)/gains . . . . .	(337.9)	(264.8)	(595.8)	(245.7)	7.7
Share of results of joint ventures . . . . .	(500.2)	(188.4)	(429.1)	(106.4)	180.5
Impairment of investment in joint ventures . . . . .	(9.6)	—	—	—	—
Share of results of associates . . . . .	(127.7)	121.1	209.4	57.7	223.0
Impairment of investment in associates . . . . .	(94.3)	—	—	—	—
<b>Operating (loss)/profit</b> . . . . .	<b>(1,051.5)</b>	<b>(273.0)</b>	<b>(704.5)</b>	<b>(142.2)</b>	<b>585.4</b>
Net finance costs . . . . .	(36.3)	(46.2)	(74.8)	(124.5)	(172.0)
<b>(Loss)/Profit before tax</b> . . . . .	<b>(1,087.8)</b>	<b>(319.2)</b>	<b>(779.3)</b>	<b>(266.7)</b>	<b>413.4</b>
Tax charge . . . . .	(0.6)	(0.6)	(1.9)	(1.8)	(1.8)
<b>(Loss)/Profit for the period</b> . . . . .	<b>(1,088.4)</b>	<b>(319.8)</b>	<b>(781.2)</b>	<b>(268.5)</b>	<b>411.6</b>

(1) In addition to the Group's income statement under IFRS as reproduced here, the Group (similar to other companies operating in the Group's industry) also reports its results of operations on a proportionally consolidated basis. For a detailed bridge from the Group's income statement figures as reported under IFRS to the Group's adjusted income statement figures under proportional consolidation principles, see the section entitled “*Presentation of Financial and Other Information*” in Part III (*Important Information*) of this document.

(2) Retail parks operations presented as discontinued for the year ended 31 December 2019 have been re-presented as continuing operations as the IFRS 5 criteria ceased to be met in the period as detailed in Note 1 to the Hammerson Half-Year Results 2020. The re-presented 2019 income statement has been extracted from the comparative information in the 2020 Interim Financial Statements. Audited information for 2019 is set forth in the 2019 Annual Financial Statements.

## 2. Balance sheet

	As at 30 June		As at 31 December		
	2020	2019	2019	2018	2017
	(unaudited)		(audited)		
			(£ million)		
<b>Non-current assets</b>	<b>5,982.2</b>	<b>8,359.1</b>	<b>6,702.9</b>	<b>8,748.9</b>	<b>9,522.0</b>
—Investment and development properties	2,354.4	3,568.9	2,098.7	3,830.4	4,686.1
—Investment in joint ventures	2,222.5	3,365.6	3,017.1	3,604.5	3,673.7
—Other	1,405.3	1,424.6	1,587.1	1,314.0	1,162.2
<b>Current assets</b>	<b>867.2</b>	<b>191.8</b>	<b>612.5</b>	<b>173.1</b>	<b>353.7</b>
—Receivables	131.9	96.1	96.3	113.8	110.5
—Cash and deposits	417.6	65.5	28.2	31.2	205.9
—Assets held for sale	269.1	—	465.7	—	—
—Other	48.6	30.2	22.3	28.1	37.3
<b>Total assets</b>	<b>6,849.4</b>	<b>8,550.9</b>	<b>7,315.4</b>	<b>8,922.0</b>	<b>9,875.7</b>
<b>Current liabilities</b>	<b>(355.5)</b>	<b>(220.5)</b>	<b>(218.8)</b>	<b>(244.4)</b>	<b>(263.3)</b>
—Payables	(198.4)	(214.2)	(193.5)	(233.7)	(261.1)
—Liabilities associated with assets held for sale	—	—	(19.7)	—	—
—Other	(157.1)	(6.3)	(5.6)	(10.7)	(2.2)
<b>Non-current liabilities</b>	<b>(3,126.2)</b>	<b>(3,336.5)</b>	<b>(2,719.4)</b>	<b>(3,244.7)</b>	<b>(3,574.9)</b>
—Loans	(2,892.0)	(3,094.8)	(2,504.9)	(3,013.9)	(3,352.4)
—Payables	(118.3)	(93.3)	(106.5)	(87.0)	(84.2)
—Other	(115.9)	(147.8)	(108.0)	(143.8)	(138.3)
<b>Total liabilities</b>	<b>(3,481.7)</b>	<b>(3,557.0)</b>	<b>(2,938.2)</b>	<b>(3,489.1)</b>	<b>(3,838.2)</b>
<b>Net Assets</b>	<b>3,367.7</b>	<b>4,993.9</b>	<b>4,377.2</b>	<b>5,432.9</b>	<b>6,037.5</b>
<b>Total equity</b>	<b>3,367.7</b>	<b>4,993.9</b>	<b>4,377.2</b>	<b>5,432.9</b>	<b>6,037.5</b>

## 3. Cash flow statement

	Six months ended 30 June		Year ended 31 December		
	2020	2019	2019	2018	2017
	(unaudited)		(audited)		
			(£ million)		
Cash flows from operating activities	(42.9)	66.8	167.1	114.5	139.3
Cash flows from investing activities	20.9	1.3	426.6	434.8	419.6
Cash flows from financing activities	407.9	(33.7)	(593.7)	(724.7)	(428.3)
<b>Net decrease in cash and deposits</b>	<b>385.9</b>	<b>34.4</b>	<b>—</b>	<b>(175.4)</b>	<b>(130.6)</b>
Opening cash and deposits	29.8	31.2	31.2	205.9	74.3
Exchange translation movement	1.9	(0.1)	(1.4)	0.7	1.0
<b>Closing cash and deposits</b>	<b>417.6</b>	<b>65.5</b>	<b>29.8</b>	<b>31.2</b>	<b>205.9</b>



#### 4. Key performance indicators

	As at and for six months ended 30 June		As at and for year ended 31 December		
	2020	2019	2019	2018	2017
			(unaudited) (£ million)		
Adjusted earnings per share growth (%) <sup>(1)</sup>	(83.5)	(7.3)	(8.5)	(1.6)	6.5
Net debt (£ million) <sup>(2)</sup>	3,003.7	3,447.0	2,842.5	3,405.7	3,500.5
Total property return (%) <sup>(3)</sup>	(10.4)	(2.3)	(5.6)	0.0	6.8
Like-for-like net rental income growth (%) <sup>(4)</sup>	(27.0)	(4.9)	(4.2)	(1.3)	1.7
Occupancy (%) <sup>(5)</sup>	94.2	96.7	97.2	97.2	98.3
Leasing activity (£ million) <sup>(6)</sup>	6.5	9.2	22.6	27.7	33.3
Global emissions intensity ratio (mtCO <sub>2</sub> e / £ million) <sup>(7)</sup>	—	—	122	122	150
Voluntary employee turnover (%) <sup>(8)</sup>	11.4	10.2	10.1	13.4	12.0

(1) Adjusted earnings per share represents underlying profit (which excludes property and derivative movements, exceptional items and related tax) divided by the weighted average number of shares in issue and calculated in line with the EPRA Best Practice Recommendations. For a reconciliation of adjusted earnings per share to the closest comparable IFRS measure, see the section entitled “*Presentation of Financial and Other Information*” in Part III (*Important Information*) of this document.

(2) Net debt represents total borrowings including the fair value of currency swaps, less cash and deposits, on a proportionally consolidated basis, excluding premium outlets and including the UK retail parks portfolio. For a reconciliation of net debt to the closest comparable IFRS measure, see the section entitled “*Presentation of Financial and Other Information*” in Part III (*Important Information*) of this document.

(3) Total property return represents net rental income and capital growth expressed as a percentage of the opening book value of property adjusted for capital expenditure, calculated on a monthly time-weighted and constant currency basis.

(4) Like-for-like net rental income represents the percentage change in net rental income for investment properties owned throughout both current and prior periods, after taking account of exchange translation movements. Properties undergoing a significant extension project are excluded from this calculation during the period of the works. For interim reporting periods, properties sold between the balance sheet date and the date of the announcement are also excluded. Like-for-like net rental income is presented on a proportionally consolidated basis, excluding premium outlets. For a reconciliation of like-for-like net rental income to the closest comparable IFRS measure, see the section entitled “*Presentation of Financial and Other Information*” in Part III (*Important Information*) of this document.

(5) Occupancy represents ERV, as calculated by the Group's external valuers, of the area in a property, or portfolio, excluding developments, which is let, expressed as a percentage of the total ERV of that property or portfolio. This ratio is calculated in line with EPRA guidance using the ERV of occupied space on a proportionally consolidated basis, excluding premium outlets.

(6) Leasing activity represents the amount of income secured across the investment portfolio, including net lettings and lease renewals, on a proportionally consolidated basis, excluding premium outlets.

(7) Global emissions intensity ratio represents the amount of emissions from the Group's properties and facilities, including corporate offices, divided by adjusted profit before tax and is calculated annually at 31 December. For the year ended 31 December 2019, 2018 and 2017, adjusted profit before tax was £216.2 million, £242.2 million and £241.3 million, respectively.

(8) Voluntary employee turnover represents the number of employees who voluntarily left the Group during the period, divided by the average number of employees of the Group during the same period.

## PART XV

### HISTORICAL FINANCIAL INFORMATION

The following documents, which have been previously published and filed with the FCA and which are available for inspection in accordance with paragraph 26 of Part XX (*Additional Information*) of this document and are incorporated by reference into this document as set out in Part XXI (*Documentation Incorporated by Reference*) of this document, contain information which is relevant to this Part XV:

<u>Reference</u>	<u>Information incorporated by reference</u>	<u>Page number(s)</u>
<b><i>For the six months ended 30 June 2020 and 30 June 2019</i></b>		
Hammerson Half-Year Results 2020 . . . . .	Independent Review Report	42
Hammerson Half-Year Results 2020 . . . . .	Income Statement	45
Hammerson Half-Year Results 2020 . . . . .	Statement of Comprehensive Income	46
Hammerson Half-Year Results 2020 . . . . .	Balance Sheet	47
Hammerson Half-Year Results 2020 . . . . .	Statement of Changes in Equity	48 – 50
Hammerson Half-Year Results 2020 . . . . .	Cash Flow Statement	51
Hammerson Half-Year Results 2020 . . . . .	Notes to the Financial Statements	52 – 80
<b><i>For the year ended 31 December 2019</i></b>		
Hammerson Annual Report 2019 . . . . .	Independent Auditors' Report	127 – 134
Hammerson Annual Report 2019 . . . . .	Income Statement	135
Hammerson Annual Report 2019 . . . . .	Statement of Comprehensive Income	136
Hammerson Annual Report 2019 . . . . .	Balance Sheet	137
Hammerson Annual Report 2019 . . . . .	Statement of Changes in Equity	138 – 139
Hammerson Annual Report 2019 . . . . .	Cash Flow Statement	140
Hammerson Annual Report 2019 . . . . .	Notes to the Financial Statements	141 – 181
<b><i>For the year ended 31 December 2018</i></b>		
Hammerson Annual Report 2018 . . . . .	Independent Auditors' Report	116 – 122
Hammerson Annual Report 2018 . . . . .	Income Statement	123
Hammerson Annual Report 2018 . . . . .	Statement of Comprehensive Income	124
Hammerson Annual Report 2018 . . . . .	Balance Sheet	125
Hammerson Annual Report 2018 . . . . .	Statement of Changes in Equity	126 – 127
Hammerson Annual Report 2018 . . . . .	Cash Flow Statement	128
Hammerson Annual Report 2018 . . . . .	Notes to the Financial Statements	129 – 167
<b><i>For the year ended 31 December 2017</i></b>		
Hammerson Annual Report 2017 . . . . .	Independent Auditors' Report	122 – 128
Hammerson Annual Report 2017 . . . . .	Income Statement	129
Hammerson Annual Report 2017 . . . . .	Statement of Comprehensive Income	130
Hammerson Annual Report 2017 . . . . .	Balance Sheet	131
Hammerson Annual Report 2017 . . . . .	Statement of Changes in Equity	132 – 133
Hammerson Annual Report 2017 . . . . .	Cash Flow Statement	134
Hammerson Annual Report 2017 . . . . .	Notes to the Financial Statements	135 – 168

## PART XVI

### OPERATING AND FINANCIAL REVIEW

The following documents, which have been previously published and filed with the FCA and which are available for inspection in accordance with paragraph 25 of Part XX (*Additional Information*) of this document and are incorporated by reference into this document as set out in Part XXI (*Documentation Incorporated by Reference*) of this document, contain information which is relevant to this Part:

<u>Document</u>	<u>Section</u>	<u>Page number(s)</u>
Hammerson Half-Year Results 2020 . . . . .	Operating Review	9 – 21
	Property Portfolio Review	23 – 25
	Financial Review	26 – 37
Hammerson Annual Report 2019 . . . . .	Operating Review	20 – 33
	Property Portfolio Review	46 – 49
	Financial Review	50 – 57
Hammerson Annual Report 2018 . . . . .	Operating Review	18 – 33
	Property Portfolio Review	44 – 47
	Financial Review	48 – 55

#### 1. Factors affecting results of operations and financial condition

As discussed in the sections of the Hammerson Half-Year Results 2020 referred to above, the Group's results of operations and financial condition have been significantly affected by the significant disruption caused by the COVID-19 outbreak, in particular with respect to rent collections and arrears, bad debt provisioning, tenant administrations and CVAs, leasing, footfall and sales and property valuations. Among other impacts, COVID-19 has caused the Group to re-evaluate the continued viability of the historical leasing model in the United Kingdom. See also paragraph 1.2 ("*The COVID- 19 pandemic, together with the closure of all non-essential properties and stores in the United Kingdom, France and Ireland, has had and may continue to have a material adverse effect on the Group*") and paragraph 1.1 ("*If the Rights Issue is not successfully completed, the Group may breach its financial covenants at its 30 June 2021 covenant testing date, which may cause Shareholders to lose all or a substantial portion of their investment*") of Part II (*Risk Factors*) of this document and paragraph 2 ("*Background to, and reasons for, the Transactions*") in Part VIII (*Chair's Letter*) of this document.

During the periods under review, the Group's results of operations and financial condition were also affected by other factors as discussed in the sections of the Hammerson Half-Year Results 2020, Hammerson Annual Report 2019 and Hammerson Annual Report 2018 referred to above. In particular, the Operating Review sections referred to above discuss certain key factors as they affect the Group's flagship destinations segment, premium outlets segment, City Quarters and developments segment and UK retail parks segment. As further detailed therein, these include principally:

- the Group's track record of completing disposals from across its portfolio;
- the Group's decision to exit from the UK retail parks sector over the medium term;
- valuation changes to the Group's investment properties, including material declines in the United Kingdom;
- macroeconomic and retail market conditions in each of the United Kingdom, France and Ireland, particularly as they may affect retailer profitability during the periods under review;
- rising tax burden as a result of increases to business rates and stamp duty in the real estate and physical retail sector;
- the ability of the Group's flagship destinations to attract customers from a wide area by matching brand offerings to consumer demand;
- the ability of the Group's flagship destinations to provide an attractive trading environment for tenants;
- the ability of the Group to repurpose space away from weaker categories in challenging retail environments, including, in particular, the United Kingdom, where rising cost pressures have resulted in an increase in tenant restructurings, CVAs and administrations;

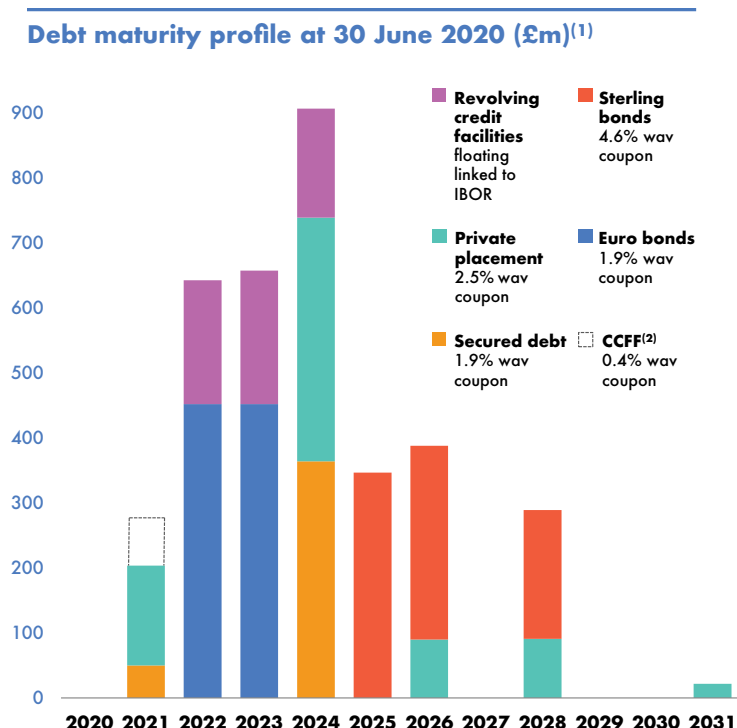
- the ability of the Group to maintain occupancy levels and contract leases on attractive terms;
- the shift from weaker retail categories, including department stores and high street fashion, towards non-fashion and consumer brands, leisure, food and beverage and other growing categories;
- footfall and sales trends, where, prior to the COVID-19 pandemic, prime properties have outperformed the wider market given their broader tenant offerings;
- the ability of the Group to deliver an enhanced customer experience, including large scale events, the effective use of technology, innovation and superior customer service;
- the ability of the Group's premium outlets, Value Retail and VIA Outlets, to capitalise on the growing market for discounted and tax-free luxury and fashion items and attract both affluent local guests as well as high-spending international tourists;
- the level of the Group's capital expenditure to effectively maintain its destinations and repurpose stores to match tenant demand; and
- the ability of the Group to progress its new City Quarters mixed-use strategy and its strategy for major development projects.

See also paragraph 7 (*Principal Markets*) of Part XII (*Business Overview of the Group*) of this document and paragraph 3.1 (*"—Deterioration in retail property values and demand for retail property has had, and may continue to have, a significant impact on the value of the Group's property portfolio"*), paragraph 3.3 (*"—Failure to anticipate and respond to developments in the consumer and retailer market, including omnichannel retailing, digital technology and changing trends, could have an adverse effect on the Group's business, results of operations, financial condition and prospects"*), paragraph 4.1 (*"—Property valuation is inherently subjective, and the Group's properties are currently subject to material valuation uncertainty as a result of the COVID-19 pandemic"*) and paragraph 5.1 (*"—Significant macroeconomic uncertainty has had, and may continue to have, an adverse effect on the Group"*) of Part II (*Risk Factors*) of this document.

## **2. Debt structure**

As at 30 June 2020, the Group had outstanding borrowings of approximately £3,078 million. The Group's borrowing position comprised the Revolving Credit Facilities, the Bonds, the Private Placement Senior Notes and secured borrowings raised within certain joint ventures. The Bonds and the Private Placement Senior Notes are not repayable by instalments. The Revolving Credit Facilities are revolving and, as a result, are periodically repaid and redrawn. As at 30 June 2020, the Revolving Credit Facilities amounted to £1,245 million, with an undrawn element of £677 million. As at the date of this document, the Group had also issued £75 million of commercial paper under the CCFF.

The following diagram shows the debt maturity of the Group's various financing arrangements as at 30 June 2020.



(1) Group proportionally consolidated debt, excluding premium outlets. Interest rates are on a weighted average basis, post hedging derivatives.

(2) Drawn on 6 July 2020 and held as cash.

In relation to the Revolving Credit Facilities, the maturity date shown above is the date that the commitments to lend expire. The amount drawn, and required to be repaid at each maturity, could increase or decrease in the future.

In June 2020, the Group obtained an amendment to the Private Placement Senior Notes, as described in more detail below. For a summary of the terms of this amendment, see also paragraph 16.14 of Part XX (*Additional Information*) of this document.

### 3. Debt covenants

#### 3.1 Private Placement Senior Notes

The following table sets forth information regarding the Private Placement Senior Notes as at 30 June 2020.

	Principal amount outstanding (£ million)		Total
	Note Purchase Agreement dated 28 November 2013	Note Purchase Agreement dated 21 November 2016 (unaudited)	
Senior notes due 2031	—	21.8	21.8
Senior notes due 2028	—	90.9	90.9
Senior notes due 2026	27.2	63.6	90.8
Senior notes due 2024	153.3	221.4	374.7
Senior notes due 2021	153.9	—	153.9
<b>Total</b>	<b>334.4</b>	<b>397.7</b>	<b>732.1</b>

The Private Placement Senior Notes contain four financial covenants: an unencumbered asset covenant, a gearing covenant, an interest cover covenant and a secured gearing covenant. The gearing, secured gearing and unencumbered asset covenants apply at all times, but refer (subject to certain adjustments) to valuations and consolidated net tangible worth in the most recent half-year or annual financial statements. The interest cover covenant is measured against each six month period

ended 30 June and each 12 month period ended 31 December. The Group is required to certify compliance with the covenants as at 30 June and 31 December, when the financial statements to those dates are made available, as well as at 30 October 2021 in respect of the unencumbered asset covenant only.

A breach of the unencumbered asset covenant under the Private Placement Senior Notes would occur if at any time the Group's unencumbered-assets-to-net-unsecured-borrowings ratio falls below 125% during the period from 30 June 2020 to and including 30 October 2021, 140% during the period from 31 October 2021 to and including 30 December 2021 or 150% for dates after 30 December 2021. On 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant, the Group obtained amendments to the Note Purchase Agreements to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio: (1) from 150% to 125% for the period from 30 June 2020 to and including 30 October 2021, which includes the 30 June 2020, 31 December 2020 and 30 June 2021 covenant testing dates; and (2) from 150% to 140% for the period from 31 October 2021 to and including 30 December 2021, which includes a new covenant testing date as at 31 October 2021. For the purposes of determining compliance with the unencumbered assets covenant for the period from 31 October 2021 to and including 30 December 2021, the value of unencumbered assets is calculated with reference to the 30 June 2021 financial statements after giving effect to any acquisition and/or disposal of unencumbered assets since 30 June 2021 and net unsecured borrowings are determined as at 31 October 2021.

Certain further amendments, which, unless terminated early as described below, apply only during the period from 30 June 2020 up to such date following 30 December 2021 when the Company delivers a certificate to the holders certifying compliance with all of its financial covenants, were made to the Note Purchase Agreements, including (1) a minimum liquidity requirement tested at the end of each quarter of the Group's financial year, which requires the Group to maintain 12 months forward liquidity of over £100 million of cash and available facilities over and above the total amount of debt maturities within one year, committed capital expenditure and declared dividends payable in cash, as well as (2) a requirement that the Group makes an offer to holders of the Private Placement Senior Notes to prepay at par, but without payment of any make-whole amount, such proportion of the Private Placement Senior Notes as is equal to 30% of any applicable proceeds of the Rights Issue and the Disposal in excess of the Prepayment Threshold. Any holders who take up such offer will be entitled in addition to the payment of the interest accrued to the date of the prepayment and any swap reimbursement amounts, if applicable. Other amendments apply throughout the life of the Notes, including the requirement that the Group pays a fee of 1.00% per annum of the outstanding principal amount of the Notes to the holders of the Notes if its credit rating is withdrawn or downgraded below investment grade. The Group is permitted to terminate the amendment period after 31 December 2020 if (i) its unencumbered-assets-to-net-unsecured-borrowings ratio is above 175% at any time up to 30 June 2021 and the Group is in compliance with all of its other financial covenants as at 31 December 2020 or (ii) 150% after 30 June 2021 and the Group is in compliance with all of its other financial covenants as at 30 June 2021. For further information on the amendments to the Note Purchase Agreements, see paragraph 16.14 of Part XX (*Additional Information*) of this document.

A breach of the interest cover covenant under the Private Placement Senior Notes would occur if the Group's net-rental-income-to-interest-charges ratio falls below 125% for any six month period ended 30 June or any 12 month period ended 31 December.

A breach of the gearing covenant under the Private Placement Senior Notes would occur if at any time the Group's net-borrowings-to-tangible-net-worth ratio exceeds 150%.

A breach of the secured gearing covenant under the Private Placement Senior Notes would occur if at any time the Group's secured-borrowings-to-tangible-net-worth ratio (adjusted to aggregate the amount of secured borrowings with the aggregate principal amount of unsecured financial indebtedness of subsidiaries outstanding) exceeds 50%.

As at 30 June 2020 and calculated per the Note Purchase Agreements, the Group's unencumbered-assets-to-net-unsecured-borrowings ratio was 154%, the Group's net-borrowings-to-tangible-net-worth ratio was 97.5%, the Group's net-rental-income-to-interest-charges ratio was 214% and the Group's secured-borrowings-to-tangible-net-worth ratio was 20.8%.

The Private Placement Senior Notes also contain a change of control prepayment clause requiring the Company to make an offer within seven days of becoming aware of a change of control to the

noteholders to prepay the outstanding amounts within 45 days after the Company has provided written notice to the holders of the occurrence of a change of control.

A financial covenant breach would result in an immediate event of default under the Private Placement Senior Notes. Upon the occurrence of an event of default, the consent of the holders of more than 50% in principal amount of the Private Placement Senior Notes (without regard to series) at that time outstanding for each Note Purchase Agreement, exclusive of notes then owned by the Company or any of its affiliates, is required for the noteholders to demand immediate repayment of all amounts under the Private Placement Senior Notes in advance of the scheduled repayment date. If the Private Placement Senior Notes were declared immediately due and payable, this would cause a cross-default under the Revolving Credit Facilities, and, subject to the bond trustee certifying material prejudice, under the Bonds), which could, in turn, also be declared immediately due and payable.

For more information on the Note Purchase Agreements under which the Private Placement Senior Notes have been issued, see paragraphs 16.12 and 16.13 of Part XX (*Additional Information*) of this document.

### 3.2 Bonds

The following table sets forth information regarding the Bonds as at 30 June 2020.

	Loan (£ million)	Maturity (unaudited)	Gearing covenant
£200 million 7.25% sterling bonds . . . . .	198.6	2028	150%
£300 million 6% sterling bonds . . . . .	298.5	2026	150%
£350 million 3.5% sterling bonds . . . . .	347.0	2025	175%
€500 million 1.75% euro bonds . . . . .	452.8	2023	175%
€500 million 2% euro bonds . . . . .	452.6	2022	175%

The Bonds contain two financial covenants: a gearing covenant and a secured borrowings covenant. These covenants apply at all times, and the Group is required to certify compliance with the covenants as at 31 December each year, when the year-end financial statements are made available.

A breach of the gearing covenant under the Bonds would occur if at any time the Group's net-borrowings-to-tangible-net-worth ratio exceeds the applicable level, as shown in the table above.

A breach of the secured borrowings covenant under the Bonds would occur if at any time the Group's ratio of secured-borrowings-to-tangible-net-worth ratio (adjusted, if applicable, to exclude amounts attributable to subsidiaries designated as "excluded subsidiaries under the terms of the Bonds) exceeds 50%.

As at 30 June 2020 and calculated per the terms of the Bonds, the Group's net-borrowings-to-tangible-net-worth ratio was 79.2% and the secured-borrowings-to-tangible-net-worth ratio was 0%.

Four of five of the Bonds also contain a covenant which gives bondholders a put right to have their bonds redeemed at par plus accrued interest if both (i) certain change of control events occur and (ii) the Group's credit rating is withdrawn or downgraded below investment grade (or certain other circumstances in relation to ratings exist) within a prescribed period and certain other conditions are satisfied.

Any failure to comply with one of the covenants under the Bonds (including the financial covenants) would become a potential event of default if such failure continued for 30 days after written notice from the Trustee requiring the failure to be remedied, unless the Trustee was of the opinion that such failure is not capable of remedy, in which case no such grace period would apply. Any such potential event of default would become an event of default upon the Trustee certifying that in its opinion, the failure is materially prejudicial to the interests of bondholders. Upon the occurrence of an event of default, the requisite percentage of the bondholders of each series of Bonds would have the right to demand immediate repayment of all amounts under that series in advance of the scheduled repayment date. If any series of the Bonds is declared immediately due and payable, this would cause a cross-default under the Group's other debt instruments (including the Private Placement Senior Notes and the Revolving Credit Facilities), which could in turn also be declared immediately due and payable.

For more information on the documents under which the Bonds have been issued, see paragraph 16.15 of Part XX (*Additional Information*) of this document.

### 3.3 Revolving Credit Facilities

The Revolving Credit Facilities contain three financial covenants: a gearing covenant, a secured borrowings covenant and an interest cover covenant. The gearing and secured borrowings covenants apply at all times, but refer (subject to certain adjustments) to the consolidated net tangible worth in the most recent half-year or annual financial statements. The interest cover covenant is measured against each six month period ended 30 June and each 12 month period ended 31 December. The Group is required to certify compliance with the covenants as at 30 June and 31 December, when the financial statements to those dates are made available.

A breach of the gearing covenant under the Revolving Credit Facilities would occur if at any time the Group's net-borrowings-to-tangible-net-worth ratio exceeds 150%.

A breach of the secured borrowings covenant under the Revolving Credit Facilities would occur if at any time the Group's secured-borrowings-to-tangible-net-worth ratio exceeds 50%.

A breach of the interest cover covenant under the Revolving Credit Facilities would occur if the Group's net-rental-income-to-interest-charges ratio falls below 125% for any six month period ended 30 June or any 12 month period ended 31 December.

As at 30 June 2020 and calculated per the terms of the Revolving Credit Facilities, the Group's net-borrowings-to-tangible-net-worth ratio was 97.5%, the Group's secured-borrowings-to-tangible-net-worth ratio was 20.8% and the Group's net-rental-income-to-interest-charges ratio was 214%.

The Revolving Credit Facilities also specify that the lending banks may cancel their commitments and request repayment of outstanding amounts 30 days after any person (or group of persons acting in concert) gains control of the Group.

A covenant breach would result in an event of default under the Revolving Credit Facilities. In such an event, the lenders would have the right to demand immediate repayment of all amounts under the facilities in advance of the scheduled repayment date. Moreover, the lenders would have the right to cancel any undrawn facilities and previously drawn amounts could not be redrawn when they were repaid. Additional amounts cannot be drawn if an event of default will occur next time the covenants are tested.

For more information on the documents pursuant to which the Group has entered into the Revolving Credit Facilities, see paragraphs 16.7, 16.10, 16.11 of Part XX (*Additional Information*) of this document.

### 3.4 Secured debt facilities

Some of the Group's joint ventures and associates have secured debt facilities which include financial covenants specific to those properties, including covenants for loan to value and interest cover. These facilities are non-recourse to the Group. No breach or acceleration of any of these facilities would cause a cross-default under any of the unsecured debt instruments of the Group or any of the secured debt facilities of the other joint ventures.

### 3.5 Interest rate swaps

The table below sets forth information regarding the Group's interest rate profile as at 31 December 2019.

	%	Fixed rate (£ million)	Fixed rate maturity (unaudited)	Floating rate (£ million)	Total
Sterling . . . . .	5.4	337.2	11 years	104.4	441.6
Euro . . . . .	2.2	1,829.0	4 years	284.5	2,113.5
US dollar . . . . .	—	—	—	(7.1)	(7.1)
<b>Total . . . . .</b>	<b>2.7</b>	<b>2,166.2</b>	<b>15 years</b>	<b>381.8</b>	<b>2,548.0</b>

A default or acceleration under the Group's borrowings could affect its derivative positions. Certain counterparties would be entitled to terminate hedging contracts if the Group's lenders demand



immediate repayment following a default or, in some cases, if the Group's lenders are entitled to demand immediate repayment. If a hedging contract is terminated by a counterparty, the Group may have to make payment to the counterparty, including an amount based on the mark-to-market value of the hedging contract.

#### **4. Liquidity and capital resources**

The Group's primary uses of cash are operating costs (both property-related and corporate), debt interest and principal repayment, capital expenditure and dividends.

The Group's primary sources of liquidity are its net cash flows from operating activities and undrawn committed bank facilities. The Group's financing strategy is to borrow predominantly on an unsecured basis under its standard financial covenants to maintain flexibility at a low operational cost. Secured borrowings are occasionally used, mainly in conjunction with joint venture partners. Borrowings are arranged to maintain short term liquidity and to ensure an appropriate maturity profile. Acquisitions may initially be financed using short term funds before being refinanced with longer term funding when market conditions are appropriate. Short term funding is raised principally through the Revolving Credit Facilities from a range of banks and financial institutions. Long-term debt mainly comprises the Bonds, the Private Placement Senior Notes and secured borrowings raised within certain joint ventures.

The Group's available liquidity (consisting of cash and cash equivalents of £488.7 million and £677.0 million of undrawn committed facilities) as at 30 June 2020 was £1,165.7 million.

As at 30 June 2020, the Group had capital commitments of £70 million in relation to future capital expenditure on investment and development properties and its share of the capital commitments arising within joint ventures was £47 million.

## PART XVII

### CAPITALISATION AND INDEBTEDNESS

The following tables set out the consolidated capitalisation and indebtedness of the Group as reported under IFRS as at 30 June 2020 and have been extracted, without material adjustment, from the Group's unaudited condensed financial statements for the six months ended 30 June 2020.

These tables should be read together with Part XVI (*Operating and Financial Review*) and Part XIV (*Selected Financial and Other Information*) of this document.

#### 1. Capitalisation and indebtedness<sup>(1)</sup>

	As at 30 June 2020 (unaudited) (£ million)
<b>Total current debt</b>	
Guaranteed . . . . .	—
Secured . . . . .	—
Unguaranteed/unsecured . . . . .	153.9
<b>Total non-current debt (excluding current portion of long-term debt)</b>	
Guaranteed . . . . .	—
Secured . . . . .	—
Unguaranteed/unsecured . . . . .	2,905.7
<b>Shareholder's equity<sup>(2)</sup></b>	
Share capital . . . . .	191.6
Share premium . . . . .	1,266.0
Merger reserve . . . . .	374.1
Capital redemption reserve . . . . .	14.3
<b>Total shareholder's equity</b>	<b>1,846.0</b>

(1) Total net indebtedness excludes derivative financial instruments, finance leases and capitalised borrowing costs.

(2) Shareholders' equity does not include retained earnings, translation reserve, net investment hedge reserve, cash flow hedge reserve, share based remuneration reserve and investment in own shares, which totalled £1,521.5 million as at 30 June 2020.

(3) There has been no material change to the Company's capitalisation since 30 June 2020. The above table does not take into account the Capital Reorganisation or the Rights Issue.

## 2. Net indebtedness<sup>(1)</sup>

	As at 30 June 2020
	(unaudited) (£ million)
A. Cash . . . . .	37.6
B. Cash equivalents <sup>(2)</sup> . . . . .	380.0
C. Trading securities . . . . .	—
<b>D. Liquidity (A) + (B) + (C)</b> . . . . .	<b>417.6</b>
<b>E. Current financial receivable</b> . . . . .	<b>—</b>
F. Current bank debt . . . . .	—
G. Current portion of non-current debt . . . . .	—
H. Other current financial debt <sup>(3)</sup> . . . . .	(153.9)
<b>I. Current financial debt (F) + (G) + (H)</b> . . . . .	<b>(153.9)</b>
<b>J. Net current financial indebtedness (I) – (E) – (D)</b> . . . . .	<b>263.7</b>
K. Non-current bank loans . . . . .	(568.0)
L. Bonds issued . . . . .	(1,758.2)
M. Other non-current loans <sup>(3)</sup> . . . . .	(579.5)
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b> . . . . .	<b>(2,905.7)</b>
<b>O. Net financial indebtedness (J) + (N)</b> . . . . .	<b>(2,642.0)</b>

(1) Total net indebtedness excludes derivative financial instruments, finance leases and capitalised borrowing costs.

(2) Relates to cash on term deposit.

(3) Relates to the Private Placement Senior Notes.

(4) The Group has no indirect and contingent indebtedness as at 30 June 2020. All borrowings within the Group's joint ventures are non-recourse to the Group.

## PART XVIII

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### Section A—Unaudited Pro Forma Financial Information

The unaudited pro forma statement of net assets of the Group has been prepared on the basis of the unaudited consolidated balance sheet of the Group as at 30 June 2020 to illustrate the effect of the Rights Issue and the Disposal as if they had taken place on 30 June 2020.

The unaudited pro forma income statements of the Group have been prepared on the basis of:

- the unaudited consolidated income statement of the Group for the six months ended 30 June 2020 to illustrate the effect of the Rights Issue and the Disposal and other disposals completed by the Group during 2020 as if they had taken place on 1 January 2020; and
- the unaudited consolidated income statement of the Group for the year ended 31 December 2019 to illustrate the effect of the Rights Issue and the Disposal and other disposals completed by the Group during 2019 and 2020 (the “**Other disposals**”) as if they had taken place on 1 January 2019.

The unaudited pro forma net assets of the Group and the unaudited pro forma income statements of the Group together form the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position or results. Such information may not, therefore, give a true picture of the Group’s financial position or results of operations nor is it indicative of its future results.

The Unaudited Pro Forma Financial Information is presented on the basis of the accounting policies adopted by the Group in preparing the unaudited condensed consolidated financial statements for the six months ended 30 June 2020.

The Unaudited Pro Forma Financial Information has also been prepared on the basis set out in the notes below and in accordance with Annex 20 of the Prospectus Delegated Regulation.

The Unaudited Pro Forma Financial Information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XVIII.

The Unaudited Pro Forma Financial Information includes additional unaudited disclosures, the presentation of which are consistent with those presented by the Group in its annual report and accounts. Management reviews the performance of the Group’s property portfolio on a proportionally consolidated basis and monitors certain KPIs. Further, the Group also uses certain measures based on the EPRA Best Practice Recommendations reporting framework. As set out in Part III (*Important Information*) of this document, the Directors believe that proportionally consolidated information and the financial KPIs provide investors, research analysts, brokers and other market participants with relevant supplemental information on the Group’s business, results of operations, financial condition and prospects. Following the Disposal, the Retained Minority Stake will not be included in the Group’s KPIs, specifically those related to the Group’s premium outlets and which take into account VIA Outlets.

## 1. Unaudited pro forma statement of net assets of the Group

	Reported as at 30 June 2020 <sup>(1)</sup>	Adjustment for the Rights Issue <sup>(2)</sup>	Adjustment for the Disposal <sup>(3)</sup>	Pro forma as at 30 June 2020
		(unaudited) (£ million)		
<b>Non-current assets</b>				
Investment and development properties . . . . .	2,354.4	—	—	2,354.4
Interests in leasehold properties . . . . .	39.4	—	—	39.4
Right-of-use assets . . . . .	8.5	—	—	8.5
Plant and equipment . . . . .	2.8	—	—	2.8
Investment in joint ventures . . . . .	2,222.5	—	(15.3)	2,207.2
Investment in associates . . . . .	1,330.5	—	—	1,330.5
Other investments . . . . .	—	—	15.3	15.3
Derivative financial instruments . . . . .	20.5	—	—	20.5
Receivables . . . . .	3.6	—	—	3.6
	<b>5,982.2</b>	<b>—</b>	<b>—</b>	<b>5,982.2</b>
<b>Current assets</b>				
Receivables . . . . .	131.9	—	—	131.9
Derivative financial instruments . . . . .	23.0	—	—	23.0
Restricted monetary assets . . . . .	25.6	—	—	25.6
Cash and deposits . . . . .	417.6	—	225.8	643.4
	<b>598.1</b>	<b>—</b>	<b>225.8</b>	<b>823.9</b>
Assets held for sale . . . . .	269.1	—	(269.1)	—
	<b>867.2</b>	<b>—</b>	<b>(43.3)</b>	<b>823.9</b>
<b>Total assets</b> . . . . .	<b>6,849.4</b>	<b>—</b>	<b>(43.3)</b>	<b>6,806.1</b>
<b>Current liabilities</b>				
Loans . . . . .	(153.9)	—	—	(153.9)
Payables . . . . .	(198.4)	—	—	(198.4)
Tax . . . . .	(0.8)	—	—	(0.8)
Derivative financial instruments . . . . .	(2.4)	—	—	(2.4)
	<b>(355.5)</b>	<b>—</b>	<b>—</b>	<b>(355.5)</b>
<b>Non-current liabilities</b>				
Loans . . . . .	(2,892.0)	524.7	43.3	(2,324.0)
Deferred tax . . . . .	(0.4)	—	—	(0.4)
Derivative financial instruments . . . . .	(73.1)	—	—	(73.1)
Obligations under head leases . . . . .	(42.4)	—	—	(42.4)
Payables . . . . .	(118.3)	—	—	(118.3)
	<b>(3,126.2)</b>	<b>524.7</b>	<b>43.3</b>	<b>(2,558.2)</b>
<b>Total liabilities</b> . . . . .	<b>(3,481.7)</b>	<b>524.7</b>	<b>43.3</b>	<b>(2,913.7)</b>
<b>Net assets</b> . . . . .	<b>3,367.7</b>	<b>524.7</b>	<b>—</b>	<b>3,892.4</b>

(1) The information in this column has been extracted without adjustment from the Group's unaudited half year report for the six months ended 30 June 2020, which have been incorporated by reference into this document as set out in Part XXI (*Documentation Incorporated by Reference*) of this document.

(2) Reflects the net proceeds of the Rights Issue of approximately £524.7 million (being gross proceeds of approximately £551.7 million less estimated fees, costs and expenses relating to the Rights Issue of approximately £27 million, which will be capitalised against share premium save for approximately £0.5 million of fees which will be charged to the income statement. The net proceeds have been applied as a repayment of amounts drawn under the Group's Revolving Credit Facilities. The pro forma does not therefore include any repayment of the Private Placement Senior Notes as referred to in Part VIII (*Chair's Letter*) of this document as any amount will be dependent on the extent to which any offer is taken up by noteholders.

(3) Reflects the net sale proceeds from the disposal of the Group's investment in VIA Outlets held within Assets held for sale of £269 million. This is based on the gross proceeds to be received of €301 million converted into GBP sterling at the exchange rate of £1 = €1.101 as at the half year reporting date of 30 June 2020. The Group's investment in VIA Outlets was reclassified to assets held for sale at the gross proceeds amount of £274 million less directly attributable selling costs of £5 million in the Group's unaudited interim financial statements for the six months ended 30 June 2020. This also excludes the carrying value of the Retained Minority Stake of £15 million, which upon Completion will be

reclassified to Other investments as the Company does not retain control rights. In the event that the option held by the Purchaser to acquire the Retained Minority Stake is exercised, cash proceeds will be payable to the Group based on the net asset value of the Retained Minority Stake at the time of exercise of the option and the investment would be eliminated accordingly, which based on the values in the net assets statement would have a nil impact on pro forma net assets. If the Purchaser was to agree to acquire a 100% stake in VIA Outlets a cash tax charge under the German RETT rules of between €16 million and €20 million would be triggered.

(4) No adjustment has been made to reflect the trading results of the Group since 30 June 2020.

*Additional unaudited disclosures to the pro forma net assets statement*

(5) A reconciliation to the Group's pro forma net debt position, on an as reported and on a proportionally consolidated basis, taking into account the Rights Issue and Disposal is set out below:

(a) *Pro forma impact of the Transactions on net debt (as reported)*

		(£ million)		
	Footnote	Cash and deposits	Borrowings	Total
As at 30 June 2020	(i)	417.6	(3,077.9)	(2,660.3)
<i>Pro forma adjustments:</i>				
Rights Issue	(ii)	—	524.7	524.7
<b>Sub-total</b>		<b>417.6</b>	<b>2,553.2</b>	<b>2,135.6</b>
Disposal	(iii)	225.8	43.3	269.1
<b>Total</b>		<b>643.4</b>	<b>(2,509.9)</b>	<b>(1,866.5)</b>

(i) The Group's net debt as at 30 June 2020 has been extracted without adjustment from the Group's unaudited half year report for the six months ended 30 June 2020. Borrowings comprises loans and derivative financial instruments.

(ii) Reflects the impact of the net proceeds of the Rights Issue as described in Note 2 to the pro forma net assets statement.

(iii) Reflects the impact of the net proceeds of the Disposal as described in Note 3 to the pro forma net assets statement.

(b) *Pro forma impact of the Transactions on net debt (proportionally consolidated)*

		(£ million)		
	Footnote	Cash and deposits	Borrowings	Total
As at 30 June 2020	(i)	488.7	(3,492.4)	(3,003.7)
<i>Pro forma adjustments:</i>				
Rights Issue	(ii)	—	524.7	524.7
<b>Sub-total</b>		<b>488.7</b>	<b>(2,967.7)</b>	<b>(2,479.0)</b>
Disposal	(iii)	225.8	43.3	269.1
<b>Total</b>		<b>714.5</b>	<b>(2,924.4)</b>	<b>(2,209.9)</b>

(i) The Group's proportionally consolidated net debt as at 30 June 2020 has been extracted without adjustment from the Group's unaudited half year report for the six months ended 30 June 2020. Borrowings comprises loans and derivative financial instruments.

(ii) Reflects impact of the net proceeds of the Rights Issue as described in Note 2 to the pro forma net assets statement.

(iii) Reflects impact of the net proceeds of the Disposal as described in Note 3 to the pro forma net assets statement.

(6) The following table summarises the impact on the Group's covenant and loan-to-value position as at 30 June 2020 assuming: (i) the Rights Issue; and (ii) the Rights Issue and the Disposal.

	Reported as at 30 June 2020	Pro forma adjusted for Rights Issue only	Pro forma adjusted for Rights Issue and Disposal
Net-borrowings-to-tangible-net-worth ratio (under gearing covenants)	97.5%	70.9%	57.3%
Unencumbered-assets-to-net-unsecured-borrowings ratio (under unencumbered assets covenant)	154%	192%	219%
Net-rental-income-to-interest-charges ratio (under interest cover covenant)	214%	225%	224%
Loan-to-value ratio—Headline (under Group internal guidelines)	46.2%	38.2%	35.6%
Loan-to-value ratio—Fully proportionally consolidated (under Group internal guidelines)	51.5%	44.7%	41.7%

Reconciliations of these covenant and loan-to-value positions, except for the interest cover covenant, which is set out in Note 6 to the pro forma income statement for the six months ended 30 June 2020, are set out in the tables below:

(a) *Loan-to-value and gearing ratios*

	Footnote	(£ million)
Proportionally consolidated net debt—Loan (As reported) (A)	(i)	3,003.7
Pro forma proportionally consolidated net debt—Loan (Rights Issue only) (B)	(ii)	2,479.0
Pro forma proportionally consolidated net debt—Loan (Rights Issue and Disposal) (C)	(iii)	2,209.9
Value (as reported) (D)	(iv)	6,497.2
Less: Value attributable to VIA Outlets including the Retained Minority Stake	(v)	(284.4)
Pro forma Value (E)		<b>6,212.8</b>
Equity Shareholders Funds (as reported) (F)	(vi)	<b>3,367.5</b>
Add: Pro forma impact of the Rights Issue	(vii)	<b>524.7</b>
Pro forma equity Shareholders Funds (Rights Issue only) (G)		<b>3,892.2</b>
Add: Pro forma impact of the Disposal		<b>—</b>
Pro forma equity Shareholders Funds (Rights Issue and Disposal) (H)		<b>3,892.2</b>
Net debt—premium outlets (as reported) (I)	(viii)	<b>955.6</b>
Less: Net debt attributable to VIA Outlets including the Retained Minority Stake	(ix)	(259.3)
Pro forma net debt—premium outlets (Disposal) (J)		<b>696.3</b>
Property portfolio—proportionally consolidated (as reported)	(x)	<b>5,033.8</b>
Property portfolio—premium outlets (as reported)	(xi)	<b>2,658.3</b>
Property portfolio—fully proportionally consolidated (K)	(xii)	<b>7,692.1</b>
Less: Value of investment properties of VIA Outlets including the Retained Minority Stake	(xiii)	(716.2)
Pro forma value—fully proportionally consolidated (Disposal) (L)		<b>6,975.9</b>
Net debt—Gearing (As reported) (M)	(xiv)	<b>3,283.8</b>
Less: Pro forma impact of the Rights Issue	(xv)	(524.7)
Pro forma net debt—Gearing (Rights Issue only) (N)		<b>2,759.1</b>
Less: Pro forma impact of the Disposal	(xvi)	(530.3)
Pro forma net debt—Gearing (Rights Issue and Disposal) (O)		<b>2,228.8</b>
<b>Headline LTV</b>		
Loan-to-value (%) (as reported) (A/D)		<b>46.2</b>
Loan-to-value (%) (Rights Issue only) (B/D)		<b>38.2</b>
Loan-to-value (%) (Rights Issue and Disposal) (C/E)		<b>35.6</b>
<b>Fully Proportionally Consolidated LTV</b>		
Loan-to-value (%) (as reported) ((A + I) / (K))		<b>51.5</b>
Loan-to-value (%) (Rights Issue only) ((B + I) / (K))		<b>44.7</b>
Loan-to-value (%) (Rights Issue and Disposal) (C + J) / (L)		<b>41.7</b>
<b>Gearing</b>		
Gearing (%) (as reported) (M/F)		<b>97.5</b>
Gearing (%) (Rights Issue only) (N/G)		<b>70.9</b>
Gearing (%) (Rights Issue and Disposal) (O/H)		<b>57.3</b>

- (i) Proportionally consolidated net debt as at 30 June 2020 has been extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.
- (ii) Proportionally consolidated net debt as adjusted for the Rights Issue as at 30 June 2020 as set out in Note 5 to the pro forma net assets statement.
- (iii) Proportionally consolidated net debt as adjusted for the Rights Issue and the Disposal as at 30 June 2020 as set out in Note 5 to the pro forma net assets statement.
- (iv) Value (proportionally consolidated, including the Group's premium outlets at net asset value) has been extracted, without material adjustment, from the unaudited interim half year report of the Group as at and for the six months ended 30 June 2020.
- (v) Reflects the deduction of the carrying value of the Group's investment in VIA Outlets, including the Retained Minority Stake, as at 30 June 2020.
- (vi) Equity Shareholders Funds has been extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.
- (vii) Reflects the net proceeds of the Rights Issue as described in Note 2 to the pro forma net assets statement.
- (viii) Net debt attributable to the Group's premium outlets extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.
- (ix) Reflects the deduction of net debt attributable to VIA Outlets, including that related the Retained Minority Stake extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.

- (x) Proportionally consolidated value of the Group's portfolio extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.
- (xi) Proportionally consolidated value of the Group's premium outlets extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.
- (xii) Value attributable to the Group's fully proportionally consolidation property valuation extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.
- (xiii) Reflects the deduction of the value of properties attributable to VIA Outlets, including the Retained Minority Stake extracted, without material adjustment, from the unaudited half year report of the Group for the six months ended 30 June 2020.
- (xiv) Net debt used to calculate the gearing covenant under the Group's RCF and Private Placement notes has been extracted, without material adjustment, from the unaudited half year report of the Group as at 30 June 2020.
- (xv) Reflects the net proceeds of the Rights Issue as described in Note 2 to the pro forma net assets statement.
- (xvi) Reflects the aggregate of net proceeds of the Disposal as described in Note 3 to the pro forma net assets statement together with the net debt attributable to VIA Outlets, including the Retained Minority Stake, (and including unamortised borrowing costs).

(b) *Unencumbered-assets-to-net-unsecured-borrowings ratio*

	<b>Footnote</b>	<b>(£ million)</b>
<b>Total unencumbered assets (A)</b> .....	(i)	<b>4,033.5</b>
<b>Total unsecured debt (B)</b> .....	(ii)	<b>2,622.8</b>
Total unsecured debt (B) .....		2,622.8
Less: Net proceeds of the Rights Issue .....	(iii)	(524.7)
<b>Total pro forma unsecured debt (Rights Issue only) (C)</b> .....		<b>2,098.1</b>
Total unencumbered assets .....		4,033.5
Less: VIA Outlets unencumbered properties .....	(iv)	(20.3)
<b>Total pro forma unencumbered (Disposal) (D)</b> .....		<b>4,013.2</b>
Total pro forma unsecured debt (Rights Issue only) (C) .....		2,098.1
Less: Proceeds from disposal of VIA Outlets .....	(v)	(269.1)
Add: Cash with no security in VIA Outlets .....	(vi)	3.8
<b>Total pro forma unsecured debt (Rights Issue and Disposal) (E)</b> .....		<b>1,832.8</b>
Unencumbered-assets-to-net-unsecured-borrowings ratio (%) (as reported) (A/B) .....		<b>154</b>
Unencumbered-assets-to-net-unsecured-borrowings ratio (%) (Rights Issue only) (A/C) .....		<b>192</b>
Unencumbered-assets-to-net-unsecured-borrowings ratio (%) (Rights Issue and Disposal) (D/E) ..		<b>219</b>

- (i) Total unencumbered assets has been extracted without material adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (ii) Total unsecured debt has been extracted without material adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (iii) Reflects the net proceeds of the Rights Issue as described in Note 2.
- (iv) Reflects the total value of the unencumbered property assets of VIA Outlets as at 30 June 2020.
- (v) Reflects the net proceeds of the Disposal as described in Note 3 to the pro forma net assets statement.
- (vi) Reflects the add back of cash with no security interest of VIA Outlets as at 30 June 2020, which was deducted from total unsecured debt.
- (7) The following table sets out the impact of the Transactions on the Total Group's proportionally consolidated Gross Asset Value, being the total valuation of the Group's investment and development portfolio including premium outlets.

	<b>Footnote</b>	<b>(£ million)</b>
As at 30 June 2020 .....	(i)	7,692.1
<i>Pro forma adjustments:</i>		
Less: Disposal .....	(ii)	(716.2)
<b>Total</b> .....		<b>6,975.9</b>

- (i) The Total Group's valuation as at 30 June 2020 has been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (ii) Reflects the deduction of the value of properties attributable to VIA Outlets, including the Retained Minority Stake extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (8) The following table sets out the impact of the Transactions on the Group's EPRA Net Tangible Assets ("NTA"), which represents the Group's net assets as reported under EPRA.



	Footnote	(£ million)
As at 30 June 2020	(i)	3,511.2
<i>Pro forma adjustments:</i>		
Add: Rights Issue	(ii)	524.7
Less: Disposal	(iii)	(36.5)
<b>Total</b>		<b><u>3,999.4</u></b>

- (i) The Group's EPRA NTA as at 30 June 2020 has been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (ii) Reflects the net proceeds of the Rights Issue as described in Note 2 to the pro forma net assets statement.
- (iii) Reflects for the deduction of 50% of the deferred tax liabilities and the fair value of derivatives attributable to VIA Outlets.
- (9) The following table sets out the impact of the Disposal on the Total Group's portfolio analysis as at 30 June 2020.

Proportionally consolidated including premium outlets	As reported (Note (i))	Impact of the Disposal (Note (ii))	Pro forma (£ million)	Proportion of Total Group portfolio (as reported)	Proportion of Total Group portfolio (pro forma)
<b>Flagship destinations</b>	3,914.6	—	3,914.6	51%	56%
UK retail parks	438.2	—	438.2	6%	6%
UK other	117.7	—	117.7	1%	2%
<b>Investment portfolio</b>	<b>4,470.5</b>	—	<b>4,470.5</b>	<b>58%</b>	<b>64%</b>
Developments	563.3	—	563.3	7%	8%
<b>Property portfolio—excluding premium outlets</b>	<b>5,033.8</b>	—	<b>5,033.8</b>	<b>65%</b>	<b>72%</b>
Premium outlets	2,658.3	(716.2)	<b>1,942.1</b>	35%	28%
<b>Total Group</b>	<b><u>7,692.1</u></b>	<b><u>(716.2)</u></b>	<b><u>6,975.9</u></b>	<b>100%</b>	<b>100%</b>

- (i) The Total Group's portfolio analysis as at 30 June 2020 has been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (ii) Reflects the value of properties owned by VIA Outlets on a fully proportionally consolidated basis as at 30 June 2020 which has been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (10) Sensitivity analysis showing the percentage change to the Group's fully proportionally consolidated gross asset value (by reference to the pro forma fully proportionally consolidated gross asset value as at 30 June 2020) on different metrics of the Group is set out in the table below:

	Pro forma net assets note cross reference	Pro forma (Rights Issue and Disposal)	10% reduction	15% reduction	20% reduction
Gross Asset Value—Fully proportionally consolidated	Note 7	£6,976 million	£6,278 million	£5,930 million	£5,581 million
Net debt (proportionally consolidated)	Note 5	£2,210 million	£2,210 million	£2,210 million	£2,210 million
EPRA Net Tangible Assets	Note 8	£3,999 million	£3,302 million	£2,953 million	£2,604 million
Unencumbered-assets-to-net-unsecured-borrowings ratio (under unencumbered assets covenant)	Note 6	219%	197%	186%	175%
Net-borrowings-to-tangible-net-worth ratio (under gearing covenants)	Note 6	57.3%	69.8%	78.3%	89.3%
Loan to value Headline	Note 6	35.6%	40.1%	42.8%	45.9%
Loan to value—Fully proportionally consolidated	Note 6	41.7%	46.3%	49.0%	52.1%

## 2. Unaudited pro forma income statement of the Group for the six months ended 30 June 2020

	Reported for the six months ended 30 June 2020 <sup>(1)</sup>	Adjustment for the Rights Issue <sup>(2)</sup>	Adjustment for the Disposal <sup>(3)</sup> (unaudited) (£ million)	Adjustment for the Other disposals <sup>(4)</sup>	Pro forma for the six months ended 30 June 2020
<b>Revenue</b>	<b>93.0</b>	<b>—</b>	<b>—</b>	<b>(0.2)</b>	<b>92.8</b>
Operating profit before other net (losses)/gains and share of results of joint ventures and associates	18.2	—	—	(0.2)	18.0
Gain on sale of properties	16.0	—	—	—	16.0
Net exchange loss previously recognised in equity, recycled on disposal of foreign operations	(0.1)	—	—	—	(0.1)
Revaluation losses on properties	(274.6)	—	—	—	(274.6)
Unwinding of impairment on reclassification from assets held for sale	22.4	—	—	—	22.4
Impairment recognised on reclassification to assets held for sale	(101.6)	—	—	—	(101.6)
Transaction costs in relation to equity raise	—	(0.5)	—	—	(0.5)
Other net losses	(337.9)	(0.5)	—	—	(338.4)
Share of results of joint ventures	(500.2)	—	20.9	—	(479.3)
Impairment of investment in joint ventures	(9.6)	—	—	—	(9.6)
Share of results of associates	(127.7)	—	—	—	(127.7)
Impairment of investment in associates	(94.3)	—	—	—	(94.3)
<b>Operating loss</b>	<b>(1,051.5)</b>	<b>(0.5)</b>	<b>20.9</b>	<b>(0.2)</b>	<b>(1,031.3)</b>
Finance costs	(49.1)	2.6	0.2	—	(46.3)
Change in fair value of derivatives	6.5	—	—	—	6.5
Finance income	6.3	—	0.1	—	6.4
Net finance costs	(36.3)	2.6	0.3	—	(33.4)
<b>Loss before tax</b>	<b>(1,087.8)</b>	<b>2.1</b>	<b>21.2</b>	<b>(0.2)</b>	<b>(1,064.7)</b>
Tax charge	(0.6)	—	—	—	(0.6)
<b>Loss for the period</b>	<b>(1,088.4)</b>	<b>2.1</b>	<b>21.2</b>	<b>(0.2)</b>	<b>(1,065.3)</b>

(1) The information in this column has been extracted without adjustment from the Group's unaudited half year report for the six months ended 30 June 2020, which have been incorporated by reference into this document as set out in Part XXI (*Documentation Incorporated by Reference*) of this document.

(2) Adjustment reflects:

- (i) estimated fees, costs and expenses relating to the Rights Issue of approximately £0.5 million charged to the income statement; and
- (ii) a reduction in finance costs based on the net proceeds of the Rights Issue applied as repayment of borrowings at an interest rate of 1.0% per annum.

(3) Reflects the following adjustments in respect of the Disposal:

- (i) elimination of the Group's share of results of VIA Outlets of a loss of £20.9 million in the six months ended 30 June 2020 which has been extracted without adjustment from the Group's unaudited half year report for the six months ended 30 June 2020; and
- (ii) £0.2 million reduction in finance costs and £0.1 million incremental finance income based on the proceeds of the Disposal at an interest rate of 1% per annum for the repayment of borrowings and 0.1% for funds held as cash.

In the event that the option held by the Purchaser to acquire the Retained Minority Stake is exercised, based on the values in the pro forma net assets statement this would have a nil impact on the pro forma income statement. If the

Purchaser was to agree to acquire a 100% stake in VIA Outlets a cash tax charge under the German RETT rules of between €16 million and €20 million would be triggered.

- (4) Reflects the elimination of the aggregate results of the Abbey Retail Park and SQY Ouest properties, which the Group disposed of in six months to 30 June 2020.
- (5) No adjustment has been made to reflect the trading results of the Group since 30 June 2020. None of the adjustments described in Note 3, 4 and 5 will have a continuing impact, with the exception of the adjustment in relation to the incremental interest income described in Note 3 and Note 4(ii).

*Additional unaudited disclosures to the pro forma income statement*

- (6) The following table sets out the impact of the Transactions and the Other disposals on the Group's interest cover covenant ratio for the six months ended 30 June 2020.

	<u>Footnote</u>	<u>(£ million)</u>
Net rental income (as reported) . . . . .	(i)	87.3
Less: Change in the provision for impairment of unamortised tenant incentives . . . . .	(ii)	8.9
Less: Change in the provision for amounts not yet recognised in the income statement . . . . .	(ii)	7.1
Less: Net rental income less change in the provision for impairment of unamortised tenant incentives for Nicetoile and Italie Deux . . . . .	(ii)	(2.6)
Add: Net rental income less change in the provision for impairment of unamortised tenant incentives in VIA Outlets . . . . .	(ii)	12.6
Net rental income for interest cover ratio (A) . . . . .		<b>113.3</b>
Less: Impact of Disposal of VIA Outlets . . . . .	(iii)	(12.6)
Pro forma net rental income (Disposal) (B) . . . . .		<b>100.7</b>
Less: Impact of Other disposals . . . . .	(iv)	(0.2)
Pro forma net rental income (Disposal and Other disposals) (C) . . . . .		<b>100.5</b>
Net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives (As reported) . . . . .	(i)	49.9
Less interest on lease obligations and pensions interest . . . . .	(ii)	(2.0)
Add: Net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives for VIA Outlets . . . . .	(ii)	5.1
Total interest for interest cover ratio (D) . . . . .		<b>53.0</b>
Less: Impact of Rights Issue . . . . .	(v)	(2.6)
Pro forma total interest (Rights Issue) (E) . . . . .		<b>50.4</b>
Less: Impact of Disposal of VIA Outlets . . . . .	(vi)	(5.4)
Pro forma total interest (Rights Issue and Disposal) (F) . . . . .		<b>45.0</b>
<b>Interest cover ratios</b>		
Interest cover (%) (as reported) (A/D) . . . . .		214
Interest cover (%) (Rights Issue only) (A/E) . . . . .		225
Interest cover (%) (Rights Issue and Disposal (B/F) . . . . .		224
Interest cover (%) (Rights Issue, Disposal and Other disposals) (C/F) . . . . .		223

- (i) The net rental income and the net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives valuation as at 30 June 2020 have been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (ii) Reflects adjustments to the calculation of interest cover under the Group's relevant borrowing facilities, as extracted without adjustment from the Group's accounting records for the six months ended 30 June 2020.
- (iii) Reflects the net rental income of VIA Outlets for the six months ended 30 June 2020, which has been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (iv) Reflects the deduction of the net rental income in the first six months of 2020 in relation to Abbey Retail Park, Belfast and SQY Ouest, Paris which was sold during 2020.
- (v) Reflects the reduction in finance costs from the net proceeds of the Rights Issue as described in Note 2 to the pro forma income statement.
- (vi) Reflects the reduction in finance costs and incremental finance income based on the net proceeds of the Disposal as described in Note 3 to the pro forma income statement and the net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives for VIA Outlets.
- (7) The following table sets out the impact of the Transactions and the Other disposals on the Group's net debt:EBITDA ratio for the six months ended 30 June 2020.

	Footnote	(£ million)
EBITDA (As reported) (A) . . . . .	(i)	<b>245.9</b>
Less: Impact of Disposal . . . . .	(ii)	<u>(13.5)</u>
Pro forma EBITDA (Disposal) (B) . . . . .		232.4
Less: Impact of Other disposals . . . . .	(iii)	<u>(13.2)</u>
Pro forma EBITDA (Disposal and Other disposals) (C) . . . . .		<b><u>219.2</u></b>
Proportionally consolidated net debt (D) . . . . .	(iv)	<u>3,003.7</u>
Less: Proceeds from equity raise . . . . .	(v)	<u>(524.7)</u>
Pro forma proportionally consolidated net debt (Rights Issue only) (E) . . . . .		<b>2,479.0</b>
Less: Proceeds from Disposal . . . . .	(vi)	<u>(269.1)</u>
Pro forma proportionally consolidated net debt (Rights Issue and Disposal) (F)		<b><u>2,209.9</u></b>
Net debt:EBITDA ratios	(vi)	
Net debt: EBITDA ratio (as reported) (D/A) . . . . .		12.2
Net debt: EBITDA ratio (Rights Issue only) (E/A) . . . . .		10.1
Net debt: EBITDA ratio (Rights Issue and Disposal) (F/B) . . . . .		9.5
Net debt: EBITDA ratio (Rights Issue, Disposal and Other disposals) (F/C) . .		10.1

- (i) The Group's EBITDA for the twelve months ended 30 June 2020 has been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (ii) Reflects the impact of the disposal of VIA Outlets arising from the Group's share of net profits of VIA Outlets for the six months ended months ended 30 June 2020 has been extracted without adjustment from the Group's unaudited half-year report for the six months ended 30 June 2020.
- (iii) Reflects EBITDA in the period 1 July 2019 to 30 June 2020 in relation to properties sold in that period: Abbotsinch Retail Park, St Oswalds, Parc Tawe, Abbey Retail Park and SQY Ouest properties and 75% of the Group's investment in Italie Deux.
- (iv) Reflects the proportionally consolidated net debt and pro forma proportionally consolidated net debt of the Group as set out in Note 5(b) of the pro forma balance sheet.
- (v) Reflects impact of the net proceeds of the Rights Issue as described in Note 2 to the pro forma net assets statement.
- (vi) Reflects impact of the net proceeds of the Disposal as described in Note 3 to the pro forma net assets statement.
- (vii) Pro forma EBITDA is calculated on a 12 month rolling basis to calculate the above ratio at 30 June 2020.

### 3. Unaudited pro forma income statement of the Group for the year ended 31 December 2019

	Reported for the year ended 31 December 2019 <sup>(1)</sup>	Adjustment for the Rights Issue <sup>(2)</sup>	Adjustment for the Disposal <sup>(3)</sup>	Adjustment for Other disposals <sup>(4)</sup>	Pro forma for the year ended 31 December 2019
			(unaudited) (£ million)		
<b>Revenue</b> . . . . .	<b>246.2</b>	<b>—</b>	<b>—</b>	<b>(28.6)</b>	<b>217.6</b>
Operating profit before other net (losses)/gains and share of results of joint ventures and associates . . . . .	111.0	—	—	(28.6)	82.4
(Loss)/Gain on sale of properties . . . . .	(105.8)	—	—		(105.8)
Net exchange loss previously recognised in equity, recycled on disposal of foreign operations . . . . .	13.8	—	—	—	13.8
Revaluation losses on properties	(412.2)	—	—	—	(412.2)
Impairment recognised on reclassification to assets held for sale . . . . .	(91.6)			—	(91.6)
Transaction costs in relation to equity raise . . . . .	—	(0.5)	—	—	(0.5)
Other net losses . . . . .	(595.8)	(0.5)	—	—	(596.3)
Share of results of joint ventures . . . . .	(429.1)	—	(34.3)	—	(463.4)
Share of results of associates . .	209.4	—	—	—	209.4
<b>Operating loss</b> . . . . .	<b>(704.5)</b>	<b>(0.5)</b>	<b>(34.3)</b>	<b>(28.6)</b>	<b>(767.9)</b>
Finance costs . . . . .	(102.5)	5.2	0.5	—	(96.8)
Change in fair value of derivatives . . . . .	6.2	—	—	—	6.2
Finance income . . . . .	21.5	—	0.2	—	21.7
Net finance costs . . . . .	(74.8)	5.2	0.7		(68.9)
<b>Loss/(profit) before tax</b> . . . . .	<b>(779.3)</b>	<b>4.7</b>	<b>(33.6)</b>	<b>(28.6)</b>	<b>(836.8)</b>
Tax charge . . . . .	(1.9)	—	—		(1.9)
<b>Loss/(profit) for the year</b> . . . . .	<b><u>(781.2)</u></b>	<b><u>4.7</u></b>	<b><u>(33.6)</u></b>	<b><u>(28.6)</u></b>	<b><u>(838.7)</u></b>

(1) Retail parks operations presented as discontinued for the year ended 31 December 2019 have been re-presented as continuing operations as the IFRS 5 criteria ceased to be met in the period as detailed in Note 1 to the Hammerson Half-Year Results 2020. The re-presented 2019 income statement has been extracted from the comparative information in the 2020 Interim Financial Statements included within the Group's unaudited half-year report for the six months ended 30 June 2020. Audited information for 2019 is set out in the 2019 Annual Financial Statements.

(2) Adjustment reflects:

- (i) estimated fees, costs and expenses relating to the Rights Issue of approximately £0.5 million charged to the income statement; and
- (ii) a reduction in finance costs based on the net proceeds of the Rights Issue applied as a repayment of borrowings at an interest rate of 1.0% per annum.

(3) Reflects the following adjustments in respect of the Disposal:

- (i) elimination of the Group's share of results of VIA Outlets of £34.3 million in the year ended 31 December 2019 which has been extracted without adjustment from the Group's audited financial statements for the year ended 31 December 2019; and
- (ii) £0.5 million reduction in finance costs and £0.2 million incremental finance income based on the net proceeds of the Disposal at an interest rate of 1% per annum for the repayment of borrowings and 0.1% for funds held as cash.

In the event that the option held by the Purchaser to acquire the Retained Minority Stake is exercised, based on the values in the pro forma net assets statement this would have a nil impact on the pro forma income statement. If the Purchaser was to agree to acquire a 100% stake in VIA Outlets a cash tax charge under the German RETT rules of between €16 million and €20 million would be triggered.

(4) Reflects:

- (i) the elimination of the aggregate results of Dallow Road, Abbotsinch Retail Park, St Oswalds and Parc Tawe properties and 75% of the Group's investment in Italie Deux, prior to the Group's disposal of these properties in 2019
  - (ii) the elimination of the aggregate results of the Abbey Retail Park and SQY Ouest properties, which the Group disposed of in the six months to 30 June 2020.
- (5) No adjustment has been made to reflect the trading results of the Group since 31 December 2019. None of the adjustments in described in Notes 2, 3 and 4 will have a continuing impact, with the exception of the adjustment in relation to the incremental interest income described in Note 2 and Note 3(ii).

*Additional unaudited disclosures to the pro forma income statement*

(6) The following table sets out the impact of the Disposal and the Other disposals on Net Rental Income ("NRI") and adjusted profit of the Group as reported in the annual report of the Group for the year ended 31 December 2019.

	For the year ended 31 December 2019 <sup>(i)</sup>	Pro forma adjustments (£ million)		Pro forma total for the year ended 31 December 2019
		Disposal <sup>(ii)</sup>	Other disposals <sup>(iii)</sup>	
Net rental income—Group (proportionally consolidated) . . . . .	308.5	—	(28.6)	279.9
Net rental income—premium outlets . . . . .	126.9	(31.8)	—	95.1
<b>Fully proportionally consolidated net rental income . . . . .</b>	<b>435.4</b>	<b>(31.8)</b>	<b>(28.6)</b>	<b>375.0</b>
<b>Adjusted profit for the year . . . . .</b>	<b>214.0</b>	<b>(14.6)</b>	<b>(28.6)</b>	<b>170.8</b>

(i) The Group's net rental income, net rental income of premium outlets, and the Group's adjusted profit for the year ended December 2019 has been extracted without adjustment from the Group's published annual report for the year ended 31 December 2019.

(ii) Reflects the net rental income and earnings of VIA Outlets.

(iii) Reflects the net rental income and earnings attributable to the Other disposals.

(iv) A sensitivity analysis of the total adjusted profit to a percentage change in pro forma NRI is set out as follows:

	<u>–10% reduction in NRI</u>	<u>–15% reduction in NRI</u>	<u>–20% reduction in NRI</u>
Total net rental income . . . . .	337.5	318.7	300.0
Total adjusted profit . . . . .	133.3	114.5	95.8

(7) The following table sets out the impact of the Transactions and the Other disposals on the Group's interest cover covenant ratio for the year ended 31 December 2019:

	Footnote	(£ million)
Net rental income (As reported) less change in the provision for impairment of unamortised tenant incentives and change in the provision for amounts not yet recognised in the income statement . . . . .	(i)	308.5
Less: Net rental income less change in the provision for impairment of unamortised tenant incentives for Nicetoile and Italie Deux . . . . .	(ii)	(1.6)
Add: Net rental income less change in the provision for impairment of unamortised tenant incentives in VIA Outlets . . . . .	(ii)	31.8
Net rental income for interest cover ratio (A) . . . . .		<b>338.7</b>
Less: Impact of Disposal of VIA Outlets . . . . .	(iii)	(31.8)
Pro forma net rental income (Disposal) (B) . . . . .		<b>306.9</b>
Less: Impact of Other disposals . . . . .	(iv)	(28.6)
Pro forma Value net rental income (Disposal and Other disposals) (C) . . . . .		<b>278.3</b>
Net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives (As reported) . . . . .	(i)	92.6
Less interest on lease obligations and pensions interest . . . . .	(ii)	(3.5)
Net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives for VIA Outlets . . . . .	(ii)	7.9
Total interest for interest cover ratio (D) . . . . .		<b>97.0</b>
Less: Impact of Rights Issue . . . . .	(v)	(5.2)
Pro forma interest (Rights Issue) (E) . . . . .		<b>91.8</b>
Less: Impact of Disposal . . . . .	(vi)	(8.6)
Pro forma interest (Disposal) (F) . . . . .		<b>83.2</b>
<b>Interest cover ratios</b>		
Interest cover (%) (as reported) (A/D) . . . . .		349
Interest cover (%) (Rights Issue only) (A/E) . . . . .		369
Interest cover (%) (Rights Issue and Disposal) (B/F) . . . . .		<b>369</b>
Interest cover (%) (Rights Issue, Disposal and Other disposals) (C/F) . . . . .		<b>335</b>
<p>(i) The net rental income and the net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives valuation as at 31 December 2019 has been extracted without adjustment from the Group's audited annual report for the year ended 31 December 2019.</p> <p>(ii) Reflects adjustments to the calculation of interest cover under the Group's relevant borrowing facilities, as extracted without adjustment from the Group's accounting records for the year ended 31 December 2019.</p> <p>(iii) Reflects the net rental income of VIA Outlets for the year ended 31 December 2019 which has been extracted without adjustment from the Group's annual report for the year ended 31 December 2019.</p> <p>(iv) Reflects the elimination of the aggregate results of Dallow Road, Abbotsinch Retail Park, St Oswalds and Parc Tawe properties and 75% of the Group's investment in Italie Deux, prior to the Group's disposal of these properties in 2019 and Abbey Retail and SQY Ouest which were sold in 2020.</p> <p>(v) Reflects a reduction in finance cost from the net proceeds of the Rights Issue as described in Note 2 to the pro forma income statement.</p> <p>(vi) Reflects the incremental finance income and reduction in finance costs from the net proceeds of the Disposal as described in Note 3 to the pro forma income statement and the net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives for VIA Outlets.</p>		

## Section B—Accountant’s Report on the Unaudited Pro Forma Financial Information



The Directors

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50 Stratton Street  
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6 August 2020

Dear Ladies and Gentlemen

### **Hammerson plc (the “Company”)**

We report on the unaudited pro forma financial information (the “Pro Forma Financial Information”) set out in section A of Part XVIII of the Company’s prospectus dated 6 August 2020 (the “Prospectus”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed disposal by the Company of its interest in the VIA Outlets and proposed admission of the new ordinary shares of the Company to the premium listing segment of the Official List maintained by the Financial Conduct Authority (the “FCA”) and the proposed admission of those shares to trading on the London Stock Exchange’s main market for listed securities, and other disposals completed by the Group in 2019 and 2020 might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2019 and the six months period ended 30 June 2020. This report is required by item 11.5 of Annex 3 to the PR Regulation and section 3 of Annex 20 to the PR Regulation and item 13.3.3R of the Listing Rules of the Financial Conduct Authority (the “Listing Rules”) and is given for the purpose of complying with that PR Regulation and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 11.5 of Annex 3 to the PR Regulation and section 3 of Annex 20 to the PR Regulation and item 13.3.3R of the Listing Rules.

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It is our responsibility to form an opinion, as required by item 11.5 of Annex 3 to the PR Regulation and section 3 of Annex 20 to the PR Regulation and item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 to the PR Regulation and item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 3 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## PART XIX

### TAXATION

#### Section A—UK Taxation

##### 1. General

The following statements do not constitute tax advice and are intended as a general guide only to the UK tax position under current UK legislation and HM Revenue & Customs (“HMRC”) published practice as at the date of this document, both of which are subject to change at any time, possibly with retrospective effect. These statements deal only with the position of Shareholders who are resident (and, in the case of individuals only, domiciled) solely in the United Kingdom for tax purposes (except where the position of a non-UK tax resident Shareholder is expressly referred to) and who hold their New Shares and Existing Shares as an investment and who are the absolute beneficial owners of their New Shares and Existing Shares and of all dividends of any kind paid in respect of them. The statements do not address all possible tax consequences relating to an investment in New Shares. The statements are not addressed to: (i) special classes of Shareholders such as, for example, dealers in securities, broker-dealers, insurance companies and collective investment schemes; (ii) Shareholders who hold their New Shares or Existing Shares as part of hedging or conversion transactions; (iii) Shareholders who have (or are deemed to have) subscribed for acquired their New Shares or Existing Shares by virtue of an office or employment or who are officers or employees; or (iv) Shareholders who hold their New Shares or Existing Shares in connection with a trade, profession or vocation carried on in the United Kingdom (whether through a branch or agency or, in the case of a corporate Shareholder, through a permanent establishment or otherwise). Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult their own professional advisers immediately.

##### 1.1 *Taxation of chargeable gains*

###### 1.1.1 *UK tax resident Shareholders*

#### Capital Reorganisation

It is expected that, for the purpose of UK taxation of chargeable gains, the Sub-division and the Consolidation comprising the Capital Reorganisation should each be regarded as a reorganisation of the share capital of the Company. Accordingly, a Shareholder should generally not be treated as making a disposal of all or part of their holding of Shares held on the Capital Reorganisation Record Date or their holding of Shares held on the Capital Reorganisation Record Date by reason of any changes made to that holding pursuant to the Capital Reorganisation and no immediate liability to UK taxation on chargeable gains should generally arise in respect of the Sub-division or the Consolidation.

To the extent that a Shareholder receives, or is entitled to receive, a cash distribution in respect of fractional entitlements such Shareholder may, depending on his circumstances, incur a liability to UK taxation on chargeable gains. However, if the amount of cash distribution received is small in comparison with the value of their holding of Shares held on the Capital Reorganisation Record Date (which should be the case), the Shareholder will not be treated as having disposed of the shares in respect of which the cash distribution was received for the purposes of UK taxation of chargeable gains. Instead, an amount equal to the amount of such cash will be deducted from the base cost of their Consolidated Shares. Under current HMRC practice, any cash payment of £3,000 or less or (if greater) which is 5% or less of the market value of a Shareholder’s holding of Shares held on the Capital Reorganisation Record Date immediately before the distribution will generally be treated as small for these purposes.

It is expected that the Deferred Shares will at all times have such a low market value compared to that of the Intermediate Shares so that, for the purpose of UK taxation of chargeable gains, effectively all

of the Shareholder's base cost in respect of Shares held prior to the implementation of the Sub-division will be apportioned to the Intermediate Shares as a result of the Sub-division. As a result:

- following the Sub-division, it is expected that a Shareholder's base cost in respect of his holding of Intermediate Shares will be the same as it was in respect of his holding of Shares as held prior to the implementation of the Sub-division;
- the base cost of a Shareholder's holding of Intermediate Shares may be increased or reduced as a result of the Rights Issue in the manner described in the paragraphs below headed "Rights Issue"; and
- following the Consolidation, it is expected that a Shareholder's base cost in respect of his holding of Consolidated Shares will be the same as it was in respect of his holding of Intermediate Shares but subject to any increases or reductions in the base cost as a result of the Rights Issue, and any reductions due to the disposals of any fractional entitlements arising from the Consolidation.

Where the Consolidation Ratio results in any Shareholder being entitled to a fraction of a Consolidated Share and such Shareholder therefore does not receive any Consolidated Shares, such a Shareholder will be treated as disposing of their Shares held on the Capital Reorganisation Record Date as a result of the Capital Reorganisation. To the extent that such a Shareholder receives or is entitled to receive cash in respect of his Shares held on the Capital Reorganisation Record Date, such disposal may, depending on the Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses) give rise to a liability to UK tax on chargeable gains at a rate of 10% (2020/21) for individuals who are subject to income tax at the basic rate and 20% (2020/2021) for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains (currently £12,300) for the year to 5 April 2021 without being liable to UK capital gains tax. For corporate Shareholders, a disposal may give rise to corporation tax on any gain, chargeable at a rate of 19%.

In addition, HMRC have provided their view as to how the "new consideration" inherent in the Existing Shares prior to the Capital Reorganisation would be allocated between the Deferred Shares and the Consolidated Shares. The "new consideration" inherent in a share is only relevant in a narrow range of scenarios—including, in particular, when determining the amount of any payment received by certain shareholders during certain share buy backs that should be treated as an income distribution for income and corporation tax purposes, rather than as a capital receipt. HMRC's view may result in a proportion of such "new consideration" being inherited by the Deferred Shares (which will be purchased by the Company and cancelled immediately after their creation), and thus the amount of any payment received by certain shareholders that is treated as an income distribution (rather than as a capital receipt) on a future share buyback may be greater than would have been the case prior to the Capital Reorganisation.

### **Shareholders who subscribe for or acquire New Shares pursuant to the Rights Issue**

For the purposes of UK taxation of chargeable gains, the issue of New Shares by the Company to UK resident Shareholders who take up their rights under the Rights Issue should constitute a reorganisation of the Company's share capital. This position is also supported by the experience of HMRC's historical practice which has been to treat transactions such as the Rights Issue as a reorganisation of share capital for the purposes of UK taxation of chargeable gains.

If the reorganisation treatment applies for UK chargeable gains purposes, a UK resident Shareholder that takes up their entitlement to New Shares under the Rights Issue should not be treated as making a disposal of their Existing Shares. The New Shares issued to a Shareholder should be treated as the same asset acquired at the same time as the Shareholder's Existing Shares, and the amount paid for the New Shares subscribed for or acquired under the Rights Issue should be added to the base cost of that Shareholder's Existing Shares. Accordingly, a Shareholder should not be treated as acquiring a new asset or making a disposal of any part of their Existing Shares by reason of taking up all or part of their rights to New Shares. Therefore, no liability to UK taxation of chargeable gains should arise in respect of the issue of New Shares to the extent that a Shareholder takes up their entitlement to New Shares.

In the event that reorganisation treatment does not apply for UK chargeable gains purposes, when a UK resident Shareholder takes up their Rights, they will be treated as acquiring new Shares in the Company. As the Shares under the Rights Issue are offered at a discount to their market value, such

Shareholders might be regarded as having a part-disposal of their existing Shareholding when they take up Shares under the Rights Issue.

### **Shareholders who sell or renounce their Rights or who allow their Rights to lapse**

If a Shareholder sells or otherwise disposes of all or any of their Rights to subscribe for the New Shares provisionally allotted to them, or if a Shareholder allows or is deemed to allow their rights to lapse and receives a cash payment in respect of them, this will, subject to the following paragraph, constitute a disposal of an interest in the Shareholder's Existing Shares for the purposes of UK taxation of chargeable gains. Such a disposal may give rise to a liability to a tax depending on that Shareholder's particular circumstances.

If the proceeds resulting from such a disposal are "small" as compared with the market value (on the date of lapse or sale) of a Shareholder's Existing Shares in respect of which the rights arose, the Shareholder should not generally be treated as making a disposal for the purposes of UK taxation of chargeable gains. Instead the proceeds received will be deducted from the base cost of the Shareholder's Existing Shares, unless the disposal proceeds are greater than the base cost of the Shareholder's Existing Shares. HM Revenue and Customs' current practice is to regard a sum as "small" for these purposes where either (1) the proceeds of the disposal do not exceed 5% of the market value (at the date of the receipt) of the Shares in respect of which the Rights arose or (2) the sum received is £3,000 or less, regardless of whether the 5% test is satisfied. This treatment is dependent upon there being sufficient base cost in the Qualifying Shareholder's Existing Shares from which to deduct the proceeds of the disposal or lapse of Rights.

Any sum received by a Shareholder in respect of an entitlement to a fraction of a Share will likely be "small" for these purposes.

### **Disposal of New Shares**

Shareholders who dispose of all or some of their New Shares may be subject to UK taxation on any chargeable gain which arises on the disposal. Alternatively, an allowable loss may arise. In the case of UK resident individual Shareholders, subject to any annual exemption of £12,300 for 2020/21, UK capital gains tax will apply to gains above the annual exempt amount of £12,300 at a rate of 10% or 20% depending on the total amount of the individual's taxable income.

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 19%) or an allowable loss for the purposes of UK corporation tax.

#### **1.1.2 Temporarily Non-Resident Shareholders**

Individual Shareholders who are not, but have been, resident for UK purpose on the UK and cease to be resident in the United Kingdom for a period of less than five years of assessment ("**Temporary Non-Residents**"), may, depending on their circumstances (including the availability of exemptions or reliefs), be liable to UK taxation on chargeable gains in respect of gains arising from a sale or other disposal of New Shares or rights to subscribe for New Shares in the same way as an individual Shareholder who is resident in the United Kingdom for UK tax purposes, as described above.

#### **1.1.3 Other Non-UK Tax Resident Shareholders**

Shareholders who are not resident in the United Kingdom and who are not Temporary Non-Residents may be subject to UK tax on chargeable gains arising on a sale or other disposal of shares that derive at least 75% of their value from UK land where the person making the disposal has a "substantial indirect interest" in the UK land. It is expected that the New Shares will derive at least 75% of their value from UK land for this purpose and, on the basis that Hammerson is a REIT at the time of any relevant disposal, all Shareholders will be regarded as having a substantial indirect interest in UK land, irrespective of the size of their shareholding. Were Hammerson not to be a REIT at the time of any relevant disposal, then a Shareholder will only be regarded as having a substantial indirect interest in UK land if (broadly) they hold 25% or more of the Shares in Hammerson.

Accordingly, a non-UK resident Shareholder may be liable to UK tax on chargeable gains in respect of a sale or other disposal of New Shares depending on the Shareholder's circumstances (including the availability of any exemption or relief, including exemption under the terms of an applicable double

taxation agreement). Shareholders who are tax resident in South Africa should note that Article 13 (Capital Gains) of the United Kingdom and South Africa Double Taxation Convention should enable a Shareholder who is entitled to the benefit of that article to claim an exemption from UK tax on chargeable gains on the basis that the New Shares will be quoted on the London Stock Exchange. Shareholders who are tax resident in the United States should note that Article 13 (Gains) of the United Kingdom and United States Double Taxation Convention should enable a Shareholder who is entitled to the benefit of that article to claim an exemption from UK tax on chargeable gains on the basis that New Shares will be traded on the London Stock Exchange.

In a case where the relevant Shareholder held Shares in Hammerson prior to 6 April 2019 (“**Existing Ordinary Shares**”) and such Shareholder subscribes for or acquires New Shares, any gain or loss accruing to the Shareholder on a disposal of such New Shares will be calculated taking into account a proportion of the allowable cost to the Shareholder of acquiring his Existing Ordinary Shares (as increased as described in paragraph 1.1). Further, the Shareholder’s allowable cost of acquiring his Existing Ordinary Shares will be assumed to be their market value on 5 April 2019 (plus any addition to the allowable cost after that date, for example as described in paragraph 1.1), unless the Shareholder elects for such treatment not to apply. Where such an election is made and a loss accrues on the disposal, such loss will not be an allowable loss.

## **1.2 Taxation of Dividends**

Hammerson, as the principal company of a group REIT, may pay dividends as either a PID or a normal dividend (“**Non-PID**”), or a combination of both.

### **1.2.1 Taxation of PIDs**

Subject to certain exceptions summarised below, Hammerson is required to withhold income tax at source at the basic rate (currently 20%) from its PIDs (whether paid in cash or in the form of a scrip dividend). Hammerson will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

Shareholders should note that, in certain circumstances, Hammerson is not required to withhold income tax at source from a PID. These circumstances include where Hammerson reasonably believes that the person beneficially entitled to the PID is: (i) a company resident for tax purposes in the United Kingdom; (ii) a company resident for tax purposes outside the United Kingdom which carries on a trade through a permanent establishment in the United Kingdom and which is required to bring the PID into account in computing the chargeable profits of that permanent establishment for UK corporation tax purposes; or (iii) an entity which falls within an exempt category, such as a charity or local authority. They also include where Hammerson reasonably believes that the PID is paid to the scheme administrator of a UK approved pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an individual savings account, the plan manager of a personal equity plan, or the account provider for a child trust fund, in each case, provided Hammerson reasonably believes that the PID will be applied for purposes of the relevant scheme, account plan or fund in respect of which the recipient has duties. In order to pay a PID without withholding tax, Hammerson will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose, Hammerson will require such Shareholders to submit a valid claim form. Shareholders should note that Hammerson may seek recovery from Shareholders if the statements made in their claim form are incorrect and Hammerson suffers tax as a result. Hammerson will, in some circumstances, suffer tax if its reasonable belief as to the status of a Shareholder turns out to have been mistaken.

Where tax has been withheld at source by Hammerson from the payment of a PID, Shareholders who are individuals may, depending on their particular circumstances, be liable to further tax on their receipt of a PID at their applicable marginal rate, incur no further liability on their receipt of a PID, or be entitled to claim repayment of some or all of the tax withheld on their receipt of a PID. Shareholders who are corporate entities within the charge to UK corporation tax will generally be liable to pay corporation tax in respect of their receipt of a PID and, in the unlikely event that income tax is withheld at source, the tax withheld can be set against their liability to corporation tax in the accounting period in which the PID is received.

For Shareholders that are not resident in the United Kingdom, it is not possible to make a claim under a double taxation convention for a PID to be paid by Hammerson gross or at a reduced rate. The right

of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the Shareholder is resident and the ability of the Shareholder to secure the benefits of the relevant articles of the relevant double taxation convention. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on PIDs received from Hammerson.

### **Individual Shareholders**

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a UK property business for income tax purposes (as defined in Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any PID from any other company to which Part 12 of the Corporation Tax Act (“CTA”) 2010 applies (i.e. any other REIT), treated as a separate UK property business. Income from any other UK property business carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a Shareholder’s separate UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder’s UK property business. A Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20% on the PID. Higher rate and additional rate taxpayers will be taxable at the respective prevailing rates (currently 40% and 45%, respectively). A credit will be available in respect of the basic rate withheld by Hammerson on the PID (see further above).

Currently, neither the Nil Rate Amount (as defined below) nor any property income allowance is available in respect of income tax on PIDs.

### **Corporate Shareholders**

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as the profit of a property business (as defined in Part 4 of the CTA 2009). A PID is, together with any PID from any other company to which Part 12 of CTA 2010 applies (i.e. any other REIT), treated as a separate Part 4 property business. Income from any other Part 4 property business carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a Shareholder’s different Part 4 property business cannot be offset against a PID as part of a single calculation of the relevant Shareholder’s property business profits.

A Shareholder within the charge to corporation tax will generally be subject to corporation tax at the prevailing rates applicable to the respective investor. The current rate of UK corporation tax is 19%.

Where a Shareholder who is not resident for tax purposes in the United Kingdom receives a PID, the PID will generally be chargeable to UK income tax under Part 3 of the Income Tax (Trading and Other Income) Act 2005, as a profit of a UK property business and this tax will generally be collected by way of a withholding tax (see further above). Under section 548(7) of the CTA 2010, this income is expressly not non-resident landlord income for the purposes of regulations under section 971 of the Income Tax Act 2007.

Prospective non-UK tax resident Shareholders should consult their own professional advisers on any non-UK tax implications of receiving PIDs which may arise in their relevant jurisdiction.

### **Scrip Dividend Scheme**

The tax consequences of electing to receive Shares in lieu of a PID provided in the form of cash will be broadly the same as the tax treatment set out above in relation to the taxation of PIDs which are paid in cash.

Where a Shareholder elects to receive their PIDs by way of an issue of Shares, they should note that they will be subject to income tax or corporation tax (as applicable) by reference to the “cash equivalent” of the Shares issued to that Shareholder. For these purposes “cash equivalent” means the amount of the cash dividend foregone by a Shareholder electing to receive a Share PID alternative save that, if the difference between the cash dividend foregone and the market value of the Shares on the first day of dealing on the London Stock Exchange equals or exceeds 15% of that market value, that market value will be the “cash equivalent” instead.

For the purposes of UK taxation of chargeable gains, an issue of Shares pursuant to the Scrip Dividend Scheme will not qualify as reorganisation. Shareholders will be treated as having subscribed for or acquired such Shares for an amount equal to their cash equivalent value. UK taxation on chargeable gains will apply in the normal way to any subsequent disposals of any such Shares.

### 1.2.2 *Taxation of Non-PIDs*

Hammerson is not required to withhold tax at source from any Non-PIDs that it makes in respect of New Shares.

A UK resident Shareholder's liability to tax on such dividends received will depend on the individual circumstances of that Shareholder:

#### **Individual Shareholders**

The general tax treatment of Non-PIDs paid by Hammerson to Shareholders who are individuals resident and domiciled in the United Kingdom for UK tax purposes is as follows:

- Non-PIDs paid by Hammerson do not carry a tax credit.
- All Non-PIDs received by an individual Shareholder from Hammerson (or from other sources) will, except to the extent that they are earned through an individual savings account (ISA), self-invested pension plan (SIPP) or other regime which exempts the dividends from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.
- A nil rate of income applies to the first £2,000 (for the tax year 2020-2021) of taxable dividend income (including from Non-PIDs) received by an individual Shareholder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income.
- Any taxable dividend income received by an individual shareholder in a tax year in excess of the Nil Rate Amount is taxed at special rates, as set out below.
- Where a Shareholder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will be subject to income tax:
  - at the rate of 7.5% to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
  - at the rate of 32.5% to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
  - at the rate of 38.1% to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Shareholder's total income for income tax purposes.

#### **Corporate Shareholders**

A Shareholder within the charge to UK corporation tax which is a "small company" (for the purposes of UK taxation of dividends) will not generally be subject to tax on Non-PIDs from Hammerson, provided certain conditions are met, including an anti-avoidance condition.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on Non-PIDs from Hammerson so long as the dividends fall within an exempt class and certain conditions are met. Examples of dividends that are within an exempt class include: (i) dividends paid on shares that are "ordinary shares" (that is, shares that do not carry any present or future preferential right to dividends or to the payer's assets on its winding up) and which are not redeemable, and (ii) dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made) and who is entitled to less than 10% of the profits

available for distribution and would be entitled to less than 10% of the assets available for distribution on a winding-up. These exemptions are subject to anti-avoidance rules.

Any dividends declared by Hammerson if at the time of such dividend it has ceased to be a REIT will be taxed in the manner described above for Non-PIDs.

Each Shareholder should obtain professional advice on its own position as it will depend on its own individual circumstances.

### **1.3 UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Shareholder is resident in the United Kingdom for UK tax purposes.

#### **1.3.1 *The Rights Issue***

No stamp duty or SDRT will be payable on the issue of New Shares pursuant to the Rights Issue or the Capital Reorganisation other than as explained in the paragraphs below.

No stamp duty or SDRT will generally be payable by Shareholders on the issue of Provisional Allotment Letters, split letters of allotment or definitive shares certificates, on the registration of the original holders of Provisional Allotment Letters or their renouncees, on the crediting of the Nil Paid Rights or Fully Paid Rights to stock accounts in CREST or on issue in uncertificated form of New Shares.

For issues of Shares to a nominee or person whose business includes the provision of clearance services or the nominee or agent for a person whose business is or includes issuing depository receipts, please see paragraph 1.3.4 below.

The purchase of Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter or held in CREST on or before the latest time for registration of renunciation or transfer will not generally be subject to stamp duty but the purchaser will normally be liable to SDRT at the rate of 0.5% of the actual consideration paid in money or money's worth. Where the purchase is effected through a stockbroker or other financial intermediary, that person will normally account for the SDRT and will indicate that this has been done in any contract note issued to a purchaser. In other cases, the purchaser is liable to pay the SDRT and must account for it to HM Revenue and Customs. In the case of transfer within CREST, any SDRT due should be collected through CREST in accordance with the CREST rules.

#### **1.3.2 *Subsequent transfers***

Any subsequent conveyance or transfer on sale of Shares will usually be subject to stamp duty, at the rate of 0.5% (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid in the form of cash, shares or the assumption, satisfaction or release of debt (Transfers to connected companies will be subject to SD and or SDRT based on the higher of the consideration paid or provided and the market value of the shares at the time of the transfer). Stamp duty is normally paid by the purchaser. There is an exemption where the consideration for a transfer is £1,000 or less and that transfer does not form part of a larger transaction or a series of transactions where the combined consideration exceeds £1,000 and this is certified on the instrument of transfer. A charge to SDRT at the rate of 0.5% of the amount or value of the consideration paid in money or money's worth will also arise in relation to an unconditional agreement to transfer Shares. SDRT is also normally a liability of the purchaser. However, if within six years of the date of the agreement (or, if the agreement was conditional, the date on which the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and is duly stamped (unless it is exempt), the stamping of the instrument of transfer will normally cancel the SDRT liability and, provided a claim for repayment is made, any SDRT already paid should be refunded.

#### **1.3.3 *Shares held through CREST***

A transfer of Shares effected on a paperless basis through CREST will generally be subject to SDRT (rather than stamp duty) at the rate of 0.5% of the amount or value of the consideration paid in money or money's worth. Euroclear will ordinarily collect SDRT on relevant transactions settled through CREST and will account for the SDRT to HM Revenue and Customs.



There will be no stamp duty or SDRT on a transfer of Shares into or out of CREST where such a transfer is made for no consideration.

#### **1.3.4 Shares held through Clearance Systems or Depositary Receipt Arrangements**

UK domestic law provides that where Shares are issued or transferred to issuers of depositary receipts or providers of clearance services (or their nominees or agents) stamp duty or SDRT may be payable, broadly, at the higher rate of 1.5% of the amount or value of the consideration payable or, in certain circumstances, 1.5% of the value of the Shares (rounded up to the nearest multiple of £5 in the case of stamp duty). Following decisions of the European Court of Justice in *Case C-569/09 HSBC Holdings plc and Vidacos Nominees Ltd v HMRC* and the First Tier Tribunal in *HSBC Holdings plc and the Bank of New York Mellon Corporation v HMRC* [2012] UK FTT 163, HM Revenue and Customs has confirmed that it will not seek to apply the 1.5% stamp duty and/or SDRT charge where new shares are issued into an EU or non EU depositary receipt system or clearance system. HMRC has also confirmed that it will not seek to apply the 1.5% stamp duty and/or SDRT charge where shares are transferred into an EU or non EU depositary receipt system or clearance system where the transfer is integral to the raising of new capital.

#### **1.4 New Shares registered on the SA Register**

Pursuant to a specific exemption for shares registered on an overseas branch register, UK stamp duty will not be payable on the transfer of New Shares which are registered on the SA Register, provided that no instrument of transfer is executed in the United Kingdom in respect of the transfer (although see paragraph 1.7 of Section B of Part XIX (*Taxation*) of this document in relation to South African securities transfer tax). A consequence of this stamp duty exemption is that SDRT at the rate of 0.5% should not be payable on an agreement to transfer New Shares registered on the SA Register where the transfer would be exempt from stamp duty. This exemption does not, however, extend to the 1.5% SDRT charge where such securities are transferred to a depositary receipt system or clearance service, subject to the comments below in relation to the transfer of shares into Strate.

Hammerson understands that formal confirmation has been given by HMRC in respect of the Strate system for electronic transfers of shares listed on the JSE, to the effect that:

- issues or transfers of shares in UK companies which are registered on a South African branch register into the Strate system will not be subject to UK stamp duty or SDRT at the higher rate of 1.5%; and
- transfers of such shares within the Strate system should not be subject to UK stamp duty or SDRT.

This confirmation will be relevant to the issue or transfer of New Shares into Strate and transfers of New Shares within Strate.

#### **1.5 Transfers of New Shares between the UK Register and the SA Register**

Subject to the commentary above in relation to the 1.5% charge, no UK stamp duty or SDRT will arise on the transfer of New Shares between the UK Register and the SA Register, provided that: (i) there is no change in beneficial ownership of the New Shares; and (ii) in the case of stamp duty only, the transfer is not a conveyance in contemplation of a sale of the New Shares.

### **2. Inheritance tax**

#### **2.1 New Shares registered on the UK Register**

New Shares which are not registered on the SA Register but which are registered on the UK Register (“UK Shares”) will be assets situated in the United Kingdom for the purposes of UK inheritance tax.

A gift of UK Shares by, or a transfer on the death of, an individual holder of such shares may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the Shareholder is neither domiciled in the United Kingdom nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift in respect of the undervalue element and particular rules apply to gifts where the donor

reserves or retains some benefit in respect of the asset gifted. Special rules also apply to close companies and to trustees of settlements who subscribe for, acquire, dispose of or hold UK Shares, potentially bringing them within the charge to inheritance tax. Holders of UK Shares should consult an appropriate professional adviser if they intend to make a gift, transfer at less than full market value, or hold UK Shares through such a company or trust arrangement.

## **2.2 Inheritance tax - New Shares registered on the SA Register**

New Shares registered on the SA Register (“**SA Shares**”) should be assets situated outside the United Kingdom for the purposes of UK inheritance tax. This is on the basis that all of the SA Shares, certified or dematerialised, are transferable by entry on the SA Register, and are therefore situated in the country where the SA Register is kept i.e. South Africa.

A gift of SA Shares by, or a transfer on the death of, an individual holder of such shares who is domiciled or is deemed to be domiciled in the United Kingdom (under certain rules relating to long residence or previous domicile) may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax. As discussed above, generally, UK inheritance tax is not chargeable on gifts to other individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift in respect of the undervalue element and particular rules apply to gifts where the donor reserves or retains some benefit from the asset gifted. Where a Shareholder is neither domiciled nor deemed domiciled (under certain rules relating to long residence or previous domicile) in the United Kingdom, neither a gift of SA Shares by the holder nor the death of such Shareholder should give rise to a liability to UK inheritance tax in connection with the SA Shares. This assumes there are no UK residential property interests in the group. Special rules also apply to close companies and to trustees of settlements who subscribe for, acquire, dispose of or hold SA Shares, potentially bringing them within the charge to inheritance tax. Holders of SA Shares should consult an appropriate professional adviser if they intend to make a gift, transfer at less than full market value, or hold SA Shares through such a company or trust arrangement.

## **2.3 Inheritance tax - Double taxation**

If a charge to tax of a similar character to UK inheritance tax (in other words, tax that is chargeable by reference to death or gifts inter vivos) arises in another country in respect of New Shares in connection with the same event that gives rise to a charge to UK inheritance tax, relief may be available under the terms of a double tax agreement or unilateral United Kingdom double tax relief provisions.

Holders of New Shares should seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

## **Section B—South African Taxation**

### **1. General**

The following is a summary of the South African tax considerations which are relevant for investors who subscribe for, acquire, hold and dispose of Shares in the Company. This summary is based on the Company's understanding of the applicable laws, treaties and regulatory interpretations in effect in South Africa on the date of this document, all of which are subject to change, including changes that could have a retrospective effect.

This summary does not purport to address all tax consequences associated with the ownership and disposal of Shares, and does not take into account the specific circumstances of any particular investor or the tax laws of any country other than South Africa.

The summary of South African income tax consequences set out below is for general information only. All Shareholders should consult their tax advisers regarding the particular tax consequences applicable to them in relation to Shares, including the applicability and effect of other tax laws and possible changes in tax law.

The South African income tax system is a residence-based system of taxation, in terms of which South African tax residents are subject to tax in South Africa on their worldwide income. Persons that are non-resident for South African tax purposes are subject to tax on income derived from a South African source. This summary is based on the assumption that an investor is resident in South Africa for tax purposes, and that the Company is resident in the United Kingdom for tax purposes.

A natural person is a South African tax resident if he or she is "ordinarily resident" in South Africa or, if not "ordinarily resident" in South Africa, was physically present in South Africa for certain prescribed periods within a six-year period. These periods require a physical presence in South Africa of more than 91 days in the current and each of the proceeding five years and more than 915 days during the preceding five years.

A person other than a natural person (i.e. a juristic person or a trust) is a South African tax resident if it is incorporated, established or formed in South Africa or if its place of effective management is located in South Africa.

The definition of a resident specifically excludes any person who is deemed to be exclusively a resident of another country for purposes of an applicable agreement for the avoidance of double taxation entered into between South Africa and the other relevant jurisdiction. Prospective purchasers with questions regarding their tax residency should consult their tax advisers.

Shareholders who are in any doubt about their taxation position and Shareholders who are not resident for tax purposes in South Africa should consult their own professional tax advisers.

#### **1.1 Distributions**

A monetary amount paid by the Company to a South African resident shareholder ("**South African Resident Shareholder**"), in respect of a share in the Company, will comprise either a "foreign dividend" or a "foreign return of capital" for South African income tax purposes as long as the amount paid does not comprise of shares issued by the Company. This determination is made with reference to the treatment of the amount according to the tax laws relating to companies in the United Kingdom (or in the absence of tax law, company law in the United Kingdom). In essence, an amount will comprise a foreign dividend if treated as a dividend or similar payment for purposes of the tax laws applicable to companies in the United Kingdom. An amount will comprise a foreign return of capital if it does not comprise a foreign dividend (i.e. if treated as another form of distribution or similar payment for purposes of tax laws applicable to companies in the United Kingdom). The taxation of foreign dividends and foreign returns of capital differs and is set out below.

#### **1.2 Foreign Dividend**

It is understood that distributions made in respect of Shares will generally comprise dividends or payments similar to dividends for income tax purposes in the United Kingdom, and will accordingly generally comprise foreign dividends for South African income tax purposes.

A foreign dividend in cash which is received or which accrues in respect of a share listed on the JSE is exempt from South African income tax. Any foreign dividend which is received or which accrues to a

South African Resident Shareholder in respect of a share in the Company will accordingly be exempt from South African income tax. The exemption from income tax is applicable to all persons (i.e. natural persons and juristic persons).

South Africa imposes a 20% withholding tax on dividends ("**Dividends Tax**") paid in respect of shares in foreign companies if the shares are listed on a South African exchange. All dividends declared to South African Resident Shareholders (which hold their shares on the JSE) by the Company will accordingly be subject to Dividends Tax, unless the recipient of the dividend qualifies for an exemption. A foreign dividend will be exempt from Dividends Tax if the beneficial owner is, inter alia, a company which is a South African tax resident, a public benefit organisation, a pension fund, a pension preservation fund, a provident fund, a provident preservation fund, a retirement annuity fund, a benefit fund and a collective investment scheme in securities. Natural persons do not qualify for an exemption from Dividends Tax.

Dividends Tax must be withheld by the Company or by the appropriate broker or transfer secretary unless the recipient of the dividend qualifies for an exemption. Certain prescribed legal formalities must be complied with by the beneficial owner of a dividend in order to facilitate the process whereby no Dividends Tax will be withheld (with the beneficial owners essentially being required to, by a date determined by the Company or, if the Company has not determined a date, by the date of payment of the dividend, submit a declaration that the dividend is exempt from Dividends Tax and a written undertaking to inform the Company in writing should the circumstances affecting the exemption change or should the beneficial owner cease to be the beneficial owner).

A South African Resident Shareholder who receives a foreign dividend which is subject to Dividends Tax may claim a rebate if any foreign taxes are imposed on the payment by the government of another country. The rebate shall be limited to the amount of Dividends Tax payable.

Amounts paid by a foreign company that constitute a share in the foreign company (e.g. scrip dividends) do not constitute a foreign dividend in terms of South African tax law. Where a company issues shares to a person for no consideration, for South African tax purposes the expenditure actually incurred by that person to acquire that share is deemed to be nil.

### **1.3 Foreign return of capital**

Please see the discussion below for more information regarding the taxation of a foreign return of capital.

### **1.4 Disposals**

Persons who are tax resident in South Africa may be subject to capital gains tax ("**CGT**") upon the disposal of Shares, if they hold Shares as capital assets. The determination of whether shares are held as capital assets is generally a question of fact and depends primarily upon the intention with which the shares were acquired and held. It is assumed that Shares will generally be acquired and held as capital assets.

The South African income tax legislation does include certain safe harbour provisions, however, which treat certain amounts (excluding dividends) received by or accruing to a Shareholder from the disposal of shares to be of a capital nature and therefore subject to CGT, if the Shareholder held those shares for a continuous period of at least three years immediately preceding the date of disposal. If the safe harbour provisions do not apply, the capital or revenue nature of the proceeds arising in respect of the disposal will be determined by applying South African common law principles.

In terms of South African tax legislation, for CGT purposes no disposal of shares by a person will take place where a company subdivides or consolidates its shares solely in substitution of the shares previously held by that person in that company as long as the proportionate participation rights and interest of that person in the company remain unchanged and no other consideration whatsoever passes directly or indirectly in consequence of that subdivision or consolidation.

Although this specific exclusion only applies for CGT purposes, where a person holds shares on revenue account it is likely that no disposal will in any event take place where a company subdivides or consolidates its shares in substitution of previously held shares, if the proportionate participation rights and interest of that person in the company remain unchanged and no other consideration whatsoever passes directly or indirectly in consequence of that subdivision or consolidation.

## **1.5 Capital gains tax**

Upon a disposal of Shares, a South African Resident Shareholder may realise a capital gain or capital loss for South African tax purposes, depending on whether the proceeds from the disposal exceed the Shareholder's base cost in the Shares. In general, the base cost of an asset will be the acquisition cost of the asset in question (i.e. the subscription price in the event that a person subscribed for shares or the purchase price paid in the event of an acquisition of shares).

A prescribed portion (ranging from 40% (in the case of a natural person) to 80% (in the case of a company or a trust)) of a net capital gain realised by a South African investor will be included in normal taxable income and subject to tax at the applicable rates. The tax rates applicable are a maximum effective rate of 18% in the case of a natural person, a rate of 22.4% in the case of a company and a rate of 36% in the case of a trust.

Capital losses may only be set off against other capital gains realised in the same or any subsequent tax year.

In the case of South African Resident Shareholders who are natural persons, an amount of 40,000 Rand is deducted from any capital gain or loss realised in any tax year in determining the aggregate capital gain or loss for that year.

Generally, where a person receives a foreign return of capital (and receives such amount prior to the disposal of its Shares), such person must reduce the base cost of the Shares for CGT purposes by the amount received. Subject to certain specific exclusions, if the amount received exceeds the base cost of the Shares, the excess portion will be treated as a capital gain in the hands of a holder of the Shares for the year of assessment in which the foreign return of capital is received by or accrues to the holder of the Shares and will be subject to CGT.

Amounts paid by a foreign company that constitute a share in the foreign company (e.g. scrip dividends) do not constitute a foreign return of capital in terms of South African tax law. Where a foreign company issues shares to a person for no consideration, for South African tax purposes the expenditure actually incurred by that person to acquire that share is deemed to be nil.

## **1.6 Income tax**

South African tax residents will be subject to income tax on the proceeds arising upon the disposal of Shares, if the Shares are held for speculative purposes (i.e. as trading stock as opposed to capital assets) and disposed of in a scheme of profit-making.

## **1.7 Securities transfer tax**

Securities transfer tax ("**STT**") is a tax levied on a transfer of beneficial ownership of a security issued by a company which is listed in South Africa (i.e. a disposal of a Share). There is no STT payable on the issue of a share by a company.

STT at 0.25% will accordingly be payable upon a transfer of beneficial ownership of Shares.

In the context of listed shares, STT is normally payable by, inter alia, brokers and transfer secretaries (and recoverable from the transferee).

## **2. South African Exchange Control**

The following is a general summary of the current Exchange Control positions in South Africa and is intended as a guide only and is therefore not comprehensive. Persons who are in any doubt as to the position in any particular case should consult their independent professional advisers. Please note that the Company is not responsible for obtaining any Exchange Control consents that any investor may need to obtain.

The Exchange Control Regulations are used principally to control capital movements by South African residents to countries outside the CMA and are administered by FinSurv. In broad terms, all foreign currency transactions of South African residents are subject to the Exchange Control Regulations.

FinSurv has approved the secondary inward-listing of the Company on the Main Board of the JSE. The Shares in the Company therefore constitute approved inward-listed instruments and will be classified as domestic assets for Exchange Control purposes.

Accordingly, South African resident investors may trade the Shares on the JSE without having recourse to their foreign portfolio allowances. In line with the Exchange Control approval obtained from the FinSurv, the subscription for, or purchase of, Shares and the trade in Shares may only be done in terms of the Exchange Control Regulations. If there is a change in applicable laws and regulations and, in particular, Exchange Control policy and regulation, there is no guarantee that South African resident investors will be able to do so in future.

In terms of the approval by FinSurv of the secondary inward-listing of the Shares on the Main Board of the JSE, all dividends and any other distributions declared and paid by the Company to South African Resident Shareholders are required to be remitted by the Company to a specially designated account in South Africa and paid to South African Resident Shareholders in Rand, at the then prevailing exchange rate. Any requests to issue the Shares or other securities to South African Resident Shareholders in lieu of a cash dividend will be subject to the prior approval of FinSurv, and if such prior approval is not obtained by the Company, South African Resident Shareholders may not be entitled to participate in any such issue of the Shares or other securities.

A summary of the specific Exchange Control considerations in relation to South African individuals, South African corporates and trusts, non-residents of the CMA and Emigrants in terms of the Exchange Control Regulations is set out below.

### **2.1 South African individuals**

South African individuals (excluding Emigrants) are permitted to invest and deal with inward-listed instruments on the exchange operated by the JSE without restriction.

### **2.2 South African corporates and trusts**

South African companies, trusts, partnerships and banks are permitted to invest and deal with inward-listed instruments on the exchange operated by the JSE without restriction.

Institutional investors (comprising of, inter alia, retirement funds, long-term insurers, collective investment scheme management companies and investment managers who have registered with FinSurv as institutional investors for Exchange Control purposes) and Authorised Dealers are permitted to invest in and deal with inward-listed instruments on the exchange operated by the JSE without affecting their permissible foreign portfolio investment allowances or foreign exposure limits.

### **2.3 Non-residents of the CMA**

A person who is not a resident of the CMA, including an Emigrant not using funds from their emigrant's capital account ("**ECA**"), should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the offer to be made in terms of the Rights Issue.

Non-residents (excluding Emigrants) are permitted to invest in and deal with inward-listed instruments on the exchange operated by the JSE without restriction.

Any share certificates issued to non-residents of South Africa will be endorsed "Non-Resident" in accordance with the Exchange Control Regulations.

All uncertificated Shares issued will be credited directly to the Shareholder's non-resident share account held by its duly appointed CSDP. The CSDP or broker through whom the Company's Shareholders have dematerialised their Shares will ensure that they adhere to the South African Exchange Control Regulations.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Shares, as the case may be, in terms of this document, emanating from a person who is not a resident of the CMA will be returned (subject to compliance with the Exchange Control Regulations).

### **2.4 Emigrants from the CMA**

Emigrants may hold shares on the exchange operated by the JSE and, after the "Non-Resident" endorsement has been annotated (if certificated), the securities will be forwarded to the Authorised Dealer controlling the remaining assets of the Emigrant concerned. All uncertificated Shares issued will be credited directly to the Shareholder's Emigrant share account at the CSDP controlling the

Emigrant's remaining share portfolio. The CSDP or broker through whom the Company's Shareholders have dematerialised their shares will ensure that they adhere to the Exchange Control Regulations.

Emigrants may use funds from their ECA to subscribe for Shares in terms of this document. All payments in respect of subscriptions for Shares by Emigrants using funds from their ECAs must be made through the Authorised Dealer controlling their remaining assets.

New Shares issued in respect of Shares subscribed for by Emigrants with funds from their ECAs in terms of this document will be credited to those Emigrants' share accounts at the CSDP controlling their remaining portfolios.

New Shares issued in certificated form in respect of New Shares subscribed for with funds from an ECA in terms of this document will be endorsed "Non-Resident" in accordance with the Exchange Control Regulations and will be placed under the control of the Authorised Dealer through which the payment was made.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for New Shares, as the case may be, in terms of this document, emanating from an ECA, will be returned, in terms of the Exchange Control Regulations, to the Authorised Dealer administering that ECA, for credit to that ECA.

Former residents of the CMA who have emigrated may not use funds from their ECAs to acquire shares listed on the London Stock Exchange.

## Section C—US Taxation

### 1. Introduction

The following is a summary of certain US federal income tax consequences of the receipt, exercise and disposition of Nil Paid Rights or Fully Paid Rights (together, “**Rights**”) pursuant to the Rights Issue, as well as the acquisition, ownership and disposition of New Shares by a US Holder (as defined below). This summary deals only with US Holders that receive Rights in the Rights Issue and will hold the Rights and New Shares as capital assets, within the meaning of Section 1221 of the US Internal Revenue Code of 1986, as amended (the “**Code**”). The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the receipt, exercise and disposition of Rights or the acquisition, ownership or disposition of New Shares by particular investors (including consequences under the alternative minimum tax or net investment tax), and does not address state, local, non-US or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly or indirectly or by attribution) 10% or more of the stock of the Company (by vote or value), nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the New Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes or investors whose functional currency is not the US dollar).

As used herein, the term “**US Holder**” means a beneficial owner of Rights or New Shares that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised under the laws of the United States or any State thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner or other owner of an entity or arrangement treated as a partnership or other pass-through entity for US federal income tax purposes that holds Rights or New Shares will depend on the status of the partner (or other owner) and the activities of the entity. Prospective purchasers that are entities or arrangements treated as partnerships or other passthrough entities for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and to their partners (or other owners) of the acquisition, ownership, exercise and disposition of Rights or New Shares by the entity.

The summary assumes that the Company is not a PFIC for US federal income tax purposes, which the Company believes to be the case. The Company’s possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders. See “*Passive Foreign Investment Company Considerations*” below.

This summary is based on the tax laws of the United States, including the Code, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and the United Kingdom (the “**Treaty**”), all as in effect of the date hereof and all subject to change at any time, possibly with retroactive effect.

**THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY SHAREHOLDER OR PROSPECTIVE SHAREHOLDER AND NO OPINION OR REPRESENTATION WITH RESPECT TO THE US FEDERAL INCOME TAX CONSEQUENCES TO ANY SUCH SHAREHOLDER OR PROSPECTIVE SHAREHOLDER IS MADE. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE RIGHTS AND NEW SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFIT OF THE TREATY, THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**



## **2. Taxation in respect of Rights**

### **2.1 Nil Paid Rights**

#### **2.1.1 Receipt of Nil Paid Rights**

The tax consequences of the receipt of Nil Paid Rights by a US Holder are not free from doubt. In particular, it is not clear whether the sale of Rights by the Underwriters, and the remittance of the proceeds from that sale to certain holders whose Nil Paid Rights were not taken up, should be treated as a sale and distribution by the Company, or as a distribution of Nil Paid Rights by the Company and a subsequent sale of those Nil Paid Rights by the relevant holders. If the sale and distribution were considered to be made by the Company, then the receipt of Nil Paid Rights would be taxable to US Holders as a dividend to the extent of the Company's current or accumulated earnings and profits, as described below under "*Taxation in Respect of New Shares—Dividends*". However, based on the particular facts relating to the Nil Paid Rights and the sale of Nil Paid Rights by the Underwriters, the Company believes it is proper to take the position that a US Holder is not required to include any amount in income for US federal income tax purposes as a result of the receipt of the Nil Paid Rights. It is possible that the US Internal Revenue Service (the "**IRS**") will take a contrary view and require a US Holder to include in income the fair market value of the Nil Paid Rights on the date of their distribution. The remainder of this discussion assumes that the receipt of the Nil Paid Rights will not be a taxable event for US federal income tax purposes.

If, on the date of distribution, the fair market value of Nil Paid Rights is less than 15% of the fair market value of the Existing Shares with respect to which Nil Paid Rights are received, Nil Paid Rights will be allocated a zero tax basis unless the US Holder affirmatively elects to allocate its tax basis in the Existing Shares with respect to which the Nil Paid Rights are received between those Existing Shares and the Nil Paid Rights received in proportion to their relative fair market values determined on the date of distribution. This election must be made in the US Holder's timely filed US federal income tax return for the taxable year in which Nil Paid Rights are received, in respect of all Nil Paid Rights received by the US Holder, and is irrevocable.

If, on the date of distribution, the fair market value of Nil Paid Rights is 15% or more of the fair market value of the Existing Shares with respect to which the rights are received, then, except as discussed below under "*Expiration of Nil Paid Rights*", the basis in the US Holder's Existing Shares must be allocated between the Existing Shares and Nil Paid Rights received in proportion to their fair market values determined on the date of distribution.

#### **2.1.2 Sale or other disposition of Nil Paid Rights**

Upon a sale or other disposition of Nil Paid Rights, including a sale of Nil Paid Rights by the Underwriters, a US Holder will generally recognise capital gain or loss equal to the difference, if any, between the US dollar value of the amount realised (as determined on the date of the sale or other disposition) and the US Holder's adjusted tax basis in the Nil Paid Rights. Any gain or loss will generally be US source, and will be long-term capital gain or loss if the US Holder's holding period in the Nil Paid Rights exceeds one year. A US Holder's holding period in the Nil Paid Rights will include the holding period in the Existing Shares with respect to which the Nil Paid Rights were distributed.

#### **2.1.3 Expiration of Nil Paid Rights**

If a US Holder allows the Nil Paid Rights to expire without selling or exercising them and does not receive any proceeds, the holder will not recognise any loss upon the expiration of the Nil Paid Rights, and any basis previously allocated to the Nil Paid Rights will revert back to the Existing Shares with respect to which those Nil Paid Rights were distributed.

#### **2.1.4 Exercise of Nil Paid Rights**

A US Holder will not recognise taxable income upon the receipt of Fully Paid Rights pursuant to the exercise of Nil Paid Rights. A US Holder's basis in the Fully Paid Rights will equal the sum of the US dollar value of the exercise price determined at the spot rate on the date of exercise and the US Holder's basis, if any, in the Nil Paid Rights exercised to obtain the Fully Paid Rights. A US Holder's holding period in each Fully Paid Right will begin with and include the date of exercise of the Nil Paid Right.

### **2.1.5 Proceeds from sale by Underwriters**

The US federal income tax treatment of a US Holder that does not take up its Nil Paid Rights and receives sales proceeds from the Underwriters pursuant to paragraph 8 of Part X (*Terms and Conditions of the Rights Issue*) of this document is not free from doubt. Generally, such a US Holder will be treated either as having sold the Nil Paid Rights (as described above) or as having exercised the Nil Paid Rights and sold the New Shares. A US Holder that is treated as having sold the New Shares will recognise a short-term capital gain or loss as described below under “*Taxation in Respect of New Shares—Sale or Other Disposition*”, regardless of the holding period of the Nil Paid Rights. US Holders that receive amounts in respect of lapsed Nil Paid Rights should consult their own tax advisers regarding the US federal income tax treatment of such amounts.

## **2.2 Fully Paid Rights**

### **2.2.1 Sale or Other Disposition of Fully Paid Rights**

Upon a sale or other disposition of Fully Paid Rights, a US Holder will recognise capital gain or loss equal to the difference, if any, between the US dollar value of the amount realised (as determined on the date of the sale or other disposition) and the US Holder’s adjusted tax basis in the Fully Paid Rights. Any such capital gain or loss will generally be US source short-term capital gain or loss.

### **2.2.2 Receipt of New Shares**

A US Holder will not recognise taxable income upon the receipt of New Shares subscribed for or acquired through Fully Paid Rights. A US Holder’s basis in the New Shares will equal the US Holder’s basis in the Fully Paid Rights with respect to which the New Shares were subscribed for or acquired. A US Holder’s holding period in a New Share received will begin with and include the date of exercise of the underlying Nil Paid Right.

## **3. Taxation in respect of New Shares**

### **3.1 Dividends**

#### **3.1.1 General**

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes), before reduction for any UK withholding tax paid by the Company with respect to PIDs will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder’s basis in the New Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to New Shares will be reported as ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company will generally be taxable to a non-corporate US Holder at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, which the Company believes to be the case. A US Holder will be eligible for this reduced rate only if it has held the New Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. A US Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See “*Passive Foreign Investment Company Considerations*” below.

#### **3.1.2 Foreign Currency Dividends**

Dividends paid in pounds sterling will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the pounds sterling are converted into US dollars at that time. If dividends received in pounds sterling are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend

income. A US Holder may have foreign currency gain or loss if the dividend is converted into US dollars after the date of its receipt.

### **3.1.3 Effect of UK Withholding Taxes**

As discussed in Section A—UK Taxation of this Part XIX (*Taxation*), under current law payments of PIDs by the Company to non-UK investors are subject to a 20% UK withholding tax. The rate of withholding tax applicable to US Holders that are eligible for benefits under the Treaty in respect of these PIDs is reduced to a maximum of 15%. For US federal income tax purposes, US Holders will be treated as having received the amount of UK taxes withheld by the Company, and as then having paid over the withheld taxes to the UK taxing authorities. As a result of this rule, the amount of dividend income included in gross income for US federal income tax purposes by a US Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the US Holder from the Company with respect to the payment.

A US Holder will generally be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for UK income taxes withheld by the Company. An election to deduct foreign taxes (instead of claiming foreign tax credits) applies to all foreign taxes paid or accrued in the taxable year. US Holders that are eligible for benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any UK taxes withheld in excess of the applicable treaty rate, and with respect to which the holder is entitled to obtain a refund from the UK taxing authorities.

For purposes of the foreign tax credit limitation, foreign source income is classified into “baskets”, and the credit for foreign taxes on income in any basket is limited to US federal income tax allocable to that income. Dividends paid by the Company generally will constitute foreign source income in the “passive category income” basket. If a US Holder receives a dividend from the Company that qualifies for the reduced rate described above under “Dividends-General”, the amount of the dividend taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. In certain circumstances, a US Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a dividend if the US Holder has not held the Shares for at least 16 days in the 31-day period beginning 15 days before the ex-dividend date.

US Holders that are accrual basis taxpayers, and who do not otherwise elect, must translate UK tax amounts into US Dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all US Holders must translate taxable dividend income into US Dollars at the spot rate on the date received. This difference in exchange rates may reduce the US dollar value of the credits for UK taxes relative to the US Holder’s US federal income tax liability attributable to a dividend. However, cash basis and electing accrual basis US Holders may translate UK taxes into US Dollars using the exchange rate in effect on the day the taxes were paid. Any such election by an accrual basis US Holder will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the IRS.

The rules governing foreign tax credits are complex. US Holders should consult their tax advisers concerning the foreign tax credit implications of the payment of UK taxes.

### **3.2 Sale or other disposition**

Upon a sale or other disposition of New Shares, a US Holder generally will recognise US source capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder’s adjusted tax basis in the New Shares. This capital gain or loss will be long-term capital gain or loss if the US Holder’s holding period in the New Shares exceeds one year. The deductibility of capital losses is subject to limitations. However, regardless of a US Holder’s actual holding period, any loss may be long-term capital loss to the extent the US Holder receives a dividend that qualifies for the reduced rate described above under “Dividends—General”, and exceeds 10% of the US Holder’s basis in its New Shares.

The amount realised on a sale or other taxable disposition of New Shares for an amount in foreign currency will be the US dollar value of that amount on the settlement date of the sale or other taxable disposition in the case of a cash basis US Holder, or the trade date in the case of an accrual basis US Holder. On the settlement date, an accrual basis US Holder will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to any difference between the US dollar value

of the amount received based on the exchange rates in effect on the trade date and the settlement date. However, in the case of New Shares traded on an established securities market, accrual basis US Holders may elect to determine the US dollar value of the amount realised on the sale or other taxable disposition of the New Shares based on the exchange rate in effect on the settlement date, and no exchange gain or loss will be recognised on that date.

### **3.3 Disposition of Foreign Currency**

Foreign currency received on the sale or other disposition of a New Share will have a tax basis equal to its US dollar value on the settlement date. Any gain or loss recognised on a sale or other disposition of a foreign currency (including upon exchange for US dollars) will be US source ordinary income or loss.

### **3.4 Passive Foreign Investment Company Considerations**

Based on the manner in which the Company currently operates its business, the Company does not believe that it is currently a PFIC for US federal income tax purposes, and it does not expect to become a PFIC in the foreseeable future. However, the Company's possible status as a PFIC must be determined annually and will depend on the composition of the Company's income and assets and the value of its assets from time to time and therefore such status may be subject to change. In addition, the characterisation of the rental income and associated assets of the Company and its subsidiaries for PFIC purposes will depend on the manner in which the Company and its subsidiaries' employees continue to manage their assets and therefore, such characterisation is subject to uncertainty and there is no assurance that it will not change. The Company has not undertaken to determine whether it was a PFIC in prior years. If the Company were to be treated as a PFIC for any year in which a US Holder of New Shares held an equity interest in the Company, and unless a valid mark-to-market election is made, the US Holder could be required (i) to pay a special US addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of New Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. If the Company were a PFIC for any taxable year, similar rules would apply to distributions by, and sale of shares of, any lower-tier subsidiaries that are also PFICs. Additionally, dividends paid by the Company would not be eligible for the special reduced rate of tax described above under "*Dividends—General*" if the Company were a PFIC in the year the dividend was paid or the immediately preceding year. Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

### **3.5 Backup Withholding and Information Reporting**

Payments of dividends and other proceeds with respect to New Shares, by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is timely furnished to the IRS.

### **3.6 Transfer Reporting Requirements**

If persons who take up the Nil Paid Rights or the Fully Paid Rights hold at least 80% of the New Shares immediately after the Rights Issue, a US Holder who exercises Nil Paid Rights or Fully Paid Rights may be required to file Form 926 with the IRS if the purchase, when aggregated with all transfers of cash or other property made by the US Holder (or any related person) to the Company within the preceding 12 month period, exceeds US\$100,000 (or its equivalent). In certain circumstances, a US Holder that receives cash from the Underwriters may be deemed to have exercised its Rights and, thus, to have transferred cash to the Company. See "*Taxation in Respect of Rights*". Accordingly, US Holders should consult their own tax advisors with respect to whether they should file Form 926. A US Holder who fails to file any such required form could be required to pay a penalty equal to 10% of the gross amount paid for the New Shares (subject to a maximum penalty of

US\$100,000, except in cases of intentional disregard). US Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the New Shares.

### **3.7 Foreign Financial Asset Reporting**

US Holders are subject to reporting requirements on the holding of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds US\$50,000 at the end of the taxable year or US\$75,000 at any time during the taxable year. The thresholds are higher for individuals living outside of the United States and married couples filing jointly. The New Shares are expected to constitute foreign financial assets subject to these requirements unless the New Shares are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). US Holders should consult their tax advisers regarding the application of this legislation.

### **3.8 Medicare Tax**

US Holders who are individuals, estates or trusts with modified adjusted gross income that exceeds certain thresholds (US\$250,000 for individuals filing jointly, US\$200,000 for single individuals) will be subject to a Medicare tax of 3.8% on their investment income, net of deductions properly allocable to such income, above such thresholds. This tax will be in addition to any US federal income tax imposed on US Holders with respect to amounts received that constitute investment income for this purpose. US Holders should consult their tax advisers regarding the application of this tax.

## PART XX

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company, the Directors and the Proposed Director, whose names appear in paragraphs 1 and 2 of Part XIII (*Directors, Proposed Director, Senior Managers and Corporate Governance*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

#### 2. Incorporation and registered office

The Company was incorporated and registered in England and Wales on 17 April 1940 as a private company limited by shares with the name Associated City Investment Trust Limited and the registered number 360632. On 28 June 1954, the Company changed its name to Hammerson Property and Investment Trust Limited. On 12 March 1982, the Company re-registered as a public company and adopted the name Hammerson Property and Investment Trust Public Limited Company. The Company further changed its name by special resolution to Hammerson Property Investment and Development Corporation Public Limited Company on 28 June 1982 and later to Hammerson plc on 21 March 1994.

The principal legislation under which the Company operates, and pursuant to which the Shares have been created, and the New Shares, the Intermediate Shares and the Consolidated Shares will be created, is the Companies Act 2006 and the regulations made thereunder.

The Company is domiciled in the United Kingdom. Its head office, registered office and principal place of business is at Kings Place, 90 York Way, London, N1 9GE, United Kingdom. The telephone number of the Company's registered office is +44 (0) 20 7887 1000 and its Legal Entity Identifier is 213800G1C9KKVVDN1A60.

The Company's website is [www.hammerson.com](http://www.hammerson.com). The information on the Company's website does not form part of this document unless it has been incorporated by reference into this document, as set out in Part XXI (*Documentation Incorporated by Reference*) of this document.

#### 3. Organisational structure

The Company is the ultimate holding company of the Group.

##### 3.1 Group

Hammerson's principal subsidiaries and associated undertakings as at 30 June 2020 (each of which are considered by Hammerson to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position or the profits and losses of the Group) are as follows:

<u>Name of subsidiary undertaking</u>	<u>Country of incorporation</u>	<u>Proportion of voting rights held (%)</u>
Hammerson International Holdings Limited . . . . .	UK	100
Hammerson UK Properties plc . . . . .	UK	100
Hammerson Group Management Limited . . . . .	UK	100
Grantchester Holdings Limited . . . . .	UK	100
Brent Cross Partnership . . . . .	UK	41
Bristol Alliance Limited Partnership . . . . .	UK	50
The Bull Ring Limited Partnership . . . . .	UK	50
Highcross Leicester Limited Partnership . . . . .	UK	50
Hammerson Operations Limited . . . . .	UK	100
The Oracle Limited Partnership . . . . .	UK	50
Hammerson (Value Retail Investments) Limited . . . . .	UK	100
Union Square Developments Limited . . . . .	UK	100
The West Quay Limited Partnership . . . . .	UK	50
VIA Limited Partnership . . . . .	UK	50
Hammerson Company Secretarial Limited . . . . .	UK	100

<b>Name of subsidiary undertaking</b>	<b>Country of incorporation</b>	<b>Proportion of voting rights held (%)</b>
Hammerson Employee Share Plan Trustees Limited . . . . .	UK	100
Hammerson Group Limited . . . . .	UK	100
Hammerson Pension Scheme Trustees Limited . . . . .	UK	100
Hammerson Share Option Scheme Trustees Limited . . . . .	UK	100
Hammerson Via No 1 Limited . . . . .	UK	100
Hammerson Via No 2 Limited . . . . .	UK	100
Grand Central Limited Partnership . . . . .	UK	50
Hammerson (Leeds Investments) Limited . . . . .	UK	100
Croydon Limited Partnership . . . . .	UK	50
Whitgift Limited Partnership . . . . .	UK	50
Hammerson Victoria Quarter Unit Trust . . . . .	Jersey	100
Silverburn Unit Trust . . . . .	Jersey	50
Hammerson SAS . . . . .	France	100
Hammerson Holding France SAS . . . . .	France	100
Hammerson Centre Commercial Italie SAS . . . . .	France	100
Dundrum Retail Limited Partnership . . . . .	Ireland	50
Hammerson Europe BV . . . . .	Netherlands	100

#### **4. Share capital**

##### **4.1 History of Hammerson's share capital**

As at 1 January 2017, being the first day covered by the audited financial statements incorporated by reference into this document, the issued share capital of Hammerson was 793,188,451 Shares of £0.25 each. Save as disclosed below, during the six months ended 30 June 2020 and the three years ended 31 December 2019, 31 December 2018 and 31 December 2017, there has been no issue of share capital of the Company fully or partly paid either for cash or other consideration and no share capital of any member of the Group is under option or agreed, conditionally or unconditionally, to be put under option.

<b>Date and description</b>	<b>Number of ordinary shares (nominal value of £0.25 each)</b>
<b>As at 30 June 2020 . . . . .</b>	<b>766,293,613</b>
<b>As at 31 December 2019 . . . . .</b>	<b>766,293,613</b>
Issued under employee share plans . . . . .	841
Bought back by the Company under a share buyback . . . . .	(59,400)
<b>As at 31 December 2018 . . . . .</b>	<b>766,352,172</b>
Issued under employee share plans . . . . .	24,677
Bought back by the Company under a share buyback . . . . .	(27,898,923)
<b>As at 31 December 2017 . . . . .</b>	<b>794,226,418</b>
Issued under employee share plans . . . . .	37,967
Issued to offshore employee benefit trust . . . . .	1,000,000

##### **4.2 Existing Shareholder authorities**

It was resolved by the existing Shareholders at the Company's AGM held on 28 April 2020 that:

- the Directors are authorised to allot shares that are equity securities (within the meaning of section 560(1) of the Companies Act 2006) up to an aggregate amount representing approximately one third of the issued share capital of Hammerson;
- up to a further amount representing approximately a further third of the issued share capital of Hammerson, provided they are offered by way of a rights issue to shareholders of ordinary shares;
- the pre-emption rights are disapplied to permit Directors to allot shares up to an aggregate nominal value representing 5% of the nominal amount of the total issued share capital of the Company for use on an unrestricted basis and to allot additional shares up to an aggregate

nominal value representing 5% of the nominal amount of the total issued share capital of the Company for use only in connection with an acquisition or specified capital investment;

- the allotment authority shall expire on the earlier of (i) the 2021 AGM of Hammerson renewing this authority; or (ii) 28 July 2021.

#### **4.3 Shareholder authorities to be proposed at the General Meeting**

As set out in the Notice of General Meeting at the end of this document, Hammerson intends to ask its shareholders at the General Meeting to pass the following Resolutions:

##### **Disposal**

- *Resolution 1 (ordinary resolution)*: to approve the Disposal, which constitutes: (1) a Class 1 transaction pursuant to the Listing Rules; and (2) a related party transaction pursuant to the Listing Rules, by reason of APG being a related party because it is a substantial shareholder in the Company, on the terms set out in the Sale Agreement, and to authorise the Directors to make any such non-material amendments, waivers or extensions to the terms of the Disposal or the Sale Agreement which they in their absolute discretion consider necessary, appropriate or desirable to implement the Disposal and to take all steps and to do all things which they consider necessary or desirable to implement the Disposal;

##### **Rights Issue**

- *Resolution 2 (ordinary resolution)*: to grant the Board authority to allot the New Shares for cash for the purposes of the Rights Issue pursuant to Section 551 of the Companies Act 2006;
- *Resolution 3 (special resolution)*: to grant the Board power to allot the New Shares pursuant to the authority requested under the resolution described in Resolution 2 above, which shall represent 2400.0% of the Shares in issue as at the Latest Practicable Date, as if the strict pre-emption rights in Section 561 of the Companies Act 2006 did not apply;

##### **Capital Reorganisation**

- *Resolution 4 (ordinary resolution)*: to: (1) subdivide each Existing Share of 25 pence in issue on the Capital Reorganisation Record Date into one Intermediate Share of 1 penny, carrying the same rights and obligations as the Existing Shares, save as to nominal value, and one Deferred Share of 24 pence, having the rights and being subject to the restrictions set out in the Company's Articles of Association, as amended; and (2) consolidate every 5 Intermediate Shares of 1 penny into 1 Consolidated Share of 5 pence, having the same rights and obligations as the Existing Shares, save as to nominal value; and
- *Resolution 5 (special resolution)*: to grant the Board authority to amend the Company's Articles of Association to set out the rights and restrictions attaching to the Deferred Shares.

#### **4.4 Issued share capital**

##### **4.4.1 Latest Practicable Date**

The issued fully paid up share capital of the Company, as at the Latest Practicable Date, is as follows:

<u>Class</u>	<u>Number</u>	<u>Nominal value per share</u>
Ordinary shares . . . . .	766,293,613	£0.25

##### **4.4.2 Immediately following the Capital Reorganisation**

The issued fully paid up share capital of the Company immediately following completion of the Capital Reorganisation (assuming that no other Shares are issued between the Latest Practicable Date and completion of the Capital Reorganisation) is expected to be as follows:

<u>Class</u>	<u>Number</u>	<u>Nominal value per share</u>
Ordinary shares . . . . .	153,258,722	£0.05



The Company proposes to purchase the Deferred Shares and cancel them immediately after their creation.

#### **4.4.3 Immediately following the Rights Issue**

The issued fully paid up share capital of the Company immediately following completion of the Rights Issue (assuming that 3,678,209,328 New Shares are issued in connection with the Rights Issue and no other Shares are issued between the Latest Practicable Date and completion of the Rights Issue) is expected to be as follows:

<u>Class</u>	<u>Number</u>	<u>Nominal value per share</u>
Ordinary shares . . . . .	3,831,468,050	£0.05

#### **4.5 Details of the Shares**

The New Shares and the Consolidated Shares will, when issued, be in registered form and, subject to the provisions of the CREST Regulations and Strate, the Directors may permit the holding of New Shares and Consolidated Shares in uncertificated form and title to the New Shares and the Consolidated Shares may be transferred by means of a relevant system (as defined in the CREST Regulations) and uncertificated Shares on the SA Register will be transferred by means of the Strate system.

Where the Shares are held in certificated form, share certificates will be sent to the registered share owners by first class post in respect of Shareholders on the UK Register and by registered post in respect of Shareholders on the SA Register.

The New Shares which are subject to the Rights Issue will be provisionally allotted (nil paid) to Qualifying Shareholders by a resolution of a committee of the Board in accordance with English Law.

The New Shares will have the same rights in all respects as the Existing Shares (including the right to receive all dividends and other distributions declared after the date of their issue). The Deferred Shares will have no dividend rights. It is anticipated that the Deferred Shares will be acquired by the Company and cancelled immediately following UK Consolidated Share Admission.

No temporary documents of title have been or will be issued in respect of the New Shares, the Intermediate Shares, the Deferred Shares or the Consolidated Shares.

The Shares are currently listed on the premium listing segment of the Official List and traded on the LSE's Main Market for listed securities. The Shares have a secondary inward listing, and are traded, on the Main Board of the JSE under the abbreviated name Hammerson plc and the trading code HMN.

No application has been made or is currently intended to be made by Hammerson for the New Shares to be admitted to listing or trading on any other exchange.

The Shares are, and the New Shares and the Consolidated Shares will be, ordinary shares in registered form and denominated in sterling and South African Rand.

The ISIN for the Nil Paid Rights will be GB00BK7YQL71, the ISIN for the Fully Paid Rights will be GB00BK7YQM88, the ISIN for the Consolidated Shares will be GB00BK7YQK64 and the ISIN for the Letters of Allocation will be GB00BMCZL472.

There are no acquisition rights or obligations in relation to the issue of any Shares in the capital of the Company or an undertaking to increase the capital of the Company.

There are no convertible securities, exchangeable securities or securities with warrants in the Company, save in respect of the Employee Share Schemes. Information on the Employee Share Schemes is set out in paragraph 12 of this Part XX (*Additional Information*) below.

Rights attaching to the Shares are summarised in paragraph 5 of this Part XX (*Additional Information*) below.

Other than in connection with the Rights Issue and Admission, no commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of the Company.

#### 4.6 History of Hammerson's dividends

On 30 March 2020, the Board announced that, given the significant uncertainty about the duration of the COVID-19 pandemic, it was no longer appropriate to recommend the final dividend of 14.8 pence per share for the year ended 31 December 2019 and the resolution relating to the proposed 2019 final dividend would consequently not be put to a shareholder vote at the Company's AGM held on 28 April 2020. Information on the Company's dividend policy is set out in paragraph 15 of Part VIII (*Chair's Letter*) of this document.

<u>Year ended 31 December</u>	<u>Type</u>	<u>Amount</u>	<u>Payment date</u>
2019 . . . . .	Final	—	—
	Interim	11.1p	07/10/2019
2018 . . . . .	Final	14.8p	02/05/2019
	Interim	11.1p	08/10/2018
2017 . . . . .	Final	14.8p	26/04/2018
	Interim	10.7p	09/10/2017

#### 5. Rights attached to Shares

The rights attaching to the New Shares and the Consolidated Shares will, once issued, be uniform in all respects and they will form a single class for all purposes, including with respect to voting, pre-emption rights and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Subject to the provisions of the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to the holders of Shares in the capital of the Company in proportion to their holdings. On a show of hands, every shareholder who is present in person shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote per ordinary share held by it. Except as provided by the rights and restrictions attached to the Shares, upon Admission, shareholders will under law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. See Paragraph 6.2 of this Part XX.

The Deferred Shares, which will be created on the Sub-division becoming effective, will have no voting or dividend rights and will not carry any entitlement to receive notice of any general meeting of the Company or to attend, speak or vote at any general meeting of the Company. The holders of the Deferred Shares will not have any right to participate in any distribution of the Company's assets on a winding up or other distribution except that, after the return of the nominal amount paid up on all Shares and the distribution of £500,000,000,000, there shall be distributed amongst the holders of the Deferred Shares an amount equal to the nominal value of the Deferred Shares. The Deferred Shares will not be listed on the Official List or admitted to trading on the LSE, the JSE or any other investment exchange.

Under the terms of the Deferred Shares, the Company has the ability to:

- buy back the Deferred Shares for aggregate consideration of £0.01; and/or
- transfer all of the Deferred Shares to the secretary of the Company for nil consideration,

in each case without obtaining the sanction of the holder or holders of the Deferred Shares.

The Company proposes to purchase the Deferred Shares and cancel them immediately after their creation.

#### 6. Memorandum and Articles of Association

The Memorandum of Association and Articles of Association are available for inspection as described in paragraph 26 of this Part XX.

The Articles of Association, which were adopted pursuant to a special resolution on 25 April 2017, contain (among others) provisions to the following effect:

##### 6.1 Share Capital

###### 6.1.1 Liability of members

The liability of the members is limited to the amount, if any, unpaid on the shares held by them. (*Article 3*)

### **6.1.2 Further issues and rights attaching to shares**

Without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, if the Company has not so determined, as the directors may determine. *(Article 4)*

### **6.1.3 Changes to the share capital**

The Company may by ordinary resolution:

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- classify any unclassified shares;
- sub-divide its shares, or any of them, into shares of smaller amount than its existing shares; and

determine that, as between the shares resulting from such a sub-division, any of the shares may have any preference or advantage as compared with the others. *(Article 47)*

### **6.1.4 Redemption of shares**

Any share may be issued which is or is to be liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such share. *(Article 5)*

## **6.2 Rights attaching to the shares of the Company**

### **6.2.1 Dividends**

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members but no dividends shall exceed the amount recommended by the directors. The directors may pay interim dividends or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. If the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights. *(Article 136, 137, 139)*

Except as otherwise provided by the Articles of Association or the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion(s) of the period in respect of which the dividend is paid. *(Article 136)*

A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of specific assets and, where any difficulty arises in regard to the distribution, the directors may settle the same as they think fit. *(Article 145)*

The directors may, with the authority of an ordinary resolution of the Company, offer any holders of ordinary shares the right to elect to receive new ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the directors) of any dividend specified by the ordinary resolution. *(Article 146)*

Notwithstanding any other provision of the Articles of Association, but without prejudice to the rights attached to any shares, the Company or the directors may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. *(Article 147)*

No dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share. *(Article 141)*

The Company has the power to pay dividends solely by means of electronic transfer, or such other method that the directors deem appropriate, to an account nominated by the holder of the shares. *(Article 143)*

The Company may cease to send any payment in respect of any dividend payable in respect of a share if:

- in respect of at least two consecutive dividends payable on that share, the cheque or warrant has been returned undelivered or remains uncashed (or another method of payment has failed); or
- in respect of one dividend payable on that share, the cheque or warrant has been returned undelivered or remains uncashed, or another method of payment has failed, and reasonable enquiries have failed to establish any new address or account of the recipient; or
- a recipient does not specify an address, or does not specify an account of a type prescribed by the directors, or other details necessary in order to make a payment of a dividend by the means by which the directors have decided in accordance with the Articles of Association that a payment is to be made, or by which the recipient has elected to receive payment, and such address or details are necessary in order for the Company to make the relevant payment in accordance with such decision or election,

but, subject to the Articles of Association, the Company may recommence sending cheques or warrants or using another method of payment for dividends payable on that share if the person(s) entitled so request and have supplied in writing a new address or account to be used for that purpose. *(Article 143)*

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company. *(Article 142)*

### **6.2.2 Voting rights**

Subject to any rights or restrictions attached to any shares:

- on a show of hands:
  - every member who is present in person has one vote;
  - every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote, except that if the proxy has been duly appointed by more than one member entitled to vote and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he has one vote for and one vote against the resolution; and
  - every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to;
- on a poll every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made; and
- a member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. *(Article 72)*

For the purposes of determining which persons are entitled to attend or vote at a general meeting and how many votes such persons may cast, the Company may specify in the notice convening the meeting a time, not more than 48 hours before the time fixed for the meeting (not including any part of a day that is not a working day), by which a person must be entered on the register in order to have the right to attend or vote at the meeting. *(Article 73)*

In the case of joint holders, the vote of the joint holder whose name appears first on the register of members in respect of the joint holding shall be accepted to the exclusion of the votes of the other joint holders. *(Article 74)*

No member shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid. *(Article 76)*

### 6.2.3 *Transfer of the Shares*

A share in certificated form may be transferred by an instrument of transfer which may be in any usual form or in any other form approved by the directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. A share in uncertificated form may be transferred by means of the relevant system concerned. The transfer may not be in favour of more than four transferees. *(Articles 32, 33)*

In their absolute discretion and without giving any reasons the directors may refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is listed on the Official List such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The directors may also refuse to register a transfer of a share in certificated form (whether fully paid or not) unless the instrument of transfer:

- is lodged, duly stamped, at the registered office of the Company or such other place as the directors may appoint and is accompanied by the certificate for the share to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
- is in respect of only one class of share; and
- is not in favour of more than four transferees.

The directors may refuse to register a transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse to register the transfer under the Uncertificated Securities Regulations. *(Articles 34, 35, 36)*

If the directors refuse to register a transfer of a share, they shall send the transferee notice of that refusal with reasons for the refusal within two months after the date on which the transfer was lodged with the Company (in the case of a transfer of a share in certificated form) or the date on which the operator-instruction was received by the Company (in the case of a transfer of a share in uncertificated form which will be held thereafter in certificated form). The directors shall send such further information about the reasons for the refusal to the transferee as the transferee may reasonably request. *(Article 37)*

No fee shall be charged for the registration of any instrument of transfer of other document or instruction relating to or affecting the title to any share. *(Article 38)*

### 6.2.4 *Distribution of assets on a winding-up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability. *(Article 175)*

### 6.2.5 *Restrictions on rights: failure to respond to a section 793 notice*

If a member, or any other person appearing to be interested in shares held by that member, fails to provide the information requested in a notice given to him/her under section 793 of the Companies Act 2006 by the Company in relation to his/her interest in shares (the “**Default Shares**”) within 14 days from the date of giving the notice, sanctions shall apply, unless the directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class or on any poll; and where the Default Shares represent at least 0.25% of their class (excluding treasury shares) also the withholding of any dividend payable in respect of those shares and the restriction of the transfer of any shares (subject to certain exceptions). *(Article 45)*

### 6.2.6 *Untraced members*

The Company shall be entitled to sell any share held by a member, or any share to which a person is entitled by transmission (including in consequence of the death or bankruptcy of the member or otherwise by operation of law), if

- for a period of 12 years, no cheque or warrant or other method of payment for amounts payable in respect of the share sent and payable in a manner authorised by the Articles of Association has been cashed or effected and no communication has been received by the Company from the member or person concerned;
- during that period the Company has paid at least three dividends (whether interim or final) and no such dividend has been claimed by the member or person concerned;
- the Company has, after the expiration of that period, sent a notice to the registered address or last known address of the member or person concerned of its intention to sell such share and, before sending such a notice, the Company is satisfied that it has taken such steps as it considers reasonable in the circumstances to trace the member or person entitled, including engaging, if considered appropriate in relation to such share, a professional asset reunification company or other tracing agent; and
- the Company has not during the further period of three months following the date of publication of the advertisements (or, if published on different dates, the later or latest of them) and prior to the sale of the share received any communication from the member or person concerned.

No trust or duty to account shall arise and no interest shall be payable in respect of the proceeds of sale and any money earned on the proceeds of sale may be kept by the Company and used in the business of the Company or invested in any way that the directors may from time to time decide. *(Article 46)*

If on three consecutive occasions notices, documents or information sent or supplied to a member have been returned undelivered, the member shall not be entitled to receive any subsequent notice, document or information until he has supplied to the Company (or its agent) a new registered address, or a postal address within the United Kingdom, or shall have informed the Company of an electronic address. *(Article 169)*

### **6.3 Variation of rights**

If the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied, either while the Company is a going concern or during or in contemplation of a winding up in such manner (if any) as may be provided by those rights or if there are no such provisions either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (not including any treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders such shares.

To every such separate meeting the provisions of the Articles of Association relating to general meetings shall apply, except that the quorum for any such meeting shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (excluding treasury shares). At an adjourned meeting the quorum shall be, one person holding shares of the class in question (excluding treasury shares) or his proxy. *(Article 8)*

Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall be deemed not to be varied by the purchase by the Company of any of its own shares or the holding of such shares in treasury. *(Article 9)*

### **6.4 Substantial Shareholders**

The Company may become subject to an additional tax charge if it pays a distribution to, or in respect of a Substantial Shareholder. For these purposes a “**Substantial Shareholder**” is a corporate shareholder that is:

- beneficially entitled, directly or indirectly, to 10% or more of the Company’s distributions;
- beneficially entitled, directly or indirectly, to 10% or more of the Company’s share capital; or
- controls, directly or indirectly, 10% or more of the voting rights of the Company.

For these purposes “**corporate shareholder**” includes any body corporate and certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double tax agreements.

This tax charge will not be incurred where the Company has taken reasonable steps to avoid paying such distributions. Therefore, the Company and the Board are empowered by the Company's Articles of Association to:

- (i) require that a Substantial Shareholder notify the Company of its Substantial Shareholding;
- (ii) prohibit the payment of distributions on shares that form part of a Substantial Shareholding, until the Company is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend;
- (iii) allow distributions to be paid on shares that form part of a Substantial Shareholding where the Substantial Shareholder has disposed of its rights to distributions on its shares; and
- (iv) ensure that if a distribution is paid on shares that form part of a Substantial Shareholding and arrangements of the kind referred to in (iii) are not met, the Substantial Shareholder concerned does not become beneficially entitled to that distribution.

In the event that a distribution is in fact paid to a Substantial Shareholder and a tax charge is incurred by the Company as a result, the Substantial Shareholder shall pay the amount of such tax charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. In certain circumstances the Company also has the power to require the disposal of shares forming part of a Substantial Shareholding.

References in this Part XX to a “**Substantial Shareholding**” are to the shares in respect of which a Substantial Shareholder is entitled to distributions, directly or indirectly, and/or to which a Substantial Shareholder is beneficially entitled, directly or indirectly; and/or the votes attached to which are controlled, directly or indirectly, by the Substantial Shareholder.

## **6.5 Directors of the Company**

### **6.5.1 Appointment**

Unless the Company determines otherwise by ordinary resolution, the number of directors (disregarding alternate directors) shall not be less than three. (*Article 87*)

Subject to the provisions of the Articles of Association, the Company may by ordinary resolution appoint a person who is willing to act as a director, and is permitted by law to do so, to be a director, either to fill a vacancy or as an additional director. (*Article 102*)

The directors may appoint a person who is willing to act as a director, and is permitted by law to do so, to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed as the maximum number of directors. A director so appointed shall retire at the next AGM notice of which is first given after his appointment and shall then be eligible for reappointment. (*Article 103*)

Other than a director retiring at the meeting, no person shall be appointed or reappointed a director at any general meeting unless he is recommended by the directors or notice of the intention to propose such person for appointment or reappointment executed by a member qualified to vote on the appointment or reappointment is given to the Company not less than seven nor more than 42 days before the date appointed for holding the meeting. (*Article 104*)

### **6.5.2 Retirement**

At each AGM there shall, at least, retire from office all directors who held office at the time of each of the two preceding AGMs and who did not retire at either of them. (*Article 105*)

If the Company, at the meeting at which a director retires under any provision of the Articles of Association, does not fill the vacancy the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the director is put to the meeting and lost. If a director retiring at an AGM is not reappointed or deemed to have been reappointed, he shall retain office until the meeting elects someone in his place or, if it does not do so, until the close of the meeting. (*Article 107*)

### **6.5.3 Removal**

In addition to any power of removal under the Acts, the Company may remove a director before the expiration of his period of office by special resolution. *(Article 109)*

A person ceases to be a director as soon as:

- that person ceases to be a director by virtue of any provision of the Acts or is prohibited from being a director by law; or
- a bankruptcy order is made against that person; or
- a composition is made with that person's creditors generally in satisfaction of that person's debts; or
- notification is received from the Company from that person that he is resigning or retiring from his office as director, and such resignation or retirement has taken effect in accordance with its terms; or
- in the case of a director who holds any executive office, his appointment as such is terminated or expires and the directors resolve that he should cease to be a director; or
- that person is absent without permission of the other directors from meetings of the directors for more than six consecutive months and the other directors resolve that he should cease to be a director; or
- a notice in writing is served upon him, signed by all the other directors, stating that that person shall cease to be a director with immediate effect. *(Article 110)*

### **6.5.4 Powers of directors**

The business of the Company shall be managed by the directors who, subject to the provisions of the Articles of Association and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company. *(Article 113)*

The directors may appoint one or more of their number to the office of Chief Executive or to any other executive office of the Company and any such appointment may be made for such term, at such remuneration and on such other conditions as the directors think fit. Any such appointment shall terminate if he ceases to be a director but without prejudice to any claim for damages for breach of the contract of service between the director and the Company. *(Article 111)*

Subject to the provisions of the Articles of Association, the directors may delegate any of the powers which are conferred on them under the Articles of Association: to such person or committee; by such means (including by power of attorney); to such an extent; in relation to such matters or territories; and on such terms and conditions, as they think fit. *(Article 112)*

Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act and permitted by law to do so, to be an alternate director and may remove such an alternate director appointed from office. *(Article 91)*

An alternate director shall be entitled to receive notices of meetings of the directors, to attend and vote at any such meeting at which the director appointing him is not present and generally to perform all the functions of his appointer as director in his absence. *(Article 93)*

The Company may change its name by resolution of the directors. *(Article 174)*

### **6.5.5 Borrowing powers**

The directors shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (insofar as they can) that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Group (excluding intra group borrowings other than as specifically provided by the Articles of Association) shall not at any time, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to fifty times the aggregate of:

- the amount paid up, or credited as paid up, on the share capital of the Company (excluding any share capital presented as debt); and



- the total of any credit balance on the distributable and undistributable reserves of the Group, but excluding amounts attributable to outside shareholders in subsidiary undertakings of the Company and deducting any debit balance on any reserve,

all as shown in the latest audited consolidated balance sheet of the Group, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account or capital redemption reserve of the Company since the date of that balance sheet and further adjusted as the directors may reasonably consider to be appropriate to reflect any change since that date in the companies comprising the Group. *(Article 116)*

#### **6.5.6 Provisions for employees on cessation or transfer of business**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiary undertakings (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary undertaking. *(Article 119)*

#### **6.5.7 Voting at board meetings**

No business shall be transacted at any meeting of the directors unless a quorum is present and the quorum may be fixed by the directors. If the quorum is not fixed by the directors, the quorum shall be two. A director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate director, who is not himself a director shall if his appointer is not present, be counted in the quorum. *(Article 123)*

Questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall (unless he is not entitled to vote on the resolution in question) have a second or casting vote. *(Article 122)*

A resolution in writing agreed to by all the directors entitled to receive notice of a meeting of the directors and who would be entitled to vote (and whose vote would have been counted) on a resolution at a meeting of the directors shall (if that number is sufficient to constitute a quorum) be as valid and effectual as if it had been passed at a meeting of the directors, duly convened and held. *(Article 131)*

#### **6.5.8 Restrictions on voting**

Subject to the provisions of the Articles of Association, a director shall not vote at a meeting of the directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interests arises only because the case falls within one or more of the following sub-paragraphs:

- the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiary undertakings;
- the resolution relates to the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- the resolution relates to the giving to him of any other indemnity which is on substantially the same terms as indemnities given or to be given to all of the other directors or to the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other directors have been given or are to be given substantially the same arrangements;
- his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company for subscription, purchase or exchange;

- the resolution relates to a transaction or arrangement with any other company in which he is interested, directly or indirectly (whether as director or shareholder or otherwise), provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of that company and not entitled to exercise 1% or more of the voting rights available to members of the relevant company;
- the resolution relates to an arrangement for the benefit of any of the employees, directors, former employees or former directors of the Company or any of its subsidiary undertakings, or the members of their families or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to any director any privilege or advantage not generally accorded to the employees or former employees to whom the arrangement relates; and
- the resolution relates to the purchase or maintenance for any director or directors of insurance against any liability. (*Article 127*)

The Company may by ordinary resolution suspend or relax to any extent, in respect of any particular matter, any provision of the Articles of Association prohibiting a director from voting at a meeting of the directors or of a committee of the directors. (*Article 127*)

#### **6.5.9 Directors' interests**

Provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

- may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and
- may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested,

and (i) he shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate; (ii) he shall not infringe his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company as a result of any such office or employment or any such transaction or arrangement or any interest in any such body corporate; (iii) he shall not be required to disclose to the Company, or use in performing his duties as a director of the Company, any confidential information relating to such office or employment if to make such a disclosure or use would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with such office or employment; (iv) he may absent himself from discussions, whether in meetings of the directors or otherwise, and exclude himself from information, which will or may relate to such office, employment, transaction, arrangement or interest; and (v) no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. (*Article 100*)

The directors may authorise, to the fullest extent permitted by law, any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possible may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interests. They may also authorise, to the fullest extent permitted by law, a director to accept to continue in any office, employment or position in addition to his office as a director of the Company, and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with.

Such authorisation is only effective if any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director and the matter was agreed to without their voting (or would have been agreed to if their votes had not been counted). (*Article 101*)

#### **6.5.10 Directors' remuneration and expenses**

Until otherwise determined by the Company by ordinary resolution, there shall be paid to the directors who do not hold executive office (other than alternate directors) such fees for their services in the office of director as the directors may determine and, not exceeding in the aggregate an annual sum

of £1,000,000 or such larger amount as the Company may by ordinary resolution decide, divided between the directors as they may determine, or, failing such determination, equally. (*Article 89*)

Any director who serves on any committee of the directors or who devotes special attention to the business of the Company, or who otherwise performs services which the directors consider go beyond the ordinary duties of a director, may be paid such special remuneration by way of salary, participation in profits or otherwise as the directors may determine. (*Article 90*)

The directors may also be paid all their travelling, hotel and other expenses properly incurred by them in and about the business of the Company or otherwise in connection with the discharge of their duties as Directors including their expenses for travelling to and from meetings of the Directors or committee meetings or general meetings or separate meetings of the Holders of any class of shares. (*Article 89*)

#### **6.5.11 Directors' gratuities and benefits**

The directors may provide benefits, whether by the payment of allowances, gratuities or pensions, or by insurance or death, sickness or disability benefits or otherwise, for any director or any former director of the Company or of any body corporate which is or has been a subsidiary undertaking of the Company or a predecessor in business of the Company or of any such subsidiary undertaking, and for any member of his family (including a spouse or civil partner or a former spouse or former civil partner) or any person who is or was dependent on him and may (before as well as after he ceases to hold such office) contribute to any fund and pay premiums for the purchase or provision of any such benefit. (*Article 115*)

#### **6.5.12 Indemnity**

The Company may:

- indemnify to any extent any person who is or was a director, or a director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company;
- indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the company's activities as trustee of an occupational pension scheme; and
- purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

### **6.6 General Meetings**

The directors may call general meetings. If there are not sufficient directors to form a quorum in order to call a general meeting, any director may call a general meeting. If there is no director, any member of the Company may call a general meeting. (*Article 50*)

An annual general meeting and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed or permitted under the Acts. (*Article 51*)

The notice shall specify the place, the date and the time of meeting and the general nature of the business to be transacted, and in the case of an annual general meeting shall specify the meeting as such. Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting. Subject to the provisions of the Articles of Association and to any rights or restrictions attached to any shares, notices shall be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law and to the directors and auditors of the Company. Any notice to be given to a member may be given by reference to the register of members as it stands at any time within the period of 21 days before the notice is given; and no change in the

register after that time shall invalidate the giving of the notice. A member whose registered address is not within the United Kingdom shall not be entitled to receive any notice, document or information from the Company unless he gives the Company an address (not being an electronic address) within the United Kingdom at which notices, documents or information may be sent or supplied to him. *(Articles 52, 161, 162)*

Where, by reason of any suspension or curtailment of postal services, the Company is unable effectively to give notice of a general meeting or meeting of the holders of any class of shares, the board may decide that the only persons to whom notice of the affected general meeting must be sent are: the directors; the Company's auditors; those members to whom notice to convene the general meeting can validly be sent by electronic means and those members to whom notification as to the availability of the notice of meeting on a website can validly be sent by electronic means. *(Article 165)*

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member (including for this purpose two persons who are proxies or corporate representatives of the same member), shall be a quorum. *(Article 54)*

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. An appointment of proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor which in the case of a corporation may be either under its common seal or under the hand of a duly authorised officer or other person duly authorised for that purpose. Subject to the provisions of the Acts, any corporation (other than the Company itself) which is a member of the Company may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) any meeting of the Company, or at any separate meeting of the holders of any class of shares. The Company may require such person(s) to produce a certified copy of the resolution before permitting him to exercise his powers. The directors may (and shall if and to the extent that the Company is required to do so by the Acts) allow an appointment of proxy to be sent or supplied in electronic form subject to any conditions or limitations as the directors may specify. *(Articles 79, 80, 81)*

Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are members. *(Article 59)*

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is validly demanded. A poll on a resolution may be demanded either before a vote on a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared. A poll on a resolution may be demanded by:

- the chairman of the meeting;
- a majority of the directors present at the meeting;
- not less than five members having the right to vote at the meeting;
- a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting (excluding any voting rights attached to any shares in the Company held as treasury shares); or
- a member or members holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right (excluding any shares in the Company conferring a right to vote at the meeting which are held as treasury shares). *(Article 63)*

The directors may make arrangements for simultaneous attendance and participation by electronic means allowing persons not present together at the same place to attend, speak and vote at the meeting (including the use of satellite meeting places). The arrangements for simultaneous attendance and participation at any place at which persons are participating, using electronic means may include arrangements for controlling or regulating the level of attendance at any particular

venue provided that such arrangements shall operate so that all members and proxies wishing to attend the meeting are able to attend at one or other of the venues. (*Article 60*)

## **7. Proposed amendments to the Articles of Association**

Subject to the approval of the Shareholders at the General Meeting, and the passing of all of the other Resolutions at the General Meeting, the Articles of Association will be amended with effect from the passing of the Resolutions, as follows:

### **“DEFERRED SHARE RIGHTS**

177. The Deferred Shares of £0.24 each (the “**Deferred Shares**”) shall rank *pari passu* with each other but otherwise shall have the rights and be subject to the limitations and restrictions set out in Articles 178 to 184 as well as such further rights, limitations and restrictions (not being inconsistent with those set out in Articles 178 to 184) as may be determined by the board:

#### *Income*

178. The holders of the Deferred Shares shall not be entitled to participate in the profits of the Company (save as provided in Article 179) and shall not be entitled to any further or other right of participation in the assets of the Company.

#### *Capital*

179. The holders of the Deferred Shares shall not have any right to participate in any distribution of the Company's assets on a winding up or other distribution except that, after the return of the nominal amount paid up on all Ordinary Shares and the distribution of £500,000,000,000, there shall be distributed amongst the holders of the Deferred Shares an amount equal to the nominal value of the Deferred Shares.

#### *Voting and General Meetings*

180. The holders of the Deferred Shares shall not be entitled in respect of their holdings of such shares to receive notice of any general meeting or to attend, speak or vote at any general meeting.

#### *Limitations*

181. No Deferred Share shall:

- (1) be transferable at any time other than with the prior written consent of the directors and the directors shall have the right to refuse to register any transfer undertaken without their prior written consent; or
- (2) entitle its holder to receive a share certificate in respect of such shareholding, save as required by law.

#### *Transfer and Purchase*

182. The Company may at its option and is irrevocably authorised at any time after the creation of the Deferred Shares to authorise and instruct the secretary of the Company (or any other person appointed for the purpose by the directors) as agent for the holders of the Deferred Shares and, without obtaining the consent of such holders, to:

- (1) transfer all of the Deferred Shares to the secretary of the Company for aggregate nil consideration and to execute all documentation that such person may consider is necessary or desirable in connection with such transfer; and/or
- (2) transfer all of the Deferred Shares to the Company for an aggregate payment of £0.01 in respect of the total number of Deferred Shares being transferred or purchased and to execute all documentation that such person may consider is necessary or desirable in connection with such purchase of the Deferred Shares,

in each case without obtaining the sanction of the holder or holders thereof.

### *Rights attaching to Deferred Shares*

183. The rights attached to the Deferred Shares shall not be, or deemed to be, varied or abrogated by:

- (1) the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares;
- (2) any amendment or variation of the rights of any other class of shares of the Company;
- (3) the Company reducing its share capital or share premium; or
- (4) the redemption, surrender, purchase or cancellation of any share, whether a Deferred Share or otherwise,

nor by the passing by the members of the Company (or any class of them) of any resolution, whether in connection with any of the foregoing or for any other purpose, and accordingly no consent thereto by the holders of the Deferred Shares, or any of them, shall be required.

### *Cancellation*

184. The Company shall have the irrevocable authority to cancel any Deferred Share without making any payment to the holder and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to such Deferred Share.”

## **8. Directors’ and Senior Managers’ interests**

### **8.1 Other Directorships**

Save as set out below, none of the Directors or Senior Managers have been a member of any partnerships or held any directorships of any other company (other than subsidiaries of the company of which those persons are also directors), at any time in the last five years prior to the date of this document:

<u>Director/Senior Manager</u>	<u>Current directorships and partnerships</u>	<u>Previous directorships and partnerships held in the previous five years</u>
<b><u>Directors</u></b>		
David Tyler . . . . .	Allsop Place Management Limited Hampstead Theatre Limited  Domestic & General Insurance plc The White Company Holding Co Limited The White Company (U.K.) Limited TWC Delivery Company Limited	J Sainsbury plc Nightingale Hammerson Trustee Company Limited Burberry Group plc
David Atkins . . . . .	Whitbread plc Berkhamsted Schools Group Reading Real Estate Foundation Value Retail plc	Retail Evolution (REVO)
James Lenton . . . . .	—	AIG Holdings Europe Limited AIG Europe Limited <sup>(1)</sup> American International Group UK Limited Ascot Corporate Name Limited Ascot Employees Corporate Member Limited AIG Europe (Services) Limited AIG Israel Insurance Company Ltd Chartis Excess Limited <sup>(4)</sup> AIG Central Europe & CIS Insurance Holdings Corporation AIG PC European Insurance Investments Inc. AIG Europe Holdings Limited <sup>(2)</sup>

Director/Senior Manager	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
Pierre Bouchut . . . . .	Albioma SA Firmenich SA GeoPost SA GVC Holdings plc  Société Dunieroise de Belgique Bouchut	Koninklijke Ahold Delhaize N.V. La Rinascente SpA Qualium Investissement Lombard Odier Asset Management (Switzerland) SA
Méka Brunel . . . . .	Gecina Métropole du Grand Paris EPRA FSIF Fondation Palladio ORIE college Investisseurs Institut du capitalisme responsable France GBC	Ivanhoé Cambridge Europe HSBC PG Poste Immo Crédit Foncier de France ORIE
Gwyn Burr . . . . .	Just Eat Takeaway.com N.V. Metro AG  Ingleby Farms and Forests ApS Taylor Wimpey plc	Wembley National Stadium Limited Financial Ombudsman Service Limited Sainsbury's Bank plc DFS Furniture plc Just Eat Limited
Desmond de Beer . . . . .	Beaulieu College Properties (Pty) Ltd Kyalami Preparatory Holdings (Pty) Ltd Jutlander Investments (Pty) Ltd Optimprops 3 (Pty) Ltd Resilient REIT Limited Resilient 1 (Pty) Ltd Resilient 2 (Pty) Ltd Resilient 3 (Pty) Ltd Resilient 4 (Pty) Ltd Resilient 5 (Pty) Ltd Resilient 6 (Pty) Ltd Resilient Properties (Pty) Ltd Resilient Africa Managers (Pty) Ltd Resilient Africa (Pty) Ltd Irene Mall (Pty) Ltd Resilient International (Pty) Ltd Pure Diamond Investments Pty (Ltd) Lighthouse Capital Limited New Europe Property Investments plc	Hollyrood Investments (Pty) Ltd  Kyalami Preparatory School (Pty) Ltd Resilient 7 (Pty) Ltd NEPI Rockcastle plc
Andrew Formica . . . . .	Jupiter Fund Management plc The Investment Association Investment 2020 CIC <sup>(2)</sup>	Asset Management Holdings <sup>(1)</sup> G.I.L. Nominees Limited <sup>(1)</sup> Gartmore Capital Management Limited <sup>(1)</sup> Gartmore Group Limited Gartmore Investment Limited Gartmore Investment Management Limited Gartmore Investment Services Limited Gartmore Securities Limited <sup>(1)</sup> Gartmore US Limited <sup>(1)</sup> Henderson Administration Limited Henderson Alternative Investment Advisor Limited

<u>Director/Senior Manager</u>	<u>Current directorships and partnerships</u>	<u>Previous directorships and partnerships held in the previous five years</u>
		Henderson Asset Management Limited Henderson Equity Partners Limited Henderson Finances <sup>(1)</sup> Henderson Fund Management Limited Henderson Global Group Limited Henderson Global Investors (Holdings) Limited Henderson Global Investors (International Holdings) B.V. Henderson Global Investors Geneva Finance Limited Henderson Global Investors Limited Henderson Group Holdings Asset Management Limited Henderson Holdings Group Limited Henderson Holdings Limited Henderson Nominees Limited Henderson UK Finance Limited <sup>(1)</sup> HGI (Investments) Limited HGI Asset Management Group Limited HGI Group Limited Janus Henderson Group plc New Star Asset Management (Bermuda) Limited New Star Asset Management Group Limited New Star Institutional Managers Holdings Limited <sup>(1)</sup> New Star International Investment Products Limited <sup>(1)</sup> Oxford Acquisition III Limited <sup>(1)</sup>
Adam Metz . . . . .	Morgan Stanley Middle Market Lending Fund Hirshhorn Museum and Sculpture Garden	Forest City Enterprises Georgetown Heritage
Carol Welch . . . . .	Odeon Cinemas Limited Digital Cinema Media Limited UK Cinema Association Limited United Cinemas International (UK) Limited ABC Cinemas Limited Odeon Cinemas (RL) Limited	—
<b><u>Senior Managers</u></b>		
Simon Betty . . . . .	Five Kensington Place Limited	Cupra Limited
Mark Bourgeois . . . . .	Pentagon Apartments Management Company Limited	Alhambra One Limited <sup>(4)</sup> Alhambra Two Limited <sup>(4)</sup> Ashley Centre One Limited <sup>(4)</sup> Ashley Centre Two Limited <sup>(4)</sup> Association of Town Centre Management Capital & Regional (Abertawe) Limited <sup>(4)</sup> Capital & Regional (Mall GP) Limited



Director/Senior Manager	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
		Capital & Regional (Projects) Limited
		Capital & Regional Earnings Limited
		Capital & Regional Hemel Hempstead (Jersey) Limited <sup>(3)</sup>
		Capital & Regional Holdings Limited
		Capital & Regional Income Limited <sup>(2)</sup>
		Capital & Regional Jersey Limited
		Capital & Regional plc
		Capital & Regional Property Management Limited
		Capital & Regional UK Properties Limited <sup>(4)</sup>
		Centurion (Parc Tawe I) Limited
		Green-Sinfield Limited
		Howgate One Limited <sup>(4)</sup>
		Howgate Two Limited <sup>(4)</sup>
		Howgate Three Limited <sup>(4)</sup>
		Howgate Four Limited <sup>(4)</sup>
		Lancaster Court (Hove) Limited
		Liberty One Limited <sup>(4)</sup>
		Liberty Two Limited <sup>(4)</sup>
		Lower Grosvenor Place London One Limited
		Mallspace Limited <sup>(4)</sup>
		Mall Developments Limited <sup>(4)</sup>
		Mall Messages Limited <sup>(4)</sup>
		Mall Nominee One Limited
		Mall Nominee Two Limited
		Mall People Limited
		Mall Shopping Limited <sup>(4)</sup>
		Mall Ventures Limited
		R. Green Properties (Holdings) <sup>(4)</sup>
		Retail Evolution (Revo)
		Selborne One Limited
		Selborne Two Limited
		Slate Abbey Limited
		Snozone Leisure Limited
		The Mall (General Partner) Limited
		The Mall Company Limited <sup>(4)</sup>
		The Mall Facilities Management Limited <sup>(4)</sup>
		The Mall People Management Limited <sup>(4)</sup>
		The Mall Reit Limited
		The Mall Shopping Centres Limited
		The Mall Walthamstow One Limited
		The Mall Walthamstow Two Limited
		Trinity One Limited <sup>(4)</sup>
		Trinity Two Limited <sup>(4)</sup>
		Wood Green One Limited
		Wood Green Two Limited
Alice Darwall . . . . .	ECL Advisory Limited	Baroness Group Holdings Limited
		Baroness Retail Limited
		BF III Limited
		BF Properties (No.2) Limited
		BF Properties (No.3) Limited
		Blue Mountain Coffee (Europe) Limited

Director/Senior Manager	Current directorships and partnerships	Previous directorships and partnerships held in the previous five years
		Debenhams.com Limited Debenhams Card Handling Services Limited Debenhams Direct Limited Debenhams Finance Holdings Limited Debenhams Principles Limited Debenhams Retail (Ireland) Limited Jerimain Investments Limited Proximity Advisors Limited Sea Island Coffee Limited Sea Island Coffee Roasters Limited <sup>(4)</sup>
Jean-Philippe Mouton . . . . .	—	—

(1) Company has been dissolved following a members' voluntary liquidation.

(2) Company is currently in liquidation.

(3) Company has been converted/closed.

(4) Company has been dissolved following a voluntary strike-off.

## 8.2 Interests of Directors and Senior Managers in the share capital of Hammerson

Save as disclosed in this paragraph 8.2, none of the Directors, Senior Managers nor their immediate families or connected persons have any interests (beneficial or non-beneficial) in the share capital of the Group or its subsidiaries.

Save as disclosed in this paragraph 8.2 and paragraph 14 of this Part XX, no other person involved in the Admission has an interest which is material to the Admission.

### 8.2.1 Share interests

The Directors and the Senior Managers have the following interests in Shares (including beneficial interests or interests of a person connected with a Director or a Senior Manager) as at the Latest Practicable Date, and expect to have the following interests immediately following Admission.

Director/Senior Manager	Interests as at the Latest Practicable Date <sup>(1)</sup>		Interests immediately following Admission <sup>(1)(2)</sup>	
	No.	% of total issued share capital	No.	% of total issued share capital
<b>Directors</b>				
David Tyler <sup>(3)</sup> . . . . .	127,370	0.017%	636,850	0.017%
David Atkins <sup>(4)</sup> . . . . .	827,481	0.108%	4,137,400	0.108%
James Lenton . . . . .	—	—	—	—
Pierre Bouchut <sup>(5)</sup> . . . . .	20,279	0.003%	101,375	0.003%
Méka Brunel <sup>(6)</sup> . . . . .	4,930	0.001%	24,650	0.001%
Gwyn Burr . . . . .	5,182	0.001%	25,900	0.001%
Desmond de Beer . . . . .	—	—	—	—
Andrew Formica <sup>(7)</sup> . . . . .	44,000	0.006%	220,000	0.006%
Adam Metz <sup>(8)</sup> . . . . .	93,071	0.012%	465,350	0.012%
Carol Welch <sup>(9)</sup> . . . . .	7,461	0.001%	37,300	0.001%
<b>Senior Managers</b>				
Simon Betty <sup>(10)</sup> . . . . .	28,181	0.004%	140,900	0.004%
Mark Bourgeois <sup>(11)</sup> . . . . .	75,880	0.010%	379,400	0.010%
Alice Darwall <sup>(12)</sup> . . . . .	565	—	2,825	—
Jean-Philippe Mouton <sup>(13)</sup> . . . . .	466,156	0.061%	2,330,775	0.061%

(1) Based on the total number of Existing Shares in issue at the Latest Practicable Date, which was 766,293,613 Shares of £0.25 each.

- (2) Assuming that each of the above Directors and Senior Managers takes up his or her rights in full pursuant to the Rights Issue, 3,678,209,328 New Shares are issued in connection with the Rights Issue, there are no other changes to the holdings of the above Directors and Senior Managers and no other issues of Shares occur between the Latest Practicable Date and Admission.
- (3) This includes 2,370 shares owned by David Tyler's wife, Margaret Fingerhut. David Tyler's shares are held on his behalf by Interactive Investor Services Nominees Limited. Margaret Fingerhut's shares are held on her behalf by Interactive Investor Services Nominees Limited.
- (4) This includes 210,748 shares owned by David Atkins' wife, Susan Louise Atkins. Of David Atkins' shares, 600,298 are held on his behalf by Platform Securities Nominees Limited and 16,435 are held on his behalf through the Hammerson SIP by Equiniti Share Plan Trustees Limited. Susan Louise Atkins' shares are held on her behalf by Platform Securities Nominees Limited.
- (5) Pierre Bouchut's shares are held on his behalf by ABN AMRO Global Nominees Limited.
- (6) Méka Brunel's shares are held on her behalf within a Société Générale custodial account.
- (7) Andrew Formica's shares are held on his behalf by Hargreaves Lansdown (Nominees) Limited.
- (8) Adam Metz's shares are held on his behalf by Vidacos Nominees Limited.
- (9) Carol Welch's shares are held on her behalf by Halifax Share-dealing Ltd.
- (10) Simon Betty's shares are held on his behalf through the Hammerson SIP by Equiniti Share Plan Trustees Limited.
- (11) This includes 146 shares owned by Mark Bourgeois' daughter, Alice Bourgeois and 146 shares owned by Mark Bourgeois' daughter, Florence Bourgeois. Of Mark Bourgeois' shares, 24,805 are held on his behalf by Wealth Nominees Limited and 50,783 are held on his behalf by JMFinn Nominees Ltd. Alice Bourgeois' shares are held on her behalf by Hargreaves Lansdown Nominees Ltd. Florence Bourgeois' shares are held on her behalf by Hargreaves Lansdown Nominees Ltd.
- (12) This includes 50 shares owned by Alice Darwall's husband, Rupert Darwall. Alice Darwall's shares are held on her behalf by Hargreaves Lansdown Nominees Ltd. Rupert Darwall's shares are held on his behalf by JMFinn Nominees Ltd.
- (13) Jean-Philippe Mouton's shares are held on his behalf by Wealth Nominees Limited.

Taken together, the combined percentage interest of the Directors and the Senior Managers in voting rights in respect of the issued ordinary share capital of Hammerson at the Latest Practicable Date was approximately 0.2%.

Taken together, the combined percentage interest of the Directors and the Senior Managers in voting rights in respect of the issued ordinary share capital of Hammerson immediately following Admission is expected to be approximately 0.2%.

The Directors and the Senior Managers have no interest in the shares of Hammerson's subsidiaries.

### 8.2.2 Share awards

The Directors and the Senior Managers had the following options and awards relating to the Shares under the Employee Share Schemes, as described in paragraph 12.1 of this Part XX, as at the Latest Practicable Date.

Director/Senior Manager	Plan	Date of Original Grant/Award	Option Exercise Price (if any)	Number of Options/ Shares Outstanding <sup>(1)</sup>	Exercisable/Vesting Date
<b>Directors</b>					
David Atkins . . .	2016 LTIP	24 March 2016	£0.00	24,625 <sup>(2)</sup>	April 2020 – March 2023
	2017 LTIP	3 April 2017	£0.00	255,105	April 2021 – April 2024
	2018 LTIP	6 March 2018	£0.00	323,836	March 2023 – March 2025
	2019 LTIP	5 March 2019	£0.00	372,660	March 2024 – March 2026
	2020 DBSS	10 March 2020	£0.00	112,219	10 March 2022 – 10 March 2027
	2017 3 Year UK Sharesave	23 March 2017	£4.70	765	May 2020 – October 2020
	2019 3 Year UK Sharesave	1 April 2019	£3.0728	4,686	May 2022 – October 2022
James Lenton . . .	2019 LTIP	20 September 2019	£0.00	79,801	September 2024 – September 2026
	2020 DBSS	10 March 2020	£0.00	17,928	10 March 2022 – 10 March 2027

Director/Senior Manager	Plan	Date of Original Grant/Award	Option Exercise Price (if any)	Number of Options/ Shares Outstanding <sup>(1)</sup>	Exercisable/Vesting Date
<b>Senior Managers</b>					
Simon Betty . . .	2020 DBSS	10 March 2020	£0.00	30,185	10 March 2022 – 10 March 2027
	2018 RSP	27 March 2018	—	12,781	27 March 2021
	2019 RSP	26 March 2019	—	30,152	26 March 2022
	2020 3 Year UK Sharesave	25 March 2020	£1.6688	10,786	May 2023 – October 2023
Mark Bourgeois .	2019 DBSS	5 March 2019	£0.00	6,885	5 March 2021 – 5 March 2026
	2020 DBSS	10 March 2020	£0.00	24,715	10 March 2022 – 10 March 2027
	2018 RSP	27 March 2018	—	24,459	27 March 2021
	2019 RSP	26 March 2019	—	37,087	26 March 2022
	2020 3 Year UK Sharesave	25 March 2020	£1.6688	10,786	May 2023 – October 2023
Jean-Philippe Mouton . . . . .	2017 LTIP	3 April 2017	—	148,951	April 2021
	2018 LTIP	6 March 2018	—	196,949	March 2022 <sup>(3)</sup>
	2019 DBSS	5 March 2019	£0.00	12,804	5 March 2021 – 5 March 2026
	2020 DBSS	10 March 2020	£0.00	40,472	10 March 2022 – 10 March 2027
	2019 French Scheme	26 March 2019	—	21,758	26 March 2021

(1) Includes shares/options originally awarded plus any dividend equivalents subsequently added.

(2) Figure includes the number of options outstanding following the lapse of 224,114 options on the vesting date (28 April 2020).

(3) Award is subject to a one year holding period post-vesting which means the shares will not be delivered until March 2023.

### 8.3 Confirmations and conflicts of interest

#### 8.3.1 Confirmations

Save as disclosed under paragraph 8.1 of this Part XX, at the date of this document, none of the Directors or the Senior Managers has during at least the previous five years prior to the date of this document:

- any convictions in relation to fraudulent offences;
- been a member of the administrative, management, supervisory body or senior management of a company associated with any bankruptcies, receiverships or liquidations or a company been put into administration; or
- been subject to any official public incrimination or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships between any of the Directors or the Senior Managers.

#### 8.3.2 Conflicts of interest

Save as disclosed below, none of the Directors or the Senior Managers have any actual or potential conflicts of interest between any duties they owe to Hammerson and any private interests or other duties he or she may also have.

Potential conflicts of interest between a Director's duties to the Group and his or her private interests and/or other duties arise from:

- David Tyler's directorship of The White Company Holding Co Limited, and The White Company's relationship with Hammerson as tenant;

- Pierre Bouchut's directorship of GVC Holdings plc, and a group company of GVC Holdings plc's (Ladbrokes Gaming & Betting Limited) relationship with Hammerson as tenant;
- Desmond de Beer's directorship of Lighthouse Capital Limited, and Lighthouse Capital Limited's relationship with Hammerson as shareholder;
- Andrew Formica's directorship of Jupiter Fund Management plc, and Jupiter Fund Management plc's fund managers investing in Hammerson's shares; and
- David Atkins' directorship of Value Retail plc, and VREH's (as a sponsor level entity in the Value Retail group) entry into a term loan agreement dated 19 July 2012 (as amended and restated from time to time) as borrower with Hammerson as lender.

### 8.3.3 Transactions with Directors and Senior Managers

No Director or Senior Manager has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or which is, or was, significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year, or during any earlier financial year, and remains in any respect outstanding or underperformed.

There are no outstanding loans granted by the Company or any Group company to any of the Directors or Senior Managers nor has any guarantee been provided by the Company or any Group company for their benefit.

### 8.3.4 Director appointment arrangements

There are no arrangements or understandings with major Shareholders, customers, suppliers or others pursuant to which any Director or Senior Manager was selected as a director or senior manager (as the case may be).

## 9. Summary of remuneration and benefits

A summary of the amount of remuneration paid to the Directors (including any contingent or deferred compensation) and benefits in kind granted for the year ended 31 December 2019 is set out in the table below. The Directors are categorised in their positions as at 31 December 2019 for these purposes.

On 25 March 2020, the Company announced that the Executive and Non-Executive Directors had asked that their salary and fee increases (set out in the Directors Remuneration Report included in the Hammerson Annual Report 2019 and due to take effect on 1 April 2020) be cancelled.

### 9.1 Executive Directors

Director	Salary (£)	Annual Bonus (AIP) (£)	Benefits (£)	LTIP (£)	Pension (£)	Total (£)
David Atkins . . . . .	655,000	522,000	18,000	73,000	197,000	1,465,000
James Lenton . . . . .	126,000	83,000	5,000	—	18,000	232,000
<b>Total . . . . .</b>	<b>781,000</b>	<b>605,000</b>	<b>23,000</b>	<b>73,000</b>	<b>205,000</b>	<b>1,697,000</b>

### 9.2 Chair and Non-Executive Directors

Director	Fees (£)	Benefits (£)	Total (£)
David Tyler . . . . .	346,000	—	346,000
Pierre Bouchut . . . . .	77,000	12,000	89,000
Méka Brunel . . . . .	5,000	2,000	7,000
Gwyn Burr . . . . .	91,000	—	91,000
Andrew Formica . . . . .	67,000	—	67,000
Adam Metz . . . . .	28,000	66,000	94,000
Carol Welch . . . . .	55,000	—	55,000
<b>Total . . . . .</b>	<b>669,000</b>	<b>80,000</b>	<b>749,000</b>

The aggregate total remuneration (including any contingent or deferred compensation) and benefits in kind paid or granted to the Senior Managers by the Company and its subsidiaries during the year ended 31 December 2019 was £1,674,091 (including the vesting of options and awards relating to the Shares under the Employee Share Schemes set out in paragraph 8.2.2 of this Part XX). The Company is not required to, and does not otherwise, disclose publicly remuneration for the Senior Managers on an individual basis.

## 10. Directors terms and conditions

### 10.1 Executive Directors

	<u>Date of appointment</u>	<u>Present expiry date</u>	<u>Notice period by Company (months)</u>	<u>Notice period by Director (months)</u>
David Atkins . . . . .	11 January 2008	—	12	6
James Lenton . . . . .	16 September 2019	—	12	12

David Atkins has a rolling service contract with no fixed expiry date, but in accordance with the requirements of the UK Corporate Governance Code, at the Company's AGM, each Director is subject to election or re-election by the shareholders.

David Atkins can terminate his service contract by giving 6 months' notice to the Company. The Company can terminate David Atkins' service contract by giving him 12 months' notice. On 27 May 2020, the Company announced that, with the agreement of the Board, David Atkins had decided to step down as Chief Executive of the Company and would remain in position until spring 2021 at the latest while the Board conducts a search for his successor.

James Lenton can terminate his service contract by giving 12 months' notice to the Company. The Company can terminate James Lenton's service contract by giving him 12 months' notice.

The Company can also elect to terminate an Executive Director's service contract by making a payment in lieu of notice ("**PILON**"). David Atkins' PILON would comprise base salary, the value of contractual benefits and a bonus based on the Executive Director's average bonus over the previous three years, pro-rated to reflect the part of the bonus year actually worked. James Lenton's PILON would comprise base salary and the value of benefits in respect of pension, private medical insurance and car allowance.

For David Atkins and James Lenton, the Company has discretion to make any PILON on a phased basis. In those circumstances, David Atkins and James Lenton would have a duty to use reasonable endeavours to secure other income during the notice period and the PILON would be reduced to take account of any income from alternative employment secured.

In the event that either of David Atkins' or James Lenton's service contract is terminated for cause (such as gross misconduct), the Company may terminate the service contract with immediate effect and no compensation amount would be payable.

### 10.2 Chair and Non-Executive Directors

	<u>Date of appointment</u>	<u>Present expiry date</u>	<u>Notice period by Company (months)</u>	<u>Notice period by Director (months)</u>
David Tyler . . . . .	12 January 2013 appointed to the board; 9 May 2013 appointed Chair	11 January 2022	3	3
Pierre Bouchut . . . . .	13 February 2015	12 February 2021	3	3
Méka Brunel . . . . .	1 December 2019	30 November 2022	3	3
Gwyn Burr . . . . .	21 May 2012	20 May 2021	3	3
Desmond de Beer . . . . .	15 June 2020	14 June 2023	3	3
Andrew Formica . . . . .	26 November 2015	25 November 2021	3	3
Adam Metz . . . . .	22 July 2019	21 July 2022	3	3
Carol Welch . . . . .	1 March 2019	28 February 2022	3	3

The Chair and the Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment. The letters of appointment of Non-Executive Directors are reviewed by the Chair and the Executive Directors every three years.

Appointments of Non-Executive Directors are for a term of three years, subject to the right of either party to terminate the appointment on not less than three months' notice or immediately should a conflict of interest arise. If any Non-Executive Director is not re-elected at the Company's AGM, the appointment will cease automatically.

On termination of an appointment, a Non-Executive Director is only entitled to such fees as may have accrued to the date of termination, together with the reimbursement in the normal way of any expenses properly incurred prior to that date.

### 10.3 Directors' indemnity

The Company provides indemnities to its Directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law (the "**Company Indemnities**"). As at the date of this document, such indemnities are in force in respect of the Directors, covering any charges, losses, liabilities, and damages, as well as any reasonable costs and expenses, that they may incur in or about the execution of their duties to the Company or to any parent undertaking or subsidiary undertaking of the Company (as such terms are defined in section 1162 of the Companies Act 2006), or as a result of duties performed by them on behalf of the Company or any such associated company.

As is customary, the Company has maintained director and officer liability insurance over an extended number of years. As a result of the disruption and effects of the COVID-19 pandemic and other factors, the Company has struggled to renew its director and officer liability insurance prior to the expiry date of 1 August 2020. Whilst it has recently secured a one-month extension of its current policy, which was set to expire on 1 August 2020, to 1 September 2020, the terms on which it will be able to renew coverage once this extension expires are uncertain.

On 5 August 2020, the Company undertook that it would set up a trust (the "**Trust**") for the benefit of the existing Directors and the Proposed Director (the "**Indemnified Persons**"), with Crestbridge Corporate Nominees Limited as the trustee, into which it will pay £21.4 million on or before 28 August 2020, unless prior to that date the Company is able to procure director and officer liability insurance that the existing Directors and the Proposed Director consider satisfactory such that the Trust is not required. The Company will continue to seek to put in place director and officer liability insurance on adequate terms. If established, to the extent that the Company is required to indemnify an Indemnified Person for a claim or liability covered by the Company Indemnities and such obligation is not satisfied by the Company or covered by director and officer liability insurance, the trustee will pay such available funds of the Trust to the Indemnified Person to satisfy the Company's obligation.

Any remaining funds in the Trust will be repaid to the Company at the latest either after 75 months, or if at such point there is an outstanding claim against the Indemnified Persons covered by the Company Indemnities, once such claim is resolved. The Trust can be terminated earlier, and the funds returned to the Company, in the event that the Company is able to procure insurance that the existing Directors and the Proposed Director consider satisfactory such that the Trust is no longer required.

## 11. Details of key individuals important to VIA Outlets

<u>Name</u>	<u>Position</u>
Otto Ambagtsheer . . . . .	Chief Executive Officer
Peter Stals . . . . .	Chief Financial Officer

## 12. Employee share schemes

### 12.1 Employee Share Schemes

Hammerson currently operates the following Employee Share Schemes:

- the Hammerson Restricted Share Scheme (the "**RSS**");
- the Hammerson Deferred Bonus Share Scheme (the "**DBSS**");
- the Hammerson 2016 Restricted Share Plan (the "**RSP**");

- the Hammerson 2016 French Free Share Award Scheme (the “**French Scheme**”).
- the Hammerson Savings-Related Share Option Scheme (the “**UK Sharesave**”);
- the Hammerson Irish Savings-Related Share Option Scheme (the “**Irish Sharesave**”); and
- the Hammerson Share Incentive Plan (the “**SIP**”).

Hammerson has also granted awards which remain outstanding under the following legacy Employee Share Schemes:

- the Hammerson 2017 Long Term Incentive Plan (the “**2017 LTIP**”); and
- the Hammerson 2007 Long Term Incentive Plan (the “**2007 LTIP**”, and together with the 2017 LTIP, the “**LTIPs**”).

At the Company’s AGM on 28 April 2020, Shareholders voted to approve the RSS, which has replaced the 2017 LTIP. No further awards will therefore be granted under the 2017 LTIP.

The RSS, DBSS and RSP are operated by the Remuneration Committee, with the other plans operated by the Board, usually acting by either the Remuneration Committee or another authorised sub-committee of the Board (the “**Committee**”).

The principal features of the Employee Share Schemes are summarised below. See also paragraph 8.2.2 of this Part XX for details in relation to awards held by the Directors under the Employee Share Schemes.

#### **12.1.1 Satisfying awards and dilution limits**

Options and awards under the RSS, 2017 LTIP, 2007 LTIP, UK Sharesave and Irish Sharesave can be satisfied by a new issue of Shares or by the transfer of Shares, either from treasury or using Shares purchased in the market in conjunction with the ESOP (a trust established by Hammerson with independent trustees based in Jersey). Awards under the SIP are satisfied by the trustees of the SIP trust, who can subscribe for new issue Shares or purchase Shares, either from treasury or in the market.

The following limits apply to the number of Shares that can be issued for the purposes of options and awards under these Employee Share Schemes:

- In any 10 year period, the number of Shares which may be issued under the RSS, the 2017 LTIP and the 2007 LTIP, and any other executive share or option scheme established by Hammerson, may not exceed 5% of the issued share capital of Hammerson from time to time.
- In any 10 year period, the number of Shares which may be issued under any employees’ share or option scheme established by Hammerson may not exceed 10% of the issued share capital of Hammerson from time to time.

Awards under the DBSS, RSP and French Scheme may not be satisfied using new issue Shares or treasury shares.

#### **12.2 Alterations to the Employee Share Schemes**

Under the RSS, LTIPs, UK Sharesave, Irish Sharesave and the SIP, the Committee may at any time alter the relevant plan (in the case of the SIP, with the trustees’ written consent and subject to certain further restrictions) provided that no alteration to the advantage of an individual participant shall be made to: (1) the provisions governing eligibility; (2) overall or individual limits; (3) the basis for determining the participant’s entitlement to Shares; (4) the ability to adjust on a variation of capital; and (5) the power of amendment, without the prior approval of Shareholders at a general meeting, save for minor alterations to benefit the administration of the relevant plan or to take account of a change in legislation to obtain or maintain favourable tax, exchange control or regulatory treatment.

Under the RSP, DBSS and the French Scheme, the Committee may at any time alter the relevant plan save that no alteration shall be made to the terms of subsisting awards to the material disadvantage of a participant unless a majority (in the case of the French Scheme by 75%) of all participants approve the alteration.



### **12.3 Terms common to the Hammerson Restricted Share Scheme, the Hammerson 2016 Restricted Share Plan and the Hammerson 2016 French Free Share Award Scheme**

#### **12.3.1 General**

Under the RSS and the RSP participants may be granted awards over Shares in the form of either nil-cost options or conditional awards. In addition, awards under the RSP may be granted in the form of forfeitable shares. Under the French Scheme, participants may be granted conditional awards.

#### **12.3.2 Eligibility**

Employees are eligible to participate in the RSS, RSP and the French Scheme at the discretion of the Committee. Executive Directors may participate in the RSS but not in the RSP or the French Scheme.

#### **12.3.3 Dividends and dividend equivalents**

To the extent an award vests, participants receive additional Shares equivalent to the dividends that would have been paid on the number of Shares that vest (calculated assuming notional reinvestment) between the grant of the award and the later of the vesting date and the expiry of the holding period (if any).

#### **12.3.4 Cessation of employment and change of control scenarios**

The rules contain provisions covering cessation of employment and change of control scenarios, including the application of time pro-rating (except under the French Scheme).

#### **12.3.5 Variation of capital**

On any variation of the share capital of Hammerson or a demerger, special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustments as it considers appropriate to the number of Shares comprised in an award and/or the exercise price payable.

### **12.4 The Hammerson Restricted Share Scheme**

#### **12.4.1 Individual limits**

Other than in exceptional circumstances, the maximum value of Shares that may be subject to an award to an individual in any financial year is 100% of the participant's annual base salary.

In exceptional circumstances, such as in relation to the retention or recruitment of an employee, the limit may be increased to 150% of annual base salary.

#### **12.4.2 Terms of awards**

Awards under the RSS are subject to continued employment for three to five years from grant. Awards vest as to one-third on each of the third, fourth and fifth anniversaries of the grant date, subject to ongoing employment and the satisfaction of a pre-set underpin relating to the underlying performance of the Group and delivery against its strategy and plans. A holding period will apply to awards granted to Executive Directors and when such holding period applies, vested awards will not be delivered and options will not be capable of exercise until the fifth anniversary of the date of grant.

#### **12.4.3 Performance underpin**

Awards are subject to an underpin set by the Committee each year that will reflect the underlying performance of the Hammerson Group and delivery against its strategy and plans generally over a three-year underpin period. Details of the underpin that will apply to awards granted to Executive Directors are disclosed in the Directors' Remuneration Report in the Annual Report.

#### **12.4.4 Malus and clawback**

In the event of a material correction of financial results, an error in assessing the satisfaction of a performance condition, an act or omission that would justify summary dismissal or the participant contributing to significant reputational damage to the Company, the Committee may, within periods specified in the rules, negatively adjust the award prior to vesting, negatively adjust or forfeit any other

outstanding award and/or require the participant to make a repayment of the amount subject to the clawback.

## **12.5 The Hammerson Restricted Share Plan**

### **12.5.1 Individual limits**

In the ordinary course, the maximum value of Shares that may be subject to an award to a participant in any financial year is 50% of the participant's annual base salary.

### **12.5.2 Terms of awards**

Awards under the RSP vest after three years. Awards are subject to continued employment but not to performance conditions.

### **12.5.3 Malus and clawback**

In the event that a participant commits an act or omission that would justify summary dismissal the Committee may, within periods specified in the RSP rules, negatively adjust any outstanding awards and/or require the participant to make a repayment of the amount subject to the clawback.

## **12.6 Hammerson French Free Share Award Scheme**

### **12.6.1 Terms of awards**

In the normal course, awards vest after two years, with the Shares which vest then being subject to a further holding period of two years.

Awards under the French Scheme are subject to continued employment. If applicable, the number of shares over which an award is granted may be subject to the prior achievement of specified performance conditions. The rules contain provisions covering cessation of employment and change of control scenarios.

### **12.6.2 Malus and clawback**

In the event that the Committee determines any Shares are received by a participant in error the Committee may negatively adjust any outstanding awards and/or require the participant to make a cash repayment of the amount subject to the clawback.

## **12.7 The Hammerson Deferred Bonus Share Scheme**

### **12.7.1 General**

Under the DBSS, participants may be granted awards over Shares in the form of nil-cost options. Awards represent the deferral of a proportion of bonuses earned under the Annual Incentive Plan ("Annual Incentive Plan") and/or any other bonus scheme which the Company may operate from time to time.

### **12.7.2 Eligibility**

Employees, including Executive Directors, are required to participate in the DBSS at the discretion of the Committee.

### **12.7.3 Terms of awards**

Awards under the DBSS vest after two years. Awards are subject to continued employment but not to any further achievement of performance conditions, as they represent deferral of previously earned bonuses. The DBSS rules contain provisions covering cessation of employment and change of control scenarios.

### **12.7.4 Dividends and dividend equivalents**

To the extent an award vests, participants receive additional Shares equivalent to the dividends that would have been paid on the number of Shares that vest (calculated assuming notional reinvestment).

#### **12.7.5 *Malus and clawback***

In the event of a material correction of financial results or other information used to assess the amount of the bonus that was subject to deferral, an error in assessing the amount of the bonus that was subject to deferral, an act or omission that would justify summary dismissal or the participant contributing to significant reputational damage, the Committee may, within periods specified in the rules, negatively adjust the award prior to vesting, negatively adjust or forfeit any other outstanding awards and/or require the participant make a repayment of the amount subject to the clawback.

#### **12.7.6 *Variation of capital***

On any variation of the Company's share capital or a demerger, special dividend or similar event, the Committee may make such adjustments as it considers appropriate to the number of Shares comprised in an award.

### **12.8 *The Hammerson Savings-Related Share Option Scheme***

#### **12.8.1 *General***

The UK Sharesave is an HM Revenue and Customs tax-advantaged scheme. Under the UK Sharesave, employees are granted options to acquire Shares using the proceeds of a monthly savings contract (currently of a minimum of £5 per month and a maximum of £500 per month) over a period of three or five years.

#### **12.8.2 *Eligibility***

The UK Sharesave is open to all employees of participating companies who meet any specified qualifying period of service.

#### **12.8.3 *Exercise price***

Participants are granted an option to acquire Shares at a price set at a discount of up to 20% of the market value of a Share at the date of invitation.

#### **12.8.4 *Terms of options***

In normal circumstances, at the end of their savings contract, participants may use the proceeds of that contract to exercise their option. The UK Sharesave rules contain provisions covering cessation of employment and change of control scenarios.

#### **12.8.5 *Variation of capital***

On any variation of the Company's share capital, the Committee may make such adjustments as it considers appropriate to the number of Shares in respect of which any option may be exercised and/or the exercise price, provided that the aggregate values of Shares under option and the aggregate exercise price remains substantially the same after such adjustment.

### **12.9 *The Hammerson Irish Savings-Related Share Option Scheme***

The Irish Sharesave is a tax-advantaged plan approved by the Irish Revenue Commissioners. The terms of the Irish Sharesave are materially similar to those of the UK Sharesave, which are described above at paragraph 12.8 of this Part XX above, adapted as necessary to reflect Irish tax legislation.

### **12.10 *The Hammerson Share Incentive Plan***

#### **12.10.1 *General***

The SIP is an HM Revenue and Customs tax-advantaged scheme. Under the SIP, employees may be awarded and/or acquire Shares which are held on behalf of the participant in a trust established by the Company.

#### **12.10.2 *Eligibility***

The SIP is open to all employees of participating companies who meet any specified qualifying period of service.

### 12.10.3 Form of awards

The SIP provides for awards to be made in one or more of the following ways:

- as free shares, which are nil-cost awards of Shares up to the statutory annual limit of (currently) £3,600;
- as partnership shares, which are Shares purchased by participants from deductions made from their pre-tax salary up to the statutory annual limit of (currently) £1,800, or 10% of employee's salary for the year if less;
- as matching shares, which are nil-cost awards of Shares made in proportion to the number of partnership shares acquired by the participant, up to a limit of two matching shares for each partnership share acquired; and/or
- as dividend shares, which are Shares acquired on behalf of the participant with dividends declared on the Shares held in the SIP trust.

### 12.10.4 Terms of awards

Under the SIP, free and matching shares are subject to a holding period of between three and five years and dividend shares are subject to a holding period of three years. Partnership shares, which are purchased by participants, are not subject to a holding period and may be withdrawn at any time. The Company may, but is not required to, specify restrictions on Shares held under the SIP (which may include forfeiture provisions applicable to free and/or matching shares).

### 12.10.5 Variation of capital

In the case of a variation of the Company's share capital, Shares held in the SIP will be treated in the same way as other Shares. In the event of a rights issue, participants will be able to direct the trustees of the SIP on how to act on their behalf.

### 12.11 Outstanding awards

As at the Latest Practicable Date, options and awards outstanding under each of the Employee Share Schemes were as follows:

<b>Employee Share Scheme</b>	<b>Number of Shares subject to options or awards</b>
RSS . . . . .	0
LTIPs . . . . .	1,580,225
DBSS . . . . .	350,503
RSP . . . . .	991,781
UK Sharesave . . . . .	704,103
Irish Sharesave . . . . .	66,480
SIP . . . . .	795,208
French Scheme . . . . .	99,283
<b>Total . . . . .</b>	<b>4,587,583</b>

### 12.12 The Hammerson Employee Share Ownership Plan

The ESOP was established on 26 May 2000 to operate in conjunction with Hammerson's share schemes and provides Hammerson with flexibility in the sourcing of Shares. The trustee of the ESOP is incorporated in Jersey and is non-resident for UK tax purposes. The trustee of the ESOP may be funded by way of contributions or loans made by the Company to purchase Shares in the market, to be used for the benefit of the beneficiaries of the ESOP. As at the Latest Practicable Date, 291,261 Shares were held in the ESOP, which may be used to satisfy awards made under the Employee Share Plans and other employee share incentive arrangements operated by the Company. The beneficiaries of the ESOP are the employees and former employees of the Group.

### 13. Pensions

Hammerson operates a number of retirement benefit arrangements for the benefit of officers and employees of the Group. These arrangements include:

- the UK funded approved Group Personal Pension Plan, which is a defined contribution pension scheme;
- Group Management Limited Pension & Life Assurance Scheme (the “**Pension Scheme**”). The Pension Scheme is funded and the funds, which are administered by trustees, are independent of the Group’s finances. The Pension Scheme was closed to new entrants on 31 December 2002 and was closed to future accrual for all participating employees on 30 June 2014; and
- three unfunded unapproved retirement Schemes. Two schemes provide pension benefits to two former executive directors of Hammerson and the other which meets pension commitment obligations to former US employees of the Group.

Executive Directors of the Group receive a salary supplement in lieu of pension benefits, and the Non-Executive Directors do not receive pension payments. Therefore the Group did not set aside any provision to provide pension, retirement or similar benefits in relation to the Directors in the Company’s last financial year, which ended 31 December 2019.

### 14. Significant shareholders

In so far as it is known to the Company as at the Latest Practicable Date, the following persons were directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company’s issued share capital:

Shareholder	Interest as at the Latest Practicable Date <sup>(1)</sup>		Interest immediately following Admission <sup>(1)(2)</sup>	
	No.	% of total issued share capital	No.	% of total issued share capital
APG Asset Management N.V. <sup>(3)</sup>	150,192,485	19.60%	750,962,425	19.60%
Lighthouse Capital Limited <sup>(4)</sup>	106,581,346	13.91%	532,906,725	13.91%
BlackRock Inc	67,737,815	8.84%	338,689,075	8.84%
Baillie Gifford & Co Ltd	43,278,005	5.65%	216,390,025	5.65%
Coronation Asset Managers (Pty) Limited	30,445,019	3.97%	152,225,075	3.97%
State Street Global Advisors Ltd	27,820,421	3.63%	139,102,100	3.63%
The Vanguard Group Inc	24,899,022	3.25%	124,495,100	3.25%
Legal & General Investment Management Ltd	24,715,593	3.23%	123,577,950	3.23%
Norges Bank Investment Management	23,954,135	3.13%	119,770,675	3.13%

(1) Based on the total number of Existing Shares in issue at the Latest Practicable Date, which was 766,293,613 Shares of £0.25 each.

(2) Assumes that each of the above Shareholders takes up its rights in full, 3,678,209,328 New Shares are issued in connection with the Rights Issue, there are no other changes to the holdings of the above Shareholders and no other issues of Shares occur between the Latest Practicable Date and Admission.

(3) Of these Shares: (i) 119,446,555 Shares are beneficially owned by participants in the APG Strategic Real Estate Pool (the “**APG Strategic Pool**”), with the legal title for such Shares held by Stichting Depositary APG Strategic Real Estate Pool (the “**Stichting Strategic Depositary**”); and (ii) 30,745,930 Shares are beneficially owned by participants in the APG Tactical Real Estate Pool (the “**APG Tactical Pool**”), with the legal title for such Shares held by Stichting Depositary APG Tactical Real Estate Pool (the “**Stichting Tactical Depositary**”). APG Asset Management N.V. manages the APG Strategic Pool and the APG Tactical Pool and APG Asset Management N.V. has the power to act generally on behalf of the Stichting Strategic Depositary and the Stichting Tactical Depositary.

(4) In addition, Lighthouse Capital Limited has an economic interest in 9,216,616 Existing Shares through derivatives.

Save as disclosed above, the Directors are not aware of any interest which will represent an interest in Hammerson’s share capital or voting rights which is notifiable under the Disclosure Guidance and Transparency Rules following Admission occurring.

So far as Hammerson is aware, on Admission, no person or persons, directly or indirectly, jointly or severally, will exercise or could exercise control over Hammerson.

There are no differences between the voting rights enjoyed by the shareholders described in this paragraph 14 above and those enjoyed by any other holder of Shares.

## **15. Mandatory bids and compulsory acquisition**

The Takeover Code is issued and administered by the Panel on Takeovers and Mergers. The Company is subject to the Takeover Code and therefore Shareholders are entitled to the protection afforded by the Takeover Code.

### **15.1 Mandatory bids**

Under Rule 9 of the Takeover Code (1) when a person acquires an interest in shares which (taken together with the shares in which he or she and persons acting in concert with him or her are interested) carry 30% or more of the voting rights of a company subject to the Takeover Code; or (2) where a person, together with persons acting in concert with him or her is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with him or her, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he or she is interested, then in either case, that person together with the person acting in concert with him or her, is normally required to extend offers in cash, at the highest price paid by him or her (or any persons acting in concert with him or her) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital of that company whether voting or non-voting and also to the holders of any other transferable securities carrying voting rights.

### **15.2 Squeeze-out**

Under the Companies Act 2006, if a “takeover offer” (as defined in section 974 of the act) is made for a company’s shares and the offeror were to acquire or unconditionally contract to acquire, not less than 90% in value of the shares to which the offer relates and not less than 90% of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10%. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their shares to which the offer relates and then, six weeks later, it would execute a transfer of the outstanding shares under the takeover offer in its favour and pay the consideration to the company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are acquired compulsorily under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

### **15.3 Sell-out**

The Companies Act 2006 also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90% of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares, on the terms of the offer or on such other terms as may be agreed.

## **16. Material contracts in respect of the Group**

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company or any member of the Group is a party, for the two years immediately preceding the date of publication of this document and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of

the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

### **16.1 Underwriting Agreement**

On 6 August 2020, the Company entered into the Underwriting Agreement with the Banks. Pursuant to the terms and conditions of the Underwriting Agreement:

- (excluding all of the 720,923,928 New Shares which are subject to the APG Irrevocable and 277,285,403 of the New Shares which are subject to the Lighthouse Irrevocable), the Joint Global Coordinators have severally agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers, or failing which, the Underwriters will themselves severally subscribe for their proportionate share of New Shares not taken up under the Rights Issue or will procure sub-Underwriters to do so, in each case, at the UK Issue Price or the SA Issue Price (as applicable); and
- the Company has also appointed J.P. Morgan Cazenove, Lazard and Morgan Stanley in connection with the approval by the FCA of this document and the Company's application for UK Admission, and Investec in connection with the Company's application for SA Admission.

In consideration of the services of the Underwriters under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not being terminated, the Company has agreed to pay a commission of:

- 3.5% payable on the New Shares excluding all of the 720,923,928 New Shares which are subject to the APG Irrevocable and all of the 511,590,456 New Shares which are subject to the Lighthouse Irrevocable; and
- 2% payable on the remaining 234,305,053 New Shares which have been underwritten,

in each case at such times and in such proportions as between the Underwriters as contained in the Underwriting Agreement.

The Company shall pay the costs and expenses of, or in connection with, the Rights Issue on the basis contained in the Underwriting Agreement.

The Company has given certain customary representations and warranties to the Banks as to the accuracy of the information contained in this document and other relevant documents, and in relation to other matters relating to the Group. In addition, the Company has given customary indemnities to the Banks and certain indemnified persons connected with each of them.

The obligations of the Banks under the Underwriting Agreement are subject to certain customary conditions including, amongst others:

- the Resolutions having been passed by the Shareholders at the General Meeting;
- the irrevocable undertakings from APG and Lighthouse being duly executed and not having been breached or terminated prior to UK Admission;
- the Sale Agreement not being terminated prior to UK Admission;
- completion of the Capital Reorganisation prior to UK Admission;
- the fulfilment by the Company of certain of its obligations under the Underwriting Agreement including the delivery of certain documents to the Underwriters, by the times and dates specified in the Underwriting Agreement; and
- UK Admission occurring on or before 8:00 a.m. (London time) on 10 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree) and SA Admission of the Letters of Allocation occurring on or before 9:00 a.m. (South African Standard Time) on 7 September 2020 (or such later time and date as the Joint Global Coordinators and the Company may agree).

In certain circumstances, including where any of the conditions are not satisfied (or, where capable of being waived, are not waived by the Joint Global Coordinators) or shall have become incapable of being satisfied by the required time and date, the Banks may terminate the Underwriting Agreement. The Rights Issue will become fully unconditional at UK Admission. Following UK Admission, the

Underwriting Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights).

The Company has given certain undertakings including an undertaking that it will not, without the prior written consent of the Joint Global Coordinators, undertake certain actions in relation to its share capital, including issuing further Shares, for a period of 180 days from the date for settlement of the Underwriters' payment obligations to the Company in respect of the New Shares pursuant to the Underwriting Agreement, subject to certain exceptions, including the issue of the New Shares.

## **16.2 Sale Agreement**

For a description of the principal terms of the Sale Agreement, see Part XI (*Terms of the Disposal*) of this document.

## **16.3 APG Irrevocable**

On 6 August 2020, the Company and APG entered into the APG Irrevocable. Under the APG Irrevocable, APG has irrevocably undertaken to the Company to, and where applicable, to procure that its affiliates shall:

- (i) participate in the Rights Issue by taking up in full its rights to subscribe for 720,923,928 New Shares under the Rights Issue (representing gross proceeds of approximately £108 million) at the UK Issue Price; and
- (ii) vote in favour of the Resolutions (other than any Resolution approving the Disposal as a related party transaction).

## **16.4 Lighthouse Irrevocable**

On 6 August 2020, the Company and Lighthouse entered into the Lighthouse Irrevocable. Under the Lighthouse Irrevocable, has irrevocably undertaken to the Company to, and where applicable, to procure that its affiliates shall:

- (i) participate in the Rights Issue by taking up in full its rights to subscribe for:
  - 482,654,600 New Shares under the Rights Issue (representing gross proceeds of approximately £72.4 million) at the UK Issue Price; and
  - 28,935,856 New Shares under the Rights Issue (representing gross proceeds of approximately £4.3 million) at the UK Issue Price conditional on completion of a capital raise by Lighthouse announced on 22 May 2020; and
- (ii) vote in favour of the Resolutions.

If the Financing Condition is not fulfilled, this will not breach the Lighthouse Irrevocable

## **16.5 Orion SPA**

On 20 February 2020, certain of the Company's wholly-owned subsidiaries (the "**Orion Sellers**") entered into a sale and purchase agreement (the "**Orion SPA**") with certain subsidiaries of Orion (the "**Orion Purchasers**") in respect of the sale to Orion of the asset owning entities (the "**Orion Targets**") for the following retail parks owned by the Company: Central Retail Park, Falkirk; Cleveland Retail Park, Middlesbrough; Ravenhead Retail Park, St Helens; Elliott's Field Shopping Park, Rugby; Cyfarthfa Retail Park, Merthyr Tydfil, The Orchard Centre, Didcot and Forge Retail Park, Telford.

### *Structure and consideration*

Under the Orion SPA, the purchase price payable to the Orion Sellers was based on an aggregate value of the Properties of £400 million, subject to NAV adjustments in respect of the Orion Targets post-completion. The Orion Purchasers paid a deposit of £21 million to the Orion Sellers on exchange of the Orion SPA. The remainder of the purchase price was payable on completion, except for £2 million which was subject to an escrow arrangement.

The SPA contained conduct of business provisions to govern arrangements between the parties between signing and completion.



Completion was not subject to any conditions and was due to occur on the date nine weeks after the Orion SPA was signed. However, the Orion Purchasers failed to complete and so the Orion Sellers terminated the Orion SPA and retained the deposit pursuant to the Orion SPA.

#### *Warranties, limitations on liabilities and indemnities*

The Orion Sellers gave fundamental warranties in respect of due incorporation and title and capacity, as well as certain business and tax warranties.

The Orion Sellers gave indemnities in connection with certain specific property matters, for example ongoing service charge disputes with tenants.

#### *Rent guarantees*

The Orion Sellers agreed to guarantee rent and rent-related income due to the Orion Purchasers, and reimburse the Orion Purchasers for certain costs, for specified retail park units for a fixed period post-completion. The guarantee and reimbursement arrangements were capped based on forecast income and planned costs for the relevant units.

### **16.6 Italie Deux SHA**

In connection with the sale of a 75% interest in the Italie Deux shopping centre, Paris to AXA Investment Managers for €432 million (£363 million), on 11 December 2019, a wholly-owned subsidiary of the Company, Hammerson Centre Commercial Italie SAS ("**HCCI**") entered into a shareholders' agreement AXA, a wholly-owned subsidiary of the AXA Investment Managers group (the "**Italie Deux SHA**"). The purpose of the Italie Deux SHA was to establish and determine the governance of a number of joint venture companies (the "**Joint Venture Companies**"), in each of which HCCI or another Hammerson subsidiary holds 25% and AXA holds 75% (the "**Italie Deux JV**"). The Joint Venture Companies were created with a view to the parties' management of the Italie Deux shopping centre, movie theatre and extension known as "Italik" (which is currently solely held by a Hammerson wholly-owned subsidiary but which one of the Joint Venture Companies has agreed to acquire following completion of construction).

The principal terms of the Italie Deux SHA are summarised below.

#### *Governance*

The management of the Italie Deux JV is undertaken by a Hammerson subsidiary, Hammerson Asset Management ("**HAM**") pursuant to the terms of a management agreement dated 11 December 2019 between the Joint Venture Companies and HAM (the "**Management Agreement**"). The Italie Deux SHA contains a list of customary reserved matters that may not be undertaken by the Italie Deux JV without the requisite approval of either a supervisory committee (either by majority vote including HCCI or unanimously) or the unanimous approval of the shareholders (as applicable depending on the type of matter proposed to be undertaken).

As is customary for an agreement of this nature, the Italie Deux SHA also contains a procedure for resolving certain matters where the requisite approval threshold is not reached, including a buy-sell mechanism.

#### *Transfer Restrictions*

The Italie Deux SHA contains restrictions in respect of transfers of Hammerson's interest in the Italie Deux JV.

No transfer of shares in the Italie Deux JV is permitted under the Italie Deux SHA prior to 30 April 2022 (the "**Lock-up Period**"), other than intra-group transfers and transfers between shareholders, which are permitted). After expiry of the Lock-up Period, each shareholder is only permitted to sell its stake if it has first offered the other, non-selling shareholder the possibility of buying its stake at a price proposed by the selling party (the "**ROFR**"). If the non-selling shareholder does not exercise the ROFR, then the selling shareholder may complete the sale its interest to a Third Party for a price which is at least equal to 98% of the price proposed to the non-selling shareholder within 9 months of the end of the period during which the non-selling shareholder could exercise the ROFR. If the selling shareholder wishes to accept an offer for its interest for a price which is less than 98% of the price

proposed to the non-selling shareholder, then the selling shareholder must re-offer its interest to the non-selling shareholder at that lower price (the “**Second ROFR**”).

If the selling shareholder is AXA and HCCI does not exercise its right pursuant to the ROFR or the Second ROFR to acquire AXA's interest, then AXA is permitted to sell its stake to a Third Party, provided that the Third Party must also offer to acquire HCCI's interest on the same terms.

In addition, if AXA agrees to sell its stake to a Third Party, where that Third Party wishes to purchase all of the shares in the Italie Deux JV, AXA will have a right to require HCCI to sell its stake to that Third Party at the same price and on the same terms as AXA (the “**Drag Right**”). This Drag Right cannot be exercised prior to 30 April 2022. AXA may only exercise the Drag Right between 30 April 2022 and 11 December 2024 if the Management Agreement has been terminated or has ceased to apply on the date of the proposed transfer pursuant to the Drag Right. After 11 December 2024, AXA can exercise the Drag Right any time.

This Drag Right is subject to a consideration cap to prevent the sale of HCCI's interest being a Class 1 transaction under the Listing Rules and therefore subject to shareholder approval. The consideration cap limits the consideration payable to Hammerson at 99.99% of the maximum consideration which could be payable to Hammerson without triggering a Class 1 transaction under the Listing Rules.

#### *Events of default*

The Italie Deux SHA contains an event of default regime, pursuant to which the non-defaulting shareholder may elect to purchase the defaulting shareholder's interest in the Italie Deux JV at a discount of 15% upon an event of default occurring. The events of default include: (i) an unauthorised change of control; (ii) an unremedied failure to fund; (iii) an unremedied material breach of the Italie Deux SHA; (iv) an unremedied failure to comply with statutory approval requirements on a permitted share transfer; and (v) a failure to comply with the reserved matter regime set out in the Italie Deux SHA.

If HCCI is the defaulting party and AXA elects to acquire HCCI's stake in the Italie Deux JV, then the consideration cap as described above applies to limit the consideration payable to Hammerson at 99.99% of the maximum consideration which could be payable to Hammerson without triggering a Class 1 transaction under the Listing Rules.

#### *Funding*

The Italie Deux SHA contains funding provisions which are customary for an arrangement of this nature, including that each party may be required to inject further funding into the Italie Deux JV in order to implement the business plan in proportion with their shareholdings.

#### *Distributions*

Provided certain conditions are met, the shareholders are entitled to receive distributions from the Italie Deux JV.

#### *Governing law*

The Italie Deux SHA is governed by French law.

### **16.7 VIA Outlets**

The Group has a limited partner interest in Via LP and shareholder interests in VIA Outlets. A summary of the VIA Outlets business is included in paragraph 7.4.2 of Part XII (*Business Overview of the Group*) of this document. The Group's interest in the VIA Outlets business is held through its subsidiaries Hammerson VIA, Hammerson Via 1 and Hammerson Via 2. Via LP and its subsidiaries currently hold the property interests in each of the VIA Outlets other than Zweibrücken Fashion Outlet which is held through Via Germany B.V. and German Minority HoldCo. Pursuant to an agreed restructuring, Via LP will transfer its interests in the VIA Outlets to Via Outlets B.V.

The Group's interest in VIA Outlets is governed by (i) a limited partnership agreement in relation to Via LP (the “**VIA LP Agreement**”) to which Hammerson VIA is a party, (ii) a shareholders agreement in relation to Via (GP) Limited (the general partner of Via LP) (the “**VIA GP SHA**”) to which Hammerson VIA is a party, and (iii) a shareholders' agreement relating to Via Germany B.V. to which Hammerson Via 2 is a party (the “**VIA Germany BV SHA**”). The Group's interest in Via Outlets B.V. is governed by

a shareholders' agreement to which Hammerson Via 1 is a party (the "**VIA Outlets BV SHA**").

The sale and/or transfer of the Group's existing interest in VIA Outlets is governed by a lock-in provision, which requires the Group to obtain the approval of the relevant joint venture partner, currently the Purchaser, if it wishes to dispose of its interest on or before 31 December 2021, which in practice means that the Group would be unlikely to be able to dispose of its interest in VIA Outlets to a party other than the Purchaser before that date.

As at the date of this document, under the VIA LP Agreement, Hammerson VIA's total capital contributions to Via LP (including fees) are £367,166,557. Provided certain conditions are met, Hammerson VIA is entitled to receive distributions from Via LP, Hammerson Via 2 is entitled to receive distributions from Via Germany B.V. and Hammerson Via 1 is entitled to receive distributions from Via Outlets B.V.

Through its interests in Via LP, Via (GP) Limited and VIA Germany BV, the Group can actively participate in the management of the VIA Outlets business. Certain reserved matters may be vetoed by the Group.

The VIA LP Agreement, the VIA GP SHA, the VIA Germany BV SHA and the VIA Outlets BV SHA contain restrictions in respect of transfers of Hammerson VIA, Hammerson Via 1 and Hammerson Via 2's interests in Via LP, Via (GP) Limited, Via Germany B.V., Via Outlets B.V. and German Minority HoldCo, as applicable.

The VIA LP Agreement and the VIA GP SHA are governed by Jersey law. The VIA Germany BV SHA and the VIA Outlets BV SHA are governed by the laws of the Netherlands.

On 6 August 2020, the Group entered into the Sale Agreement. See further paragraph 16.2 of this Part XX.

## **16.8 Value Retail**

The Group has an interest in the Value Retail business. A summary of the Value Retail business is included in paragraph 7.4.1 of Part XII (*Business Overview of the Group*) of this document.

The Group holds interests at three levels of the Value Retail group:

- (i) Value Retail PLC—Value Retail PLC and its subsidiaries provide property development and property management services to the owners and operators of the nine Value Retail shopping Villages under management and service agreements.
- (ii) Sponsor level entities—Hammerson owns interests in Bicester Investors Limited Partnership ("**BILP**") and Bicester Investors II Limited Partnership ("**BILP II**") in connection with its investment in Bicester Village and in VR European Holdings B.V. ("**VREH**") in connection with the Value Retail European shopping villages. The sponsor level entities own a proportion of the equity interests in each of the asset level companies which hold the property interests in the Value Retail shopping villages.
- (iii) Asset level entities—In addition to its interests in the sponsor level entities, the Group holds interests directly and indirectly in many of the asset level entities which hold the property interests in the Value Retail shopping villages. These investments constitute a mixture of debt and equity interests.

The Group holds:

- (i) a 24.4042% interest in Value Retail PLC through its subsidiary Hammerson UK Properties plc and Hammerson (Value Retail Investments) Limited;
- (ii) a 24.7152% beneficial interest in VREH through its subsidiary Hammerson UK Properties plc and Hammerson (Value Retail Investments) Limited;
- (iii) a total economic interest of 50% in Bicester Village through a combination of its interests in BILP and BILP II and direct and indirect investments in the asset level entities, Value Retail Investors Limited Partnership ("**VRILP**") and Value Retail Investors II Limited Partnership ("**VRILP II**"). The Group also holds an interest in Value Retail Investors III Limited Partnership, which owns a piece of land adjacent to Bicester Village; and

(iv) direct and indirect investments in asset level entities which hold shopping villages within Value Retail's European portfolio.

A proportion of the Group's holding in Value Retail PLC and the sponsor level entities is also held on bare trust pursuant to two declarations of trust.

A full list of the Group's aggregate investment in each Value Retail shopping village is set out in paragraph 7.4.1 of Part XII (*Business Overview of the Group*) of this document.

In relation to these investments, Group companies are party to various agreements.

#### **16.8.1 Overarching agreements**

In addition to the constitutional documents of sponsor level entities in which Hammerson holds an interest, the Group's investments in Value Retail PLC and in the sponsor level entities of the Value Retail business are governed by: a deed of adherence entered into by a Group company on 10 October 2001 when the Group initially invested in Value Retail under which Hammerson adheres to a memorandum of agreement between certain investors in Value Retail; an umbrella agreement dated 12 March 2007; a sponsors rights deed dated 19 July 2012 (as amended and restated from time to time); and a Term Loan Agreement dated 19 July 2012 (as amended and restated from time to time) (together the "**Overarching Agreements**"). These agreements also govern the relationship between the investors in sponsor level entities and Value Retail PLC. The Group's investment in Value Retail PLC is also subject to the articles of association of Value Retail PLC.

Pursuant to the Overarching Agreements collectively, there are restrictions on transfers by the Group of its interests in Value Retail PLC or any sponsor level entities to a person other than a Group company. The Overarching Agreements also contain a liquidity provision which is triggered by a change of control of Hammerson or a relevant affiliate. Certain of the Group's governance and information rights also terminate upon a change of control of Hammerson (subject to certain other conditions being satisfied) or where any Hammerson group company ceases to hold 20% or more of the interests in the sponsor level entities.

#### **16.8.2 VREH**

The Group's investment in VREH is also governed by the terms of a nominee agreement which relates to the holding by a nominee of the shares in VREH for the beneficial owners of the shares (the "**Nominee Agreement**").

Under the terms of the Nominee Agreement, the nominee is obliged to account to the beneficial owners of the VREH shares for all dividends and other distributions received in respect of the VREH shares. Hammerson is also subject to restrictions on the transfer of its interest in VREH under this agreement.

#### **16.8.3 Bicester Village**

The Group's investment in Bicester Village is also governed by the terms of four limited partnership agreements (the "**Bicester LPAs**") relating to BILP and BILP II at the sponsor level and VRILP and VRILP II (the "**Bicester Investor LPAs**") at the asset level.

Pursuant to the terms of the Bicester LPAs, the Group has rights to receive certain distributions in cash or in specie (provided in each case that all relevant conditions are met), including:

- distributions from the Bicester sponsor level entities;
- a preferred return on its investments in the Bicester asset level entities; and
- other distributions from the Bicester asset level entities.

In addition, BILP and BILP II are entitled, under the terms of the Bicester Investor LPAs, to receive distributions from the relevant Bicester asset level entity in which they interested, provided in each case that certain conditions are met.

The Bicester LPAs permit the transfer of the Group's interests to members of the Group but contain restrictions on transfers to third parties, including, for example, pre-emption rights of the other partners.

### **16.9 2015 Revolving Credit Facility**

On 21 April 2015, the Company as borrower entered into a £415,000,000 multicurrency syndicated revolving credit facility with HSBC Bank plc as facility agent and Abbey National Treasury Services Plc, BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, JP Morgan Chase Bank, N.A. London Branch, The Royal Bank of Scotland plc, Deutsche Bank AG, London Branch and Chang Hwa Commercial Bank Ltd. (London Branch) as original lenders (the “**2015 Facility Agreement**”).

Advances under the 2015 Facility Agreement may be used for general corporate purposes including refinancing certain existing indebtedness.

The rate of interest on each loan is the percentage rate per annum equal to the aggregate of the applicable margin (the initial margin was 0.80% per annum) and LIBOR (or if the loan is denominated in euros, EURIBOR). After the delivery of periodic compliance certificates and financial statements under the 2015 Facility Agreement, if no event of default is continuing, the margin varies depending upon the ratio of the Group's consolidated net borrowings to consolidated net tangible worth, as applicable (ranging from 0.80% to 1.50% per annum).

The 2015 Facility Agreement requires that the Company comply with certain financial covenants and also contains certain other undertakings which, among other things, restrict the creation of security (with permitted exceptions). For further information on the financial covenants, see paragraph 3.3 of Part XVI (*Operating and Financial Review*) of this document.

The final maturity date of the 2015 Facility Agreement is 21 April 2022.

The 2015 Facility Agreement is governed by English law.

### **16.10 2016 Revolving Credit Facility**

On 21 April 2016, the Company as borrower entered into a £420,000,000 multicurrency syndicated revolving credit facility with HSBC Bank plc as facility agent and China Construction Bank Corporation London Branch, Lloyds Bank plc, Mizuho Bank, Ltd, Bank of China Limited, London Branch, Wells Fargo Bank International, Crédit Industriel et Commercial, London Branch, Barclays Bank PLC and HSBC Bank plc as original lenders (the “**2016 Facility Agreement**”).

Advances under the 2016 Facility Agreement may be used for general corporate purposes including refinancing certain existing indebtedness.

The rate of interest on each loan is the percentage rate per annum equal to the aggregate of the applicable margin (the initial margin was 0.90% per annum) and LIBOR (or if the loan is denominated in euros, EURIBOR). After the delivery of periodic compliance certificates and financial statements under the 2016 Facility Agreement, if no event of default is continuing, the margin varies depending upon the ratio of the Group's consolidated net borrowings to consolidated net tangible worth, as applicable (ranging from 0.80% to 1.50% per annum).

The 2016 Facility Agreement requires that the Company comply with certain financial covenants and also contains certain other undertakings which, among other things, restrict the creation of security (with permitted exceptions). For further information on the financial covenants, see paragraph 3.3 of Part XVI (*Operating and Financial Review*) of this document.

The final maturity date of the 2016 Facility Agreement is 21 April 2023.

The 2016 Facility Agreement is governed by English law.

### **16.11 2017 Revolving Credit Facility**

On 20 April 2017, the Company as borrower entered into a £360,000,000 multicurrency syndicated revolving credit facility with Deutsche Bank AG, London Branch as facility agent and ICBC (London) plc, Deutsche Bank AG, London Branch, BNP Paribas, London Branch, First Commercial Bank Limited, JP Morgan Chase Bank, N.A., London Branch, The Royal Bank of Scotland PLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Wells Fargo Bank International Unlimited Company, Agricultural Bank of China (UK) Limited, Crédit Industriel et Commercial, London Branch, Hua Nan Commercial Bank LTD., London Branch, Bank of China Limited, London Branch, Bank of Taiwan London Branch and Chang Hwa Commercial Bank Limited, London Branch as original lenders (the “**2017 Facility Agreement**”).

Advances under the 2017 Facility Agreement may be used for general corporate purposes including refinancing certain existing indebtedness.

The 2017 Facility Agreement also contains an accordion feature whereby the Company may request that the amount of the commitments under the 2017 Facility Agreement be increased by up to £75,000,000 in aggregate and subject to the agreement of the relevant lenders. The Company has exercised this extension option and increased the commitments under the 2017 Facility Agreement to £410,000,000.

The rate of interest on each loan is the percentage rate per annum equal to the aggregate of the applicable margin (the initial margin was 0.90% per annum) and LIBOR (or if the loan is denominated in euros, EURIBOR). After the delivery of periodic compliance certificates and financial statements under the 2017 Facility Agreement, if no event of default is continuing, the margin varies depending upon the ratio of the Group's consolidated net borrowings to consolidated net tangible worth, as applicable (ranging from 0.80% to 1.50% per annum).

The 2017 Facility Agreement requires that the Company comply with certain financial covenants and also contains certain other undertakings which, among other things, restrict the creation of security (with permitted exceptions). For further information on the financial covenants, see paragraph 3.3 of Part XVI (*Operating and Financial Review*) of this document.

The final maturity dates of the commitments under the 2017 Facility Agreement are:

- £10,000,000 on 20 April 2022;
- £30,000,000 on 20 April 2023; and
- £370,000,000 on 22 April 2024.

The 2017 Facility Agreement is governed by English law.

#### **16.12 2013 Note Purchase Agreement**

On 28 November 2013, the Company and the purchasers party thereto entered into a note purchase agreement (the "**2013 Note Purchase Agreement**") relating to the issuance by the Company of the following unsecured notes:

- USD 155,000,000 3.97% Series A Senior Notes due 17 June 2021;
- USD 10,000,000 4.12% Series B Senior Notes due 17 June 2021
- EUR 22,500,000 3.26% Series C Senior Notes due 17 June 2021
- USD 60,000,000 4.59% Series D Senior Notes due 17 June 2024;
- USD 66,000,000 4.74% Series E Senior Notes due 17 June 2024;
- GBP 45,000,000 4.56% Series F Senior Notes due 17 June 2024;
- EUR 7,500,000 3.77% Series G Senior Notes due 17 June 2024; and
- EUR 30,000,000 3.84% Series H Senior Notes due 17 June 2026,

(the "**2013 Private Placement Senior Notes**").

The proceeds from the notes issued under the 2013 Note Purchase Agreement may be used for general corporate and working capital purposes and refinancing certain existing indebtedness.

The 2013 Note Purchase Agreement requires that the Company comply with certain financial covenants and also contains certain other undertakings which, among other things, restrict the creation of security and the incurrence of financial indebtedness by subsidiaries of the Company (with permitted exceptions). For further information on the financial covenants, see paragraph 3.1 of Part XVI (*Operating and Financial Review*) of this document.

The 2013 Note Purchase Agreement permits, and, if any subsidiary acts as a borrower, guarantor or other obligor under any Principal Credit Facility (as defined in the 2013 Note Purchase Agreement) requires, the Company to obtain subsidiary guarantees of its obligations under and in respect of the 2013 Note Purchase Agreement and the notes issued thereunder; however, as at the date of the Prospectus, no such guarantees have been granted.

The 2013 Note Purchase Agreement is governed by English law.

### **16.13 2016 Note Purchase Agreement**

On 21 November 2016, the Company and the purchasers party thereto entered into a note purchase agreement (the “**2016 Note Purchase Agreement**”) relating to the issuance by the Company of the following unsecured notes:

- USD 232,000,000 3.20% Series A Senior Notes due 11 January 2024;
- EUR 38,000,000 1.32% Series B Senior Notes due 11 January 2024;
- EUR 70,000,000 1.61% Series C Senior Notes due 11 January 2026;
- EUR 45,000,000 1.79% Series D Senior Notes due 11 January 2028;
- EUR 24,000,000 2.05% Series E Senior Notes due 11 January 2031; and
- GBP 50,000,000 2.78% Series F Senior Notes due 11 January 2028,

(the “**2016 Private Placement Senior Notes**” and, together with the 2013 Private Placement Senior Notes, the “**Private Placement Senior Notes**”).

The proceeds from the notes issued under the 2016 Note Purchase Agreement may be used for general corporate and working capital purposes and refinancing certain existing indebtedness.

The 2016 Note Purchase Agreement requires that the Company comply with certain financial covenants and also contains certain other undertakings which, among other things, restrict the creation of security and the incurrence of financial indebtedness by subsidiaries of the Company (with permitted exceptions). For further information on the financial covenants, see paragraph 3.1 of Part XVI (*Operating and Financial Review*) of this document.

The 2016 Note Purchase Agreement permits, and, if any subsidiary acts as a borrower, guarantor or other obligor under any Principal Credit Facility (as defined in the 2016 Note Purchase Agreement) requires, the Company to obtain subsidiary guarantees of its obligations under and in respect of the 2016 Note Purchase Agreement and the notes issued thereunder; however, as at the date of the Prospectus, no such guarantees have been granted.

The 2016 Note Purchase Agreement is governed by English law.

### **16.14 Amendments to 2013 Note Purchase Agreement and 2016 Note Purchase Agreement**

On 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant, the Group obtained amendments to the Note Purchase Agreements to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio: (1) from 150% to 125% for the period from 30 June 2020 to and including 30 October 2021, which includes the 30 June 2020, 31 December 2020 and 30 June 2021 covenant testing dates; and (2) from 150% to 140% for the period from 31 October 2021 to and including 30 December 2021, which includes a new covenant testing date as at 31 October 2021. For the purposes of determining compliance with the unencumbered assets covenant for the period from 31 October 2021 to and including 30 December 2021, the value of unencumbered assets is calculated with reference to the 30 June 2021 financial statements after giving effect to any acquisition and/or disposal of unencumbered assets since 30 June 2021 and net unsecured borrowings are determined as at 31 October 2021.

Certain further amendments, which, unless terminated early as described below, apply only during the period from 30 June 2020 up to such date following 30 December 2021 when the Company delivers a certificate to the holders certifying compliance with all of its financial covenants, were made to the Note Purchase Agreements, including (1) a minimum liquidity requirement tested at the end of each quarter of the Group’s financial year, which requires the Group to maintain 12 months forward liquidity of over £100 million of cash and available facilities over and above the total amount of debt maturities within one year, committed capital expenditure and declared dividends payable in cash, as well as (2) a requirement that the Group makes an offer to holders of the Private Placement Senior Notes to prepay at par, but without payment of any make-whole amount, such proportion of the Private Placement Senior Notes as is equal to 30% of any applicable proceeds of the Rights Issue and the Disposal in excess of the Prepayment Threshold. Any holders who take up such offer will be entitled in addition to the payment of the interest accrued to the date of the prepayment and any swap

reimbursement amounts, if applicable. Other amendments apply throughout the life of the Notes, including the requirement that the Group pays a fee of 1.00% per annum of the outstanding principal amount of the Notes to the holders of the Notes if its credit rating is withdrawn or downgraded below investment grade. The Group is permitted to terminate the amendment period after 31 December 2020 if (i) its unencumbered-assets-to-net-unsecured-borrowings ratio is above 175% at any time up to 30 June 2021 and the Group is in compliance with all of its other financial covenants as at 31 December 2020 or (ii) 150% after 30 June 2021 and the Group is in compliance with all of its other financial covenants as at 30 June 2021.

### **16.15 Series of Bonds**

The Company has issued the following series of bonds (each, a “**Series of Bonds**”):

- (i) the £200,000,000 7.25% bonds due 21 April 2028 (the “**2028 Bonds**”) constituted by a trust deed dated 21 April 1998 (the “**Principal Trust Deed**”) between the Company and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”);
- (ii) the £300,000,000 6.00% bonds due 23 February 2026 constituted by a fifth supplemental trust deed dated 23 February 2004 (the “**Fifth Supplemental Trust Deed**”) between the Company and the Trustee, supplemental to the Principal Trust Deed, the first supplemental trust deed dated 29 June 1999 (the “**First Supplemental Trust Deed**”), the second supplemental trust deed dated 31 March 2000 (the “**Second Supplemental Trust Deed**”), the third supplemental trust deed dated 15 March 2001 (the “**Third Supplemental Trust Deed**”) and the fourth supplemental trust deed dated 20 June 2001 (the “**Fourth Supplemental Trust Deed**”);
- (iii) the €500,000,000 2.00% bonds due 1 July 2022 constituted by a ninth supplemental trust deed dated 1 July 2014 between the Company and the Trustee, supplemental to the Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed, the Fifth Supplemental Trust Deed, the sixth supplemental trust deed dated 1 February 2006, the seventh supplemental trust deed dated 19 June 2006 and the eighth supplemental trust deed dated 4 December 2009;
- (iv) the £350,000,000 3.50% bonds due 27 October 2025 constituted by a trust deed dated 27 October 2015 between the Company and the Trustee; and
- (v) the €500,000,000 1.75% bonds due 15 March 2023 constituted by a trust deed dated 15 March 2016 between the Company and the Trustee.

The documents entered into by the Company in connection with the issue of each Series of Bonds (including the trust deeds and supplemental trust deeds referred to above and the subscription agreements and paying agency agreements entered into in respect of each Series of Bonds) contain certain representations, undertakings and events of default.

Each Series of Bonds requires that the Company comply with certain financial covenants. For further information, see paragraph 3.2 of Part XVI (*Operating and Financial Review*) of this document.

The events of default which apply to each Series of Bonds (subject, in the case of certain events, to carve-outs and materiality thresholds) are set out in the relevant terms and conditions and include non-payment, breach of covenant, cross default in respect of the Company or any material subsidiary, certain insolvency, enforcement and winding-up related events in respect of the Company or any material subsidiary, and the Company or any material subsidiary ceasing or threatening to cease carrying on its business or a substantial part of it. Each Series of Bonds other than the 2028 Bonds includes a provision which gives bondholders a put right to have their bonds redeemed at par plus accrued interest if both (i) certain change of control events occur and (ii) the Company’s credit rating is withdrawn or downgraded below investment grade (or certain other circumstances in relation to ratings exist) within a prescribed period and certain other conditions are satisfied.

The terms and conditions of each Series of Bonds and the related documents are governed by English law.

### **17. Material contracts in respect of VIA Outlets**

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which VIA Outlets is a party, for the two years immediately preceding the date of publication of this document and a summary of any other contract (not being a contract entered into



in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to VIA Outlets as at the date of this document:

### **17.1 Sale Agreement**

For a description of the principal terms of the Sale Agreement, see Part XI (*Terms of the Disposal*) of this document.

### **17.2 Agreements in respect of the Group's shareholding in VIA Outlets**

For a description of the principal terms of the Group's agreements in respect of VIA Outlets, see paragraph 16.7 of this Part XX.

## **18. Significant change**

### **18.1 The Group**

There has been no significant change in the financial position or financial performance of the Group or the Retained Group since 30 June 2020, being the date to which the last interim financial information has been published.

### **18.2 VIA Outlets**

There has been no significant change in the financial position or financial performance of VIA Outlets since 30 June 2020, being the date to which the last interim financial information has been published.

## **19. Related party transactions**

Save as disclosed in the information incorporated by reference into this document referred to below, the Company entered into no transactions with related parties during the years ended 31 December 2019, 2018 and 2017.

- Note 28 of the notes to the audited consolidated financial statement for Hammerson for the year ended 31 December 2019 which can be found at page 180 of the Hammerson Annual Report 2019;
- Note 28 of the notes to the audited consolidated financial statement for Hammerson for the year ended 31 December 2018 which can be found at page 167 of the Hammerson Annual Report 2018; and
- Note 28 of the notes to the audited consolidated financial statement for Hammerson for the year ended 31 December 2017 which can be found at page 167 of the Hammerson Annual Report 2017.

For the period from and including 1 January 2020 and the Latest Practicable Date, there were no related party transactions entered into by the Company, other than the Disposal, the APG Irrevocable, the Lighthouse Irrevocable and the irrevocable undertakings which the Company entered into with each of the Directors in connection with the Rights Issue (see paragraphs 9 and 10 of Part VIII (*Chair's Letter*) of this document for information).

## **20. Litigation**

### **20.1 The Group**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the Company, the Group's and/or the Retained Group's financial position or profitability.

### **20.2 VIA Outlets**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of VIA Outlets.

## **21. Property, plant and equipment**

Details of the Group's property are set out under paragraph 6 of Part XII (*Business Overview of the Group*) of this document.

Aside from the assets set out above, there is no existing or planned fixed asset which is material to the Group.

The Group is not aware of any environmental issues that may affect the Group's use of its tangible fixed assets.

## **22. Valuation Reports**

The property valuations in the Valuation Reports, as set out in Appendix 1 (*Valuation Reports*) of this document, are as at 31 July 2020.

There has been no material change to the value of the Properties since 31 July 2020.

## **23. Auditors**

PricewaterhouseCoopers LLP ("**PwC**"), a member firm of the Institute of Chartered Accountants in England and Wales is the Company's auditor and audited the financial statements of the Company for the years ended 31 December 2019, 2018 and 2017.

## **24. Consents**

J.P. Morgan Cazenove has given and not withdrawn its written consent to the inclusion in this document of references to its name.

Lazard has given and not withdrawn its written consent to the inclusion in this document of references to its name.

Morgan Stanley has given and not withdrawn its written consent to the inclusion in this document of references to its name.

Barclays has given and not withdrawn its written consent to the inclusion in this document of references to its name.

PwC has given and not withdrawn its written consent to the inclusion of its report on the Unaudited Pro Forma Financial Information in this document and has authorised the contents of the part of this document which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

CBRE of St Martins Court, 10 Paternoster Row, London, EC4M 7HP, United Kingdom has given and has not withdrawn its written consent to the inclusion of its Valuation Report and name and reference to it and has authorised the content of its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

Cushman & Wakefield of 125 Old Broad Street, London, EC2N 1AR, United Kingdom has given and has not withdrawn its written consent to the inclusion of its Valuation Report and name and reference to it and has authorised the content of its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

JLL of 30 Warwick Street, London, W1B 5NH, United Kingdom has given and has not withdrawn its written consent to the inclusion of its Valuation Report and name and reference to it and has authorised the content of its reports for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

## **25. General**

The total costs and expenses (inclusive of VAT) payable by the Group in connection with the issue and Admission of the New Shares are estimated to be approximately £27 million. There are no amounts payable to financial intermediaries.

## **26. Documents available for inspection**

Copies of the following documents will be available for inspection on the Company's website at [www.hammersontransaction.com](http://www.hammersontransaction.com) for a period of 12 months following Admission:

- the Memorandum of Association and Articles of Association;
- the Hammerson Half-Year Results 2020, the Hammerson Annual Report 2019, the Hammerson Annual Report 2018 and the Hammerson Annual Report 2017;
- the report of PwC on the Unaudited Pro Forma Financial Information set out in Section B of Part XVIII (*Unaudited Pro Forma Financial Information*) of this document;
- the Valuation Reports; and
- this document.

A copy of the Sale Agreement may, subject to COVID-19 restrictions and guidance followed by the Company, be physically inspected at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays).

This Prospectus is dated 6 August 2020.

## PART XXI

### DOCUMENTATION INCORPORATED BY REFERENCE

The Hammerson Half-Year Results 2020, the Hammerson Annual Report 2019, the Hammerson Annual Report 2018 and the Hammerson Annual Report 2017 are available for inspection in accordance with paragraph 26 of Part XX (*Additional Information*) of this document.

The table below sets out the various sections of the documents referred to above which are incorporated by reference into, and form part of, this document so as to provide certain information required pursuant to the Prospectus Regulation Rules, and only the parts of the documents identified below are incorporated into, and form part of, this document. Any parts of the following documents which are not incorporated by reference into this document are either not relevant for the investor or covered elsewhere in this document. To the extent that any part of the information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

<u>Reference</u>	<u>Information incorporated by reference</u>	<u>Page number(s)</u>
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Copies of the documents of which part or all are incorporated by reference herein are available in electronic format at [www.hammersontransaction.com](http://www.hammersontransaction.com).

Any statement which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

## PART XXII

### DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

<b>“the Acts”</b> . . . . .	the Companies Act 2006 and the Companies Act 1985
<b>“Admission”</b> . . . . .	together, UK Admission and SA Admission
<b>“Admission and Disclosure Standards”</b> . . . . .	the requirements contained in the publication “Admission and Disclosure Standards” dated 16 April 2013 containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the LSE’s Main Market for listed securities
<b>“AGM”</b> . . . . .	annual general meeting
<b>“Annual Bonus” or “Annual Incentive Plan” or “AIP”</b> . . . . .	the Annual Incentive Plan, an annual bonus paid to directors of the Company based on financial and personal performance measures assessed over one year
<b>“Annual Financial Statements”</b> . . . . .	the 2017 Annual Financial Statements, the 2018 Annual Financial Statements and the 2019 Annual Financial Statements
<b>“APG”</b> . . . . .	APG Asset Management N.V.
<b>“APG Irrevocable”</b> . . . . .	the irrevocable undertaking dated 6 August 2020 between the Company and APG
<b>“APMs”</b> . . . . .	Alternative Performance Measures
<b>“Articles of Association” or “Articles”</b> . . . . .	the articles of association of the Company
<b>“Audit Committee”</b> . . . . .	the audit committee established by the Board to monitor financial risks in the Company’s businesses, as described in paragraph 5.3 of Part XIII ( <i>Directors, Proposed Director, Senior Managers and Corporate Governance</i> ) of this document
<b>“Auditors”</b> . . . . .	PricewaterhouseCoopers LLP
<b>“Authorised Dealer”</b> . . . . .	a person authorised by the South African treasury to deal in foreign exchange
<b>“AXA”</b> . . . . .	CoRE FR 2019 14 SAS
<b>“Banks”</b> . . . . .	the Underwriters, Lazard and Investec
<b>“Barclays”</b> . . . . .	Barclays Bank PLC, acting through its Investment Bank
<b>“BEIS”</b> . . . . .	Department for Business, Energy and Industrial Strategy
<b>“BILP”</b> . . . . .	Bicester Investors Limited Partnership
<b>“BILP II”</b> . . . . .	Bicester Investors II Limited Partnership
<b>“Board”</b> . . . . .	the board of Directors of the Company
<b>“Bonds”</b> . . . . .	has the meaning given in paragraph 1.1 of Part II ( <i>Risk Factors</i> ) of this document
<b>“Business Day”</b> . . . . .	a day (other than a Saturday or Sunday) on which banks are open for general business in London and Johannesburg
<b>“Capital Reorganisation”</b> . . . . .	the Sub-division and the Consolidation

<b>“Capital Reorganisation Record Date”</b> . . . . .	(i) in the United Kingdom, 5:30 p.m. (London time) on 1 September 2020 and (ii) in South Africa, 9:00 a.m. (South African Standard Time) on 4 September 2020
<b>“CBRE”</b> . . . . .	CBRE Limited
<b>“CCFF”</b> . . . . .	the joint Bank of England and HM Treasury’s lending facility, under which the Bank of England, acting through an entity named Covid Corporate Financing Facility Limited, may acquire commercial paper which is issued by a participating eligible company
<b>“CGT”</b> . . . . .	capital gains tax
<b>“Chair”</b> . . . . .	the Chair of Hammerson, David Tyler
<b>“CHAPS”</b> . . . . .	Clearing House Automated Payment System
<b>“CIPC”</b> . . . . .	the South African Companies and Intellectual Property Commission
<b>“CISA”</b> . . . . .	the Swiss Collective Investment Schemes Act
<b>“City Quarters”</b> . . . . .	the Group’s development strategy to leverage existing land interests and create a mix of residential, workspace, hotel and leisure offerings to complement its existing flagship destinations
<b>“CLLS”</b> . . . . .	City of London Law Society
<b>“CMA” or “Common Monetary Area”</b> . . . . .	the Common Monetary Area comprising South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini
<b>“Companies Act 2006”</b> . . . . .	the UK Companies Act 2006, as amended, and the regulations made thereunder
<b>“Company” or “Hammerson”</b> . . . . .	Hammerson plc, a company registered in England and Wales with registered number 360632
<b>“Committee”</b> . . . . .	a committee of the Board
<b>“Completion”</b> . . . . .	completion of the Disposal under the Sale Agreement
<b>“Conditions”</b> . . . . .	has the meaning given in paragraph 6 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“Consolidated Shares”</b> . . . . .	the ordinary shares of £0.05 each in the share capital of the Company resulting from the Consolidation
<b>“Consolidation”</b> . . . . .	the proposed consolidation of each Intermediate Share into one Consolidated Share, further details of which are set out in paragraph 8 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“Consolidation Ratio”</b> . . . . .	the ratio of 5 Existing Shares for every 1 Consolidation Shares to be used in the Consolidation as set out in paragraph 8 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“Corporate Shareholder”</b> . . . . .	has the meaning given in paragraph 6.4 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Corporations Act”</b> . . . . .	Australian Corporations Act 2001 (Cth)
<b>“CREST”</b> . . . . .	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland is the operator
<b>“CREST Manual”</b> . . . . .	the CREST International Manual
<b>“CREST Regulations”</b> . . . . .	the Uncertificated Securities Regulations 2001

<b>“CSDP”</b> . . . . .	central securities depository participant, a participant as defined in the South African Financial Market Act, 19 of 2012
<b>“CTA”</b> . . . . .	has the meaning given in paragraph 1.2.1 of Section A of Part XIX ( <i>Taxation</i> ) of this document
<b>“Court”</b> . . . . .	Her Majesty’s High Court of Justice in England and Wales
<b>“COVID-19”</b> . . . . .	has the meaning given in paragraph 1.2 of Part II ( <i>Risk Factors</i> ) of this document
<b>“Cushman &amp; Wakefield”</b> . . . . .	Cushman and Wakefield Debenham Tie Leung Limited
<b>“CVA”</b> . . . . .	has the meaning given in paragraph 1.2 of Part II ( <i>Risk Factors</i> ) of this document
<b>“DBSS”</b> . . . . .	the Hammerson Deferred Bonus Share Scheme as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Deferred Shares”</b> . . . . .	the deferred shares of 24 pence each in the share capital of Hammerson resulting from the Sub-division
<b>“Directors”</b> . . . . .	the directors of Hammerson whose names appear in Part IV ( <i>Directors, Company Secretary, Registered Office and Advisers</i> ) of this document
<b>“Disclosure Guidance and Transparency Rules”</b> . . . . .	the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA
<b>“Disposal”</b> . . . . .	(i) the Pre-Transaction Step; (ii) the proposed sale of the Group 50% interest in VIA Outlets (subject to Hammerson Via 2’s retention of the Retained Minority Stake) to the Purchaser pursuant to the Sale Agreement on the terms as set out in Part XI ( <i>Terms of the Disposal</i> ) of this document; and (iii) the proposed entry by Hammerson Via 2 into the Retained Minority Stake SHA on the terms as set out in paragraph 10 of Part XI ( <i>Terms of the Disposal</i> ) of this document
<b>“Disposal Resolution”</b> . . . . .	has the meaning given in paragraph 17.2 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“Dividends Tax”</b> . . . . .	has the meaning given in paragraph 1.2 of Section B of Part XIX ( <i>Taxation</i> ) of this document
<b>“Drag Right”</b> . . . . .	has the meaning given in paragraph 16.5 of Part XX ( <i>Additional Information</i> )
<b>“Dundrum”</b> . . . . .	has the meaning given in paragraph 2.2 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“EBITDA”</b> . . . . .	earnings before interest, tax, depreciation and amortisation
<b>“ECA”</b> . . . . .	an Emigrant’s capital account
<b>“ECB”</b> . . . . .	the European Central Bank
<b>“EEA State”</b> . . . . .	a state which is a contracting party to the agreement on the European Economic Area signed on 2 May 1992, as it has effect for the time being
<b>“EFT”</b> . . . . .	electronic funds transfer
<b>“Emigrant”</b> . . . . .	a South African resident who is leaving or has left South Africa to take up permanent residence or has been granted permanent residence in a country outside the CMA
<b>“Employee Share Schemes”</b> . . . . .	the employee share schemes operated by Hammerson, being: the RSS, DBSS, RSP, UK Sharesave, Irish Sharesave, SIP and the French Scheme, together with the legacy 2007 LTIP and 2017 LTIP



<b>“Enlarged Issued Share Capital”</b> . . . . .	the Company’s ordinary issued share capital following completion of the Rights Issue
<b>“EPRA”</b> . . . . .	the European Public Real Estate Association—a real estate industry body which has issued Best Practice Recommendations with the intention of improving the transparency, comparability and relevance of the published results of listed real estate companies in Europe
<b>“EPS”</b> . . . . .	Earnings Per Share—Profit for the period attributable to equity shareholders divided by the average number of shares in issue during the period
<b>“ERV”</b> . . . . .	the estimated market rental value of the total lettable space in a property calculated by the Group’s external valuers. It is calculated after deducting head and equity rents, and car parking and commercialisation running costs
<b>“ESOP”</b> . . . . .	the Employee Share Ownership Plan established by Hammerson
<b>“EU” or “European Union”</b> . . . . .	the European Union
<b>“EURIBOR”</b> . . . . .	Euro Interbank Offered Rate
<b>“Euroclear”</b> . . . . .	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Exchange Control”</b> . . .	the restrictions applicable to residents and non-residents on the remittance of funds from the CMA to a country outside the CMA
<b>“Exchange Control Regulations”</b> . . . . .	the South African Exchange Control Regulations, 1961 as promulgated by Government Notice R.1111 of 1 December 1961 and amended up to Government Notice R.445 of 8 June 2012, in terms of Section 9 of the South African Currency and Exchanges Act No. 9 of 1933 (as amended)
<b>“Excluded Territories”</b> .	Australia (subject to certain limited exceptions), Canada (except the Provinces of Alberta, British Columbia, Ontario and Quebec and subject to certain limited exceptions), New Zealand (subject to certain limited exceptions), Japan, the United States (subject to certain limited exceptions) and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law or regulation
<b>“Executive Directors”</b> . .	David Atkins and James Lenton
<b>“Existing Ordinary Shares”</b> . . . . .	has the meaning given in paragraph 1.1.3 of Section A of Part XIX ( <i>Taxation</i> ) of this document
<b>“Existing Shares”</b> . . . . .	in relation to a particular date, the Shares existing as at that date
<b>“Ex-Rights Date”</b> . . . . .	8:00 a.m. (London time) on 10 September 2020 (in the case of Shareholders whose Existing Shares are on the UK Register and which are in certificated form) or before 9:00 a.m. (South African Standard Time) on 7 September 2020 (in the case of Shareholders whose Existing Shares are on the SA Register and which are in certificated form)
<b>“Facilities”</b> . . . . .	the facilities available to the Group and the Retained Group, respectively, including £75 million drawn by the Group under the CCFF
<b>“FAIS Act”</b> . . . . .	Financial Advisory and Intermediary Services Act No. 37 of 2002
<b>“FCA”</b> . . . . .	the Financial Conduct Authority
<b>“Financial Statements”</b> .	the Annual Financial Statements and the 2020 Interim Financial Statements

<b>"Financing Condition"</b>	has the meaning given in paragraph 10.2 of Part VIII ( <i>Chair's Letter</i> ) of this document
<b>"FinSurv"</b>	the Financial Surveillance Department of the South African Reserve Bank
<b>"Form of Instruction"</b>	the form of instruction to be posted to Qualifying South African Shareholders who hold their Existing Shares in certificated form, in respect of their Letters of Allocation and reflecting the entitlement of that Qualifying South African Shareholder to Nil Paid Rights
<b>"Form of Proxy"</b>	the personalised form of proxy accompanying the Notice of General Meeting
<b>"FRC"</b>	Financial Reporting Council
<b>"French Scheme"</b>	the Hammerson 2016 French Free Share Award Scheme as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 (as amended)
<b>"Fully Paid Rights"</b>	rights to subscribe for the New Shares, fully paid
<b>"GDP"</b>	gross domestic product
<b>"GDPR"</b>	the EU General Data Protection Regulation and the Data Protection Act 2018
<b>"General Meeting"</b>	the general meeting of the holders of Shares to, among other matters, approve the Disposal and the Rights Issue, scheduled to take place at 9:00 a.m. (London time) on 1 September 2020
<b>"German Minority HoldCo"</b>	has the meaning given in paragraph 1 of Part XI ( <i>Terms of the Disposal</i> ) of this document
<b>"German Propco"</b>	has the meaning given in paragraph 6 of Part VIII ( <i>Chair's Letter</i> ) of this document
<b>"Government"</b>	Her Majesty's Government of the United Kingdom
<b>"Group"</b>	Hammerson, its subsidiary undertakings from time to time (as defined in the Companies Act 2006) and its proportionally consolidated share of its non-wholly-owned properties and joint ventures
<b>"Group Personal Pension Plan"</b>	the Company's defined contribution pension scheme
<b>"Half-Year Results 2020"</b>	Hammerson's financial results covering the period to 30 June 2020
<b>"HAM"</b>	Hammerson Asset Management
<b>"Hammerson Annual Report 2017"</b>	the Company's annual report published in 2017 and incorporated by reference into this document
<b>"Hammerson Annual Report 2018"</b>	the Company's annual report published in 2018 and incorporated by reference into this document
<b>"Hammerson Annual Report 2019"</b>	the Company's annual report published in 2019 and incorporated by reference into this document
<b>"Hammerson Half-Year Results 2020"</b>	has the meaning given in paragraph 4.1 of Part III ( <i>Important Information</i> )
<b>"Hammerson VIA"</b>	Hammerson VIA (Jersey) Ltd

<b>“Hammerson Via 1”</b>	... Hammerson Via No 1 Limited
<b>“Hammerson Via 2”</b>	... Hammerson Via No 2 Limited
<b>“HCCI”</b>	... Hammerson Centre Commercial Italie SAS
<b>“HMRC”</b>	... Her Majesty’s Revenue and Customs
<b>“IAS 40”</b>	... “IAS 40 Investment Property”
<b>“ICSA”</b>	... Chartered Governance Institute
<b>“IFRS”</b>	... International Financial Reporting Standards as adopted by the EU
<b>“Intermediate Shares”</b>	... the ordinary shares of £0.01 each in the capital of Hammerson resulting from the Sub-division
<b>“Investec”</b>	... Investec Bank Limited
<b>“Investment and Disposal Committee”</b>	... the investment and disposal committee established by the Board to oversee the Board’s acquisition and disposal programme, as described in paragraph 5.3 of Part XIII ( <i>Directors, Proposed Director, Senior Managers and Corporate Governance</i> ) of this document
<b>“Irish Sharesave”</b>	... the Hammerson Irish Savings-Related Share Option Scheme as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“IRS”</b>	... the Internal Revenue Service of the USA
<b>“ISIN”</b>	... International Security Identification Number
<b>“Issue Price”</b>	... the UK Issue Price and/or the SA Issue Price, as the context requires
<b>“J.P. Morgan Cazenove”</b>	... J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>“JLL”</b>	... Jones Lang LaSalle Ltd
<b>“Joint Global Coordinators”</b>	... J.P. Morgan Cazenove and Morgan Stanley
<b>“JSE”</b>	... JSE Limited, a public company incorporated in accordance with the laws of South Africa, with registration number 2005/022939/06, and licensed as an exchange under the South African Financial Markets Act or the securities exchange operated by JSE Limited, as the context indicates
<b>“JSE Closing Price”</b>	... the closing middle-market price in ZAR of an Existing Share trading on the JSE
<b>“JSE Listings Requirements”</b>	... the listings requirements of the JSE, as amended
<b>“JV Targets”</b>	... has the meaning given in paragraph 1 of Part XI ( <i>Terms of the Disposal</i> ) of this document
<b>“KPIs”</b>	... key performance indicators
<b>“Landlord and Tenant Act 1954”</b>	... the UK Landlord and Tenant Act 1954
<b>“Latest Practicable Date”</b>	... has the meaning given in B.1.3 in Part I ( <i>Summary</i> ) of this document
<b>“Lazard”</b>	... Lazard & Co., Limited
<b>“Letters of Allocation”</b>	... the renounceable (nil paid) letters of allocation issued by Hammerson in electronic form to Qualifying South African Shareholders conferring the right to subscribe for New Shares at the SA Issue Price pursuant to the Rights Issue

<b>“LIBOR”</b> . . . . .	London Interbank Offered Rate
<b>“Lighthouse”</b> . . . . .	Lighthouse Capital Limited
<b>“Lighthouse Irrevocable”</b> . . . . .	the irrevocable undertaking dated 6 August 2020 between the Company and Lighthouse
<b>“like-for-like basis”</b> . . . . .	in relation to investment properties, investment properties which have been owned without significant capital expenditure in any relevant period, so that income, capital and yields can be compared on a like-for-like basis
<b>“Like-for-like NRI”</b> . . . . .	the percentage change in net rental income for completed investment properties owned throughout both current and prior periods, after taking account of exchange translation movements
<b>“Link Asset Services”</b> . . . . .	a trading name of the Link Market Services Limited
<b>“Listing Rules”</b> . . . . .	the listing rules made by the FCA pursuant to Part 6 of the FSMA
<b>“London Stock Exchange” or “LSE”</b> . . . . .	London Stock Exchange plc
<b>“Long Stop Date”</b> . . . . .	has the meaning given in paragraph 6 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“LSE Closing Price”</b> . . . . .	the closing middle-market price in pounds sterling of an Existing Share trading on the LSE
<b>“Main Board”</b> . . . . .	the JSE’s Main Board for listed securities
<b>“Main Market”</b> . . . . .	the London Stock Exchange’s Main Market for listed securities
<b>“MAR”</b> . . . . .	the Market Abuse Regulation (Regulation (EU) 596/2014) and its delegated and implementing regulations
<b>“Measures”</b> . . . . .	the measures introduced in England by the UK Government in response to the COVID-19 pandemic, which are aimed at controlling the spread of the virus
<b>“Memorandum of Association”</b> . . . . .	the memorandum of association of the Company
<b>“Member States”</b> . . . . .	the Member States of the European Union from time to time
<b>“MiFID II”</b> . . . . .	EU Directive 2014/65/EU on markets in financial instruments, as amended
<b>“MiFID II Product Governance Requirements”</b> . . . . .	the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures
<b>“Morgan Stanley”</b> . . . . .	Morgan Stanley & Co. International plc
<b>“MTM”</b> . . . . .	many-to-many
<b>“NAMA”</b> . . . . .	the National Asset Management Agency
<b>“net initial yield”</b> . . . . .	annual cash rents receivable (net of head and equity rents and the cost of vacancy, and, in the case of France, net of an allowance for costs of approximately 5%, primarily for management fees), as a percentage of gross property value, as provided by the Group’s external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV

<b>“Net Positive”</b> . . . . .	Hammerson environmental targets within their existing Positive Places sustainability framework
<b>“New Shares”</b> . . . . .	the new Shares to be issued by the Company pursuant to the Rights Issue
<b>“Nil Paid Rights”</b> . . . . .	New Shares, nil paid, to be provisionally allotted by the Company pursuant to the Rights Issue
<b>“Nomination Committee”</b> . . . . .	the director nomination committee established by the Board to consider and make recommendations to the Board concerning the composition of the Board, as described in paragraph 5.3 of Part XIII ( <i>Directors, Proposed Director, Senior Managers and Corporate Governance</i> )
<b>“Non-Executive Directors”</b> . . . . .	David Tyler, Pierre Bouchut, Méka Brunel, Gwyn Burr, Desmond de Beer, Andrew Formica, Adam Metz and Carol Welch
<b>“Non-PID”</b> . . . . .	has the meaning given in paragraph 1.2 of Section A of Part XIX ( <i>Taxation</i> ) of this document
<b>“NRI”</b> . . . . .	income from rents, car parks and commercial income, after deducting head and equity rents payable, and other property related costs
<b>“NTA”</b> . . . . .	Net Tangible Assets
<b>“Official List”</b> . . . . .	the Official List of the FCA
<b>“Orion”</b> . . . . .	Orion European Real Estate Fund V
<b>“Orion Purchasers”</b> . . . . .	has the meaning given in paragraph 16.5 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Orion Sellers”</b> . . . . .	has the meaning given in paragraph 16.5 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Orion SPA”</b> . . . . .	has the meaning given in paragraph 16.5 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Orion Targets”</b> . . . . .	has the meaning given in paragraph 16.5 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Other disposals”</b> . . . . .	has the meaning given in Section A of Part XVIII ( <i>Unaudited Pro Forma Financial Information</i> ) of this document
<b>“Overseas Shareholders”</b> . . . . .	Shareholders or Qualifying Shareholders, as the context so requires, who have registered addresses, or who are located, outside the United Kingdom or South Africa
<b>“Passing Rent”</b> . . . . .	the annual rental income receivable from an investment property, after any rent-free periods and after deducting head and equity rents and car parking and commercialisation running costs. This may be more or less than the ERV (see over-rented and reversionary or under-rented)
<b>“Pension Scheme”</b> . . . . .	the Group Management Limited Pension & Life Assurance Scheme
<b>“PFIC”</b> . . . . .	a passive foreign investment company for US federal income tax purposes
<b>“PIDs”</b> . . . . .	property income distributions
<b>“PID Shortfall”</b> . . . . .	has the meaning given in paragraph 6.3 of Part II ( <i>Risk Factors</i> ) of this document
<b>“PILON”</b> . . . . .	payment in lieu of notice
<b>“PRA”</b> . . . . .	Prudential Regulation Authority

<b>“Pre-Transaction Step”</b> . . . . .	has the meaning given in paragraph 9 of Part XI ( <i>Terms of the Disposal</i> ) of this document
<b>“Prepayment Threshold”</b> . . . . .	has the meaning given in paragraph 13 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“Private Placement Senior Notes”</b> . . . . .	has the meaning given in paragraph 1.1 of Part II ( <i>Risk Factors</i> ) of this document
<b>“Properties”</b> . . . . .	the Group property portfolio valued by the Valuers
<b>“Proposed Director”</b> . . . . .	Robert Noel
<b>“Prospectus”</b> . . . . .	this document
<b>“Prospectus Delegated Regulation”</b> . . . . .	Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation
<b>“Prospectus Regulation”</b> . . . . .	the Prospectus Regulation (EU) 2017/1129 and amendments thereto
<b>“Prospectus Regulation Rules”</b> . . . . .	the prospectus rules made by the FCA under Part 6 of the FSMA
<b>“Provisional Allotment Letter”</b> . . . . .	the provisional allotment letter to be issued to Qualifying Non-CREST Shareholders
<b>“Purchaser”</b> . . . . .	Stichting Depositary APG Strategic Real Estate Pool (as depositary of APG Strategic Real Estate Pool)
<b>“PwC”</b> . . . . .	PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH, United Kingdom
<b>“QIAIF”</b> . . . . .	Qualifying Investor Alternative Investment Fund
<b>“QIBs”</b> . . . . .	persons who are “qualified institutional buyers” as defined in Rule 144A under the US Securities Act
<b>“QIB Investor Letter”</b> . . . . .	has the meaning given in paragraph 11.2 of Part X ( <i>Terms and Conditions of the Rights Issue</i> ) of this document
<b>“Qualified Investors”</b> . . . . .	persons in member states of the European Economic Area, other than the United Kingdom, who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation
<b>“Qualifying CREST Shareholders”</b> . . . . .	Shareholders whose Shares are on the UK Register on the UK Record Date and which are held in uncertificated form and held through CREST
<b>“Qualifying Non-CREST Shareholders”</b> . . . . .	Shareholders whose Shares are on the UK Register on the UK Record Date and which are held in certificated form
<b>“Qualifying Shareholders”</b> . . . . .	Qualifying CREST Shareholders, Qualifying Non-CREST Shareholders and/or Qualifying South African Shareholders, as the case may be
<b>“Qualifying South African Shareholders”</b> . . . . .	Shareholders on the SA Register on the SA Record Date
<b>“Rand”, “South African Rand” or “ZAR”</b> . . . . .	South African Rand, being the lawful currency of South Africa
<b>“Receiving Agent”</b> . . . . .	Link Asset Services

<b>“Record Date”</b> . . . . .	the UK Record Date and/or the SA Record Date, as the context requires
<b>“Registrar of Companies”</b> . . . . .	the Registrar of Companies in England and Wales
<b>“Registrars”</b> . . . . .	the UK Registrar and/or the SA Transfer Secretaries, as the context so requires
<b>“Regulation S”</b> . . . . .	Regulation S under the US Securities Act
<b>“REIT”</b> . . . . .	Real Estate Investment Trust—a tax regime which in the United Kingdom exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements as set out in the Finance Act 2006
<b>“REIT Group”</b> . . . . .	the Hammerson companies benefiting from an exemption from UK corporation tax on income from their property rental business and on gains arising on disposal of investment properties that were used for the purposes of their property rental business
<b>“relevant member state”</b> . . . . .	a state which is a contracting party to the agreement on the European Economic Area signed on 2 May 1992, as it has effect for the time being
<b>“Remuneration Committee”</b> . . . . .	the remuneration committee established by the Board to consider and make recommendations to the Board as to the remuneration of Hammerson’s directors and senior executives, as described in paragraph 5.3 of Part XIII ( <i>Directors, Proposed Director, Senior Managers and Corporate Governance</i> ) of this document
<b>“Reporting Accountants”</b> . . . . .	PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH, United Kingdom
<b>“Resolutions”</b> . . . . .	the shareholder resolutions of Hammerson necessary to implement the Disposal and the Rights Issue, including without limitation to grant authority to the Directors to allot the New Shares (and any amendment(s) thereof)
<b>“Retained Group”</b> . . . . .	Hammerson, its subsidiary undertakings from time to time (as defined in the Companies Act 2006) and its proportionally consolidated share of its non-wholly-owned properties and joint ventures following the Disposal
<b>“Retained Minority Stake”</b> . . . . .	has the meaning given in paragraph 1 of Part XI ( <i>Terms of the Disposal</i> ) of this document
<b>“Retained Minority Stake SHA”</b> . . . . .	has the meaning given in paragraph 9 of Part XI ( <i>Terms of the Disposal</i> ) of this document
<b>“RETT”</b> . . . . .	real estate transfer tax
<b>“Revolving Credit Facilities”</b> . . . . .	has the meaning given in paragraph 1.1 of Part II ( <i>Risk Factors</i> ) of this document
<b>“Rights”</b> . . . . .	the Nil Paid Rights or the Fully Paid Rights (or both) as the context may require
<b>“Rights Issue”</b> . . . . .	the offer by way of rights to Qualifying Shareholders to subscribe for New Shares on the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter
<b>“RIS”</b> . . . . .	Regulatory Information Service

<b>“RSP”</b> . . . . .	the Hammerson 2016 Restricted Share Plan as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“RSS”</b> . . . . .	the Hammerson Restricted Share Scheme as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Rule 144A”</b> . . . . .	Rule 144A under the US Securities Act
<b>“SA Admission”</b> . . . . .	admission, in accordance with the JSE Listing Requirements, of the New Shares to listing and trading on the Main Board of the JSE
<b>“SA Issue Price”</b> . . . . .	ZAR3.41, the price at which New Shares will be issued to Qualifying South African Shareholders subscribing for New Shares on the SA Register pursuant to the Rights Issue
<b>“SA Record Date”</b> . . . . .	9 September 2020
<b>“SA Register”</b> . . . . .	the branch register of members of the Company in South Africa
<b>“SA Transfer Secretaries”</b> . . . . .	Computershare Investor Services Proprietary Limited, a private company incorporated in accordance with the laws of South Africa, with registration number 2004/003647/07, with its offices at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa
<b>“Sale Agreement”</b> . . . . .	the share purchase agreement dated 6 August 2020 under which the Group conditionally agreed to the sale of its 50% interest in VIA Outlets to the Purchaser (subject to retention of the Retained Minority Stake by Hammerson Via 2), further details of which are set out in Part XI ( <i>Terms of the Disposal</i> ) of this document
<b>“Scrip Dividend Scheme”</b> . . . . .	the process of creating new shares which are given free of charge to existing shareholders
<b>“SDRT”</b> . . . . .	Stamp Duty Reserve Tax
<b>“SEC”</b> . . . . .	the US Securities and Exchange Commission
<b>“Securities”</b> . . . . .	together, the New Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Forms of Instruction and/or the Letters of Allocation
<b>“SEDOL”</b> . . . . .	Stock Exchange Daily Official List
<b>“Sellers”</b> . . . . .	has the meaning given in paragraph 6 of Part VIII ( <i>Chair’s Letter</i> ) of this document
<b>“Senior Managers”</b> . . . . .	those members of the management bodies of the Company who are relevant to establishing that the Company has the appropriate expertise and experience for the management of its business for the purposes of Annex 1 of the Prospectus Delegated Regulation and whose names appear in paragraph 3 of Part XIII ( <i>Directors, Proposed Director, Senior Managers and Corporate Governance</i> ) of this document
<b>“SENS”</b> . . . . .	the Stock Exchange News Service of the JSE
<b>“Shareholder”</b> . . . . .	a holder of Shares
<b>“Shares”</b> . . . . .	(i) prior to the implementation of the Sub-division, the ordinary shares of £0.25 each in the capital of Hammerson; (ii) between the implementation of the Sub-division and the implementation of the Consolidation, the ordinary shares of £0.01 each in the capital of Hammerson; and (iii) following the implementation of the Consolidation, the ordinary shares of £0.05 each in the capital of Hammerson
<b>“SIIC”</b> . . . . .	Sociétés d’Investissements Immobiliers Cotées—a French tax-exempt regime available to property companies listed in a regulated market



	operating in accordance with the same rules as Directive 2004/39 / EC of the European Parliament and of the Council of 21 April 2004 on the markets for financial instruments and their subsidiaries in which they hold at least 95% of the share capital, in accordance with Article 208 C of the French Tax Code ( <i>Code général des impôts</i> )
<b>“SIP”</b> . . . . .	the Hammerson Share Incentive Plan as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“SIX”</b> . . . . .	the SIX Swiss Exchange
<b>“South Africa”</b> . . . . .	the Republic of South Africa
<b>“South African Companies Act”</b> . . . . .	the Companies Act No. 71 of 2008, as amended
<b>“South African Financial Markets Act”</b> . . . . .	the Financial Markets Act No.19 of 2012, as amended
<b>“South African Resident Shareholder”</b> . . . . .	a Qualifying Shareholder that is considered a resident of South Africa under the Exchange Control Regulations
<b>“Special Dealing Service”</b> . . . . .	the dealing service being made available by Link Asset Services to Qualifying Non-CREST Shareholders who are individuals with a registered address in the United Kingdom or any other jurisdiction in the EEA who wish to sell all of their Nil Paid Rights or to Effect A Cashless Take-up
<b>“Special Dealing Service Terms and Conditions”</b> . . . . .	the terms and conditions of the Special Dealing Service;
<b>“Strate”</b> . . . . .	Strate Proprietary Limited, a private company incorporated in accordance with the laws of South Africa, with registration number 1998/022242/07 and licensed as a central securities depository under the South African Financial Markets Act
<b>“STT”</b> . . . . .	securities transfer tax
<b>“Sub-division”</b> . . . . .	the proposed sub-division of the Existing Shares into Intermediate Shares of £0.01 nominal value each and Deferred Shares of 24 pence nominal value each, further details of which are set out in paragraph 8 of Part VIII ( <i>Chair’s Letter</i> )
<b>“Substantial Shareholder” and “Substantial Shareholding”</b> . . . . .	have the meaning given in paragraph 6.4 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Takeover Code”</b> . . . . .	The City Code on Takeovers and Mergers
<b>“Temporary Non-Residents”</b> . . . . .	has the meaning given in paragraph 1.1.2 of Section A of Part XIX ( <i>Taxation</i> ) of this document
<b>“Third Party”</b> . . . . .	any government or governmental, quasi-governmental, supra-national, statutory, administrative or regulatory body, authority, court, trade agency, association, institution, environmental body or any other person or body in any jurisdiction
<b>“Total Property Return”</b> . . . . .	net rental income and capital growth expressed as a percentage of the opening book value of property adjusted for capital expenditure and

	exchange translation movements, calculated on a monthly time-weighted basis
<b>“Transactions”</b> . . . . .	together, the Disposal, the Rights Issue and the Capital Reorganisation
<b>“UK Admission”</b> . . . . .	the admission of the New Shares (nil paid) to the premium listing segment of the Official List and to trading on the LSE’s Main Market for listed securities becoming effective
<b>“UK Consolidated Shares Admission”</b> . . . . .	the admission of the Consolidated Shares to the premium listing segment of the Official List and to trading on the LSE’s Main Market for listed securities becoming effective
<b>“UK Corporate Governance Code”</b> . . . . .	the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018
<b>“UK Issue Price”</b> . . . . .	15 pence, the price at which New Shares will be issued to Qualifying Shareholders (other than Qualifying South African Shareholders) subscribing for New Shares on the UK Register pursuant to the Rights Issue
<b>“UK Record Date”</b> . . . . .	5:30 p.m. (London time) on 7 September 2020
<b>“UK Register”</b> . . . . .	the register of members of the Company in the United Kingdom
<b>“UK Registrar”</b> . . . . .	Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom
<b>“UK Shares”</b> . . . . .	has the meaning given in paragraph 2.1 of Section A of Part XIX ( <i>Taxation</i> ) of this document
<b>“UK Sharesave”</b> . . . . .	the Hammerson Savings-Related Share Option Scheme as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“Unaudited Pro Forma Financial Information”</b> . . . . .	the unaudited pro forma income statement of the Group and the unaudited pro forma statement of net assets of the Group set out in Part XVIII ( <i>Unaudited Pro Forma Financial Information</i> ) of this document
<b>“Underwriters”</b> . . . . .	J.P. Morgan Cazenove, Morgan Stanley and Barclays
<b>“Underwriting Agreement”</b> . . . . .	the underwriting and sponsors’ agreement dated 6 August 2020 between and among the Company and the Banks
<b>“United Kingdom” or “UK”</b> . . . . .	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b> . . . . .	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“US Exchange Act”</b> . . . . .	US Securities Exchange Act of 1934 (as amended)
<b>“US Holder”</b> . . . . .	a beneficial owner of Shares that is, for US federal income tax purposes, (1) an individual citizen or resident of the United States, (2) a corporation created or organised under the laws of the United States or any State thereof, (3) an estate the income of which is subject to US federal income tax without regard to its source or (4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes

<b>“US Securities Act”</b> . . .	US Securities Act of 1933 (as amended)
<b>“Valuation Reports”</b> . . .	the valuation reports of the Valuers which are set out in Appendix 1 ( <i>Valuation Reports</i> ) of this document
<b>“Value Retail” or “VR”</b> .	owner and operator of outlet villages in Europe in which the Group has an investment
<b>“Valuers”</b> . . . . .	CBRE, Cushman & Wakefield and JLL
<b>“VIA Outlets”</b> . . . . .	a premium outlets joint venture in which the Group has an investment
<b>“VREH”</b> . . . . .	VR European Holdings B.V.
<b>“VRILP”</b> . . . . .	Value Retail Investors Limited Partnership
<b>“VRILP II”</b> . . . . .	Value Retail Investors II Limited Partnership
<b>“Withdrawal Agreement”</b> . . . . .	the agreement between the United Kingdom and the European Union setting out the terms of the United Kingdom’s exit from the European Union, which became effective on 31 January 2020
<b>“2007 LTIP”</b> . . . . .	the Hammerson 2007 Long Term Incentive Plan as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“2013 Note Purchase Agreement”</b> . . . . .	a note purchase agreement into which Hammerson entered on 28 November 2013
<b>“2015 Facility Agreement”</b> . . . . .	a £415,000,000 multicurrency syndicated revolving credit facility, dated 21 April 2015, into which Hammerson entered as borrower with HSBC Bank plc as facility agent and Abbey National Treasury Services Plc, BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Bank PLC, HSBC Bank plc, JP Morgan Chase Bank, N.A. London Branch, The Royal Bank of Scotland plc, Deutsche Bank AG, London Branch and Chang Hwa Commercial Bank Ltd. (London Branch) as original lenders
<b>“2016 Facility Agreement”</b> . . . . .	a £420,000,000 multicurrency syndicated revolving credit facility, dated 21 April 2016, into which Hammerson entered as borrower with HSBC Bank plc as facility agent and China Construction Bank Corporation London Branch, Lloyds Bank plc, Mizuho Bank, Ltd, Bank of China Limited, London Branch, Wells Fargo Bank International, Crédit Industriel et Commercial, London Branch, Barclays Bank PLC and HSBC Bank plc as original lenders
<b>“2016 Note Purchase Agreement”</b> . . . . .	a note purchase agreement into which the Company entered on 21 November 2016
<b>“2017 Annual Financial Statements”</b> . . . . .	the consolidated financial statements of the Group as at and for the year ended 31 December 2017
<b>“2017 LTIP”</b> . . . . .	the Hammerson 2017 Long Term Incentive Plan as referred to in paragraph 12.1 of Part XX ( <i>Additional Information</i> ) of this document
<b>“2017 Revolving Credit Facility”</b> . . . . .	a £360,000,000 multicurrency syndicated revolving credit facility, dated 20 April 2017, into which Hammerson entered as borrower with Deutsche Bank AG, London Branch as facility agent and ICBC (London) plc, Deutsche Bank AG, London Branch, BNP Paribas, London Branch, First Commercial Bank Limited, JP Morgan Chase Bank, N.A., London Branch, The Royal Bank of Scotland PLC, The Bank

of Tokyo-Mitsubishi UFJ, Ltd., Wells Fargo Bank International Unlimited Company, Agricultural Bank of China (UK) Limited, Crédit Industriel et Commercial, London Branch, Hua Nan Commercial Bank LTD., London Branch, Bank of China Limited, London Branch, Bank of Taiwan London Branch and Chang Hwa Commercial Bank Limited, London Branch as original lenders

<b>“2018 Annual Financial Statements”</b> . . . . .	the consolidated financial statements of the Group as at and for the year ended 31 December 2018
<b>“2019 Annual Financial Statements”</b> . . . . .	the consolidated financial statements of the Group as at and for the year ended 31 December 2019
<b>“2020 Act”</b> . . . . .	the Corporate Insolvency and Governance Act 2020
<b>“2020 Interim Financial Statements”</b> . . . . .	the interim financial statements of the Group as at and for the six months ended 30 June 2020
<b>“2028 Bonds”</b> . . . . .	the £200,000,000 7.25% bonds due 21 April 2028 issued by the Company

## **APPENDIX 1**

### **VALUATION REPORTS**

This Appendix sets out the following valuation reports in respect of the property portfolio owned by Hammerson:

- Section A: Valuation report from Cushman and Wakefield Debenham Tie Leung Limited;
- Section B: Valuation report from CBRE Limited;
- Section C: Valuation report from Jones Lang LaSalle Limited.

## **Section A: Valuation Report from Cushman and Wakefield Debenham Tie Leung Limited**

**Valuation of:**

**Retail Park Portfolio, Brent Cross  
Shopping Centre, Ireland Portfolio,  
Retail Outlets (including VIA  
Outlets) and Development  
Properties**

**Prepared for**

**Hammerson Plc**

**Valuation Date:**

**31 July 2020**

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## VALUATION REPORT

To: The Directors  
Hammerson plc (the “**Company**”)  
Kings Place  
90 York Way  
London, N1 9GE

J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London, E14 5JP

Morgan Stanley & Co. International Plc  
25 Cabot Square  
Canary Wharf  
London, E14 4QA

Barclays Bank PLC  
5 North Colonnade  
Canary Wharf  
London, E14 4BB

Lazard & Co., Limited  
50 Stratton Street  
London, W1J 8LL

Investec Limited  
100 Grayston Drive  
Sandown, Sandton, 2196  
South Africa

(the “**Addressees**”)

**Property:** The address, tenure and property type of the property or each of the properties in the portfolio (the “**Properties**”) is included in Appendix B.

**Report date:** 6 August 2020

**Valuation Date:** 31 July 2020 (“**Valuation Date**”)

## 1. Instructions

### 1.1. Appointment

We are pleased to submit our report and valuation (the “**Valuation Report**”), which has been prepared in accordance with the engagement letter entered into between Cushman & Wakefield Debenham Tie Leung (“**C&W**”), and the Company dated 3 August 2020 (the “**Engagement Letter**”). This Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to the Company with our Engagement Letter, constitute the “**Engagement**”.

Included in the Engagement Letter is the Valuation Services Schedule, a shortened version of which is included as Appendix A (“**VSS**”). It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule. Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

We have valued the property interests in each of the Properties as at the Valuation Date either held directly by the Company, held in a joint venture where the Company holds a share (“**Joint Ventures**”), or held by Associates (defined as those entities over which the Company or any of its subsidiaries is in a position to exercise significant influence, but not control or joint control) (“**Associates**”).

In respect of the Properties held in Joint Ventures or by Associates, in the figures set out in this Valuation Report, we have included apportionments of the Market Values of the Properties’ interests based on the Company’s share of the proportionate interests in the Joint Ventures or Associates.

A list of the addresses of each of the Properties together with a note of their tenure is included in the VSS in Appendix B.

### 1.2. Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards (“**IVS**”) and the RICS Valuation UK National Supplement (the “**RICS Red Book**”) edition current at the Valuation Date. It follows that the valuation is compliant with IVS.

### 1.3. Compliance with the Listing Rules and the Prospectus Regulation Rules

The valuation and the Valuation Report comply with Rules 13.4.4R and 13.4.5R of the Listing Rules, Rule 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 - 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319).

### 1.4. Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS 1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Charles Smith has overall responsibility for the valuation and is in a position to provide an objective and unbiased valuation and is competent to undertake the

valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

C&W have been undertaking various instructions in providing property advice to the Company for a number of years. C&W have current, anticipated and previous recent involvement with the Properties in that they are the incumbent valuers to the Company and provide biannual valuations of the Properties for inclusion in the Company's accounts ("**Portfolio Valuation Reports**") and quarterly valuations for the Company's internal purposes and Joint Venture reporting. We also provide development consultancy and asset management advice on certain assets to the Company. We confirm that this factor has been discussed with the Company who has agreed that, notwithstanding our previous involvement, we may proceed with the valuation.

## 1.5. Purpose of Valuation

The Company has instructed C&W to:

- a. Provide a valuation report in the format referred to in the 'Scope of Services' section below for inclusion in a combined prospectus and circular (the "**Prospectus**") or any supplementary prospectus and/or circular to be published by the Company in connection with the disposal of VIA Outlets and the rights issue of new ordinary shares for cash (the "**Transactions**"), as a result of which new shares of the Company may/will be admitted to:
  - A. the premium listing segment of the Official List of the Financial Conduct Authority;
  - B. trading on the main market for listed securities on the London Stock Exchange; and
  - C. listing and trading on the main board of the Johannesburg Stock Exchange,
- b. Establish whether a material change has occurred in the valuation of the Properties between the Valuation Date and the date of the Prospectus.

(the "**Purpose of Valuation**").

Therefore, in accordance with PS 2.5 and UK VPS 3 of the RICS Red Book we have made certain disclosures in connection with this valuation instruction and our relationship with you. These are included in item 1.6 below.

## 1.6. Disclosures required under the provisions of PS 2.5 and UK VPS 3

### Signatories

Charles Smith (C&W) has been the signatory of the Portfolio Valuation Reports provided to the Company and prepared for inclusion in Company Accounts for the Retail Park Portfolio Valuations since 2020.

Anne Burnett (C&W) has been one of the principal joint signatories for the Retail Park Portfolio Valuation Report prepared for inclusion in Company's accounts since 2012. C&W has continuously been carrying out this valuation instruction since 2002.

Johanna Gill (C&W) has been the signatory for the Ireland Portfolio Valuation Reports provided to the Company for inclusion in Company's accounts since 2016. C&W has been carrying out this valuation instruction for the Company since 2016.

Alison Welham and Richard Ching (C & W (U.K.) LLP) have been signatories for the Outlet Valuation Reports (the "Outlet Portfolio") provided to the Company, its Associates and Joint Ventures for inclusion in Company accounts since 2014 (in respect of VIA Outlets) and 2015 (in

respect of Value Retail) . C & W (U.K.) LLP has been carrying out these valuation instructions since 2014 (in respect of VIA Outlets) and 2012 (in respect of Value Retail).

C&W endorses the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals not exceeding seven years. C&W's policy in this regard is explained in the VSS.

#### **C&W's relationship with the client**

Both C&W and C & W (U.K.) LLP have been undertaking various instructions for the Company for a number of years and we confirm that C&W DTL and C&W LLP both have current, anticipated and previous recent involvement with certain of the Properties. We confirm that this factor has been discussed with the Company who has agreed for C&W and C & W (U.K.) LLP to act in such capacities.

#### **Fee income from the Company/Fund**

On 1 September 2015, DTZ acquired Cushman & Wakefield and the combined group now trades under the Cushman & Wakefield brand. Cushman & Wakefield's financial year end is 31 December. We confirm that the proportion of fees payable by the Company to C&W in the financial year to 31 December 2019 was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2020 will remain at less than 5% of combined group turnover.

#### **C&W involvement in the Properties in the previous 12 months**

C&W have not been involved with the purchase of any of the assets within the period of 12 months preceding the date of engagement for the Company.

### **1.7. Inspection**

The Properties have been revalued without reinspection for the majority of the properties for the purpose of this Valuation Report. However, all Properties in the UK and Ireland were inspected during the year preceding the Valuation Date. All Properties in the Outlet Portfolio were inspected within two years preceding the Valuation Date, in accordance with instructions. Furthermore, all remaining Properties were inspected during the 3-year period preceding the Valuation Date.

In accordance with paragraph 130(ii) of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission Regulation (EC) No.809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/1129) (ESMA/2013/319), the date the Properties were last inspected is included in the Property Schedule in Appendix B to this Valuation Report. The Company has not advised us of any material changes to the physical attributes of the Properties or the area in which they are situated and, therefore, as agreed, we have made an Assumption that there are none.

### **1.8. Floor areas**

Unless specified otherwise, floor areas and analysis in this Valuation Report are based on the following bases of measurement, as defined in RICS Property Measurement (the edition current at the Valuation Date):

<b>Office</b>	NIA / IPMS 3
<b>Retail</b>	NIA / GIA

## 1.9. Accommodation

### Source of Floor Areas

The Company has provided us with the floor areas of the Properties that are relevant to our valuation. As instructed, we have relied on these areas and have not checked them on site. We have made an Assumption that the floor areas supplied to us have been calculated in accordance with the RICS Property Measurement (the edition current at the Valuation Date).

## 1.10. Sources of Information

In addition to information established by us, we have relied on the information obtained from the Company and others as referred to in this Valuation Report, and in particular in Appendix D, Sources of Information.

Having taken reasonable care to ensure that, in our professional opinion, the information provided is likely to be reliable, we have made the Assumption that the information provided by the Company and your professional advisers in respect of the Properties we have valued is both full and correct. We have made the further Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

## 2. Basis of valuation

The basis of value for this Valuation Report as required by FCA's Prospectus Regulation Rules and Listing Rules is Market Value and therefore these valuations have been prepared on a Market Value basis.

### Market Value

The value of the Properties has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed Market Value as referred to in VPS 4 item 4 of the RICS Red Book and applying the conceptual framework which is set out in IVS 104. Under these provisions, the term "Market Value" means "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation as at 30 June 2020 addressed to the Company for financial reporting purposes was on the basis of Fair Value – IFRS (the definition of which is reproduced in Appendix 2 to the Valuation Services Schedule attached at Appendix A). However, the references in the IFRS 13 definition to market participants and a sale make it clear that for most practical purposes the concept of Fair Value is consistent with that of Market Value and so there would be no difference between them in terms of the valuation figure reported.

The references in the IFRS 13 to market participants and a sale make it clear that for most practical purposes the concept of Fair Value is consistent with that of Market Value and so there would be no difference between them in terms of the valuation figure reported.

## 3. Assumptions and Special Assumptions

The Glossary in the RICS Red Book refers to an Assumption as a "supposition taken to be true". In this context, Assumptions are facts, conditions or situations affecting the subject of, or

approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. A Special Assumption is referred to in the Glossary in the RICS Red Book as an Assumption that "either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date". We confirm that no special assumptions have been made in undertaking our valuation.

## 4. Taxation and costs

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

We have reflected purchaser's acquisition costs in our valuation in line with normal market practice.

## 5. VAT

The capital valuations and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

## 6. Property information

### 6.1. Enquiries

We have undertaken and completed the various matters referred to in the "Scope of Services" section of the VSS.

Save as referred to below, the results of our enquiries and inspections do not contradict the Assumptions which we have made and are referred to in the VSS.

## 7. Valuation Approach and Reasoning

Our opinion of the Market Value of the Properties has been primarily derived using comparable recent rental, land and investment market transactions on arm's length terms. We have adopted an investment method of valuation based on an income approach and adopted a suitable market capitalisation rate.

For property in the course of development, the Market Value will reflect the investment value of the completed property, assuming that it had been completed at the valuation date, less the anticipated costs to complete, including the costs of finance and other holding costs.

It is important to note that, where the Company holds a proportion of the ownership in an individual property via a shareholding in a separate holding vehicle, our valuation will be of the 100% legal property interest held by the holding vehicle. In respect of the Properties held in Joint Ventures or by Associates, the Valuation Report will include apportionments of the Market Values of the Properties based on the Company's share of the proportionate interests in the Joint Ventures or Associates.

## 8. Valuation

Having regard to the foregoing, we are of the opinion that the aggregate of the Market Values (“**Aggregate Value**”), as at the Valuation Date, of each of the freehold, heritable and leasehold interests in the Properties owned by the Company and their apportioned share of the freehold and leasehold interests in the Properties held by the various Joint Ventures and Associates, subject to the Assumptions and comments in our Reports and the Appendices, was:

**£4,279,214,750**

Four billion two hundred and seventy nine million two hundred and fourteen thousand seven hundred and fifty pounds.

In arriving at our opinion of Market Value of the aggregate of the interests of the above Properties, we have valued each property individually. We have assumed that the Properties would be marketed in an orderly way and not all placed on the market at the same time.

Values are reported in pounds sterling (£). As agreed with the Company, Properties valued in local currency have been converted to Euros based on the following exchange rate, being the exchange rate as at 30 June 2020.

Currency	Foreign exchange rate to Euro €
CHF	1.064
NOK	10.836
SEK	10.459

As agreed with the Company, Valuation of Properties located outside of the UK have been valued in Euros, or valued in local currency and converted to Euros as set out above. These values have been converted to pounds sterling based on the euro exchange rate of £1:€1.101 being the exchange rate as at 30 June 2020.

There are no negative values to report.

### Retail Park Portfolio, Ireland Portfolio and Retail Outlets (Including VIA Outlets)

The Aggregate Value of the Company’s share of the property interests held in Joint Ventures or by Associates was apportioned between Freehold, Heritable, Leasehold and Part Freehold/Leasehold property interests in the Retail Park Portfolio, Brent Cross Shopping Centre, Ireland Portfolio, Outlets (including VIA Outlets) and Development Properties as at the Valuation Date as follows:

RETAIL PARK PORTFOLIO – UK (excluding developments)		
Tenure	No of Properties	Aggregate Market Value Hammerson Share (£)
Freehold/Heritable	10	362,085,750
Longleasehold (more than 50 years)	2	66,780,000

<b>TOTAL</b>	<b>12</b>	<b>428,865,750</b>
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<b>BRENT CROSS SHOPPING CENTRE (excluding developments)</b>		
<b>Tenure</b>	<b>No of Properties</b>	<b>Aggregate Market Value Hammerson Share (£)</b>
<b>Longleasehold/Freehold (more than 50 years)</b>	<b>2</b>	<b>202,977,000</b>
<b>TOTAL</b>	<b>2</b>	<b>202,977,000</b>

<b>IRELAND PORTFOLIO (excluding developments)</b>		
<b>Tenure</b>	<b>No of Properties</b>	<b>Aggregate Market Value Hammerson Share (£)</b>
<b>Freehold</b>	<b>12</b>	<b>768,272,000</b>
<b>Longleasehold (more than 50 years)</b>	<b>5</b>	<b>5,886,000</b>
<b>Part Freehold /Part Leasehold</b>	<b>1</b>	<b>56,630,000</b>
<b>TOTAL</b>	<b>18</b>	<b>830,788,000</b>

<b>RETAIL OUTLETS PORTFOLIO (including VIA Outlets)</b>		
<b>Tenure</b>	<b>No of Properties</b>	<b>Aggregate Market Value Hammerson Share (£)</b>
<b>Freehold</b>	<b>20</b>	<b>2,647,352,000</b>
<b>TOTAL</b>	<b>20</b>	<b>2,647,352,000</b>

<b>RETAIL OUTLETS – VIA Outlets only</b>		
<b>Tenure</b>	<b>No of Properties</b>	<b>Aggregate Market Value Hammerson Share (£)</b>
<b>Freehold</b>	<b>11</b>	<b>717,975,000</b>
<b>TOTAL</b>	<b>11</b>	<b>717,975,000</b>



<b>DEVELOPMENT PORTFOLIO</b>		
<b>Tenure</b>	<b>No of Properties</b>	<b>Aggregate Market Value Hammerson Share (£)</b>
<b>Freehold</b>	6	68,664,000
<b>Freehold/Pt Leasehold</b>	2	100,568,000
<b>TOTAL</b>	<b>8</b>	<b>169,232,000</b>

### Properties Held as Development

We have been informed by the Company that the following Properties are held by the Company as Development Properties. We have set out additional information relating to these Properties below:

<b>Development Property</b>	<b>Planning permission</b>	<b>Method of Valuation</b>
<b>Brent Cross Southern Lands, LONDON</b>	Yes	Comparable
<b>Renfrew Development Land, PAISLEY</b>	No	Comparable
<b>Ravenhead Retail Park Land, ST HELENS</b>	Historic planning permission - now expired.	Comparable
<b>Port Talbot Retail Park Land PORT TALBOT</b>	No	Comparable
<b>Pavilions Development,</b>	Historic planning permission expired – no current planning	Comparable
<b>Dublin Central</b>	Historic planning permission expired – no current planning	Comparable and Investment. Valued as sum of the parts Supported by rate per acre check.
<b>Clonsilla</b>	No planning permission	Comparable
<b>Dundrum Village</b>	Historic planning permission expired – no current planning	Residual appraisal, supported by rate per acre check.

### Properties with an individual value of more than 5% of the Company's total aggregate valuation

We have set out below the Properties included in the Aggregate Value where the Company owns a property or share in a property with a value of more than 5% of the Company's total aggregate valuation.

Property	Description, Age and Tenure	Terms of Existing Tenancies	Market Value (£)
<b>The Dundrum Estate, Dundrum, Dublin 14 IRELAND</b>	<p>The Property includes a number of assets within Dundrum located approximately 6.5 km south of Dublin City centre.</p> <p>The main element is a Super Regional Shopping Centre (Phase 1) which comprises a multi-level shopping centre which opened for trading in March 2005.</p> <p>Phase 1 includes, the main shopping centre, the Pembroke District, Dundrum Retail Park, the Cinema Building and office accommodation.</p> <p>The main shopping centre is arranged over 3 levels with anchor stores including Marks &amp; Spencer, Penny's and Tesco (Tesco have a long leasehold interest).</p> <p>There are large retail warehouse units located to the south of the scheme. The upper floors are in office use including a large HQ type office block primarily let to RSA.</p> <p>Phase 2 comprises an island site to the north of Phase 1. It includes Dundrum Village Centre and Car Park and a number of smaller units on Glenville Terrace and Main Street.</p> <p>Dundrum Village Centre comprises an old purpose built shopping centre which is mainly 2 storey and the anchor tenants are Lidl and Dealz. Phase 2 offers short to medium term development potential.</p> <p>The remaining ancillary assets within the Dundrum Estate comprise a mix of relatively small existing commercial investment assets (retail, office, gym use); residential assets and sites with residential potential.</p>	<p>Phase 1 is mainly let on full repairing and insuring leases granted in excess of 5 years.</p> <p>The nature of the rent reviews (i.e. upward only or upward and downward) depends on the date of the lease; therefore there is a mixture of the rent review type within the property.</p> <p>Approximately half of the leases are granted outside the provisions of the Land &amp; Conveyancing Law Reform Act 2009.</p> <p>Phase 2 and the Ancillary assets are generally let on standard commercial and residential terms.</p> <p>Some of the commercial tenancies are internal repairing only and some of the rents are on an all inclusive basis. A number of the leases are granted outside the Land &amp; Conveyancing Law Reform Act 2009, and a number include Landlord break options.</p> <p>The entire of the property is let, with the exception of, one office unit and 27 retail/F&amp;B units. There are also a number of vacant storage units and car parking spaces some of which are subject to ongoing lease discussions.</p>	663,985,000

	<p>There are 235 tenants in total in the entire estate and a total floor area of approximately 138,500 sq m (1,490,000 sq ft). There are approximately 3,600 basement and surface car parking spaces provided.</p> <p>The site area of the property is approximately 13.38 hectares (33.06 acres).</p> <p>Freehold and Long Leasehold</p>		
<p><b>Bicester Village, 50 Pingle Drive Bicester OX26 6WD UNITED KINGDOM</b></p>	<p>Bicester Village is a world renowned shopping outlet located in Oxfordshire, approximately 60 miles from London.</p> <p>The outlet is purpose built and, constructed in phases:</p> <p>Phase 1 – commenced trading 1994 Phase 2A – opened early 1997 Phase 2B – opened in 2000 Phase 2C – opened late 2002 Phase 3 – opened October 2008 Phase 4 – opened October 2017</p> <p>Bicester Village is currently configured as 168 retail units (including the visitor centre) providing a total gross lettable floor area, excluding mezzanines, of approximately 28,000 m<sup>2</sup>.</p> <p>There are approximately 2,600 car spaces on site. The site area is approximately 12.5 hectares (31 acres).</p> <p>Bicester Village railway station is located at the rear of the car park and benefits from its own dedicated entrance to the Village. This provides a direct service to London in around 45 minutes.</p> <p>Freehold</p>	<p>The property is let by way of outlet style tenancies, with base and turnover rent. The base rents are subject to annual reviews based on the previous year's rent.</p> <p>There is a service charge provision in the tenancies for the recovery of operational costs, marketing, buildings maintenance and repairs.</p> <p>All of the tenancies are outside the provisions of the Landlord &amp; Tenant Act 1954.</p>	983,700,000

### Aggregate Value Apportionment

The Aggregate Value of the Company's share of the property interests held in Joint Ventures or by Associates was apportioned between the Retail Park Portfolio, Brent Cross Shopping Centre,

Ireland Portfolio, Outlets (including VIA) and Development Properties as at the Valuation Date as follows:

SECTOR	No of Properties	Aggregate Market Value/ (£)
UK Retail Park Portfolio	12	428,865,750
Brent Cross Shopping Centre	2	202,977,000
Ireland Portfolio	18	830,788,000
Retail Outlets (including VIA Outlets)	20	2,647,352,000
Retail Outlets – VIA Outlets only	11	717,975,000
Development Properties only	8	169,232,000

#### Property Disposals

There have been no property disposals since the Valuation Date.

### 8.1. ESMA 130(vi)

Pursuant to paragraph 130 of the ESMA update (ESMA/2013/319) of the CESR recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129), we are required to comment on any differences between the valuation figures in this Valuation Report and the valuation figures as at 31 December 2019 included in the Company's latest published annual accounts. The differences between the valuation as at 31 December 2019, 30 June 2020 and the Valuation Date are attributable to:

#### Brent Cross Shopping Centre:

The value of Brent Cross Shopping Centre fell by 20.44% over H1 2020 (17.45% taking into account the development land value) based on our reported valuations. The reason for the decrease in value is attributed to the continuing decline in both the occupation and investor markets. Market rents have been reduced by circa 9.00% over this period with the greatest decreases seen on the MSU stores traditionally occupied by fashion retailers who are now considering turnover only rents; increased vacancy due to Administration/CVA, tenants' incentives, assumptions on COVID-19 impact, voids and associated costs has also impacted negatively on the rental cashflow. Yields have moved out in line with market sentiment as investors have concerns over the rent sustainability and associated risk in the retail sector.

The value of Brent Cross has moved by -2.65% over the period from 30 June 2020 to 31 July 2020. The reason for this decline in value is due to reflecting the arrangements with a number of tenants entering Admin/CVA and loss of resulting overrent, reduced rent on ancillary unit based on interest levels, updated irrecoverable costs and outward yield movement in line with market sentiment.

#### Retail Park Portfolio

The value of the Retail Park Portfolio has declined by 14.76% over H1 2020 and 21.39% for the period 12 months to June 2020 based on our reported valuations. The reduction in value across the portfolio is due to a combination of rent and yield decline. Market Rents declined by 4.00% over H1 2020. Increased vacancy, letting and incentive assumptions and COVID-19 have also impacted on cashflow and yield. Yields have moved out across the portfolio by 66bps.

The value of the Retail Park Portfolio has moved by -2.24% over the period from 30 June 2020 to 31 July 2020. The reason for this decline in value is due to reflecting the latest CVA/Admin position, market rent reduction on certain assets and outward yield movement in line with the market.

#### **Irish Portfolio:**

The value of the Irish portfolio including the development assets fell by 10.09% over H1 2020 (9.57% with the development assets are excluded) based on reported values. The reduction in value is attributed to the continuing decline in both the occupational and investor markets. Market Rents have been reduced by 5.00% over this period for all commercial elements (except PRS development). There was a nominal increase in vacancy across the portfolio and we increased assumed void periods on lease expiry and current voids. An income deduction based on the likely COVID-19 impact was also included in the latest valuation. Yields have moved out in line with market sentiment reflecting investors' concerns over the sustainability and associated trading risks in the retail sector. The value of the Ireland Portfolio has moved by -0.32% over the period from 30 June 2020 to 31 July 2020. The reason for this decline in value is due to a number of vacancies and assumed vacancies within the shopping centres where tenants have not reopened as a result of either entering examinership/CVA or publishing that they may do so. Some of this negative impact has been counter-acted by capital expenditure on extension projects that has been incurred over the period.

#### **Premium Outlets**

The value of the Premium Outlet Portfolio remained broadly flat H1 2020 based on reported values, with foreign exchange adjustments compensating for a reduction in the value of the assets over this period. The reduction in value is as a result of the uncertainty surrounding sales following the periods of closure relating to COVID-19 and the concerns over the anticipated speed of recovery. This has been reflected by way of short term sales/rental reductions and increased investor return requirements of between 25-50bps to compensate for the associated risk of recovery in the coming years.

The value of the Premium Outlets portfolio has moved by 0.11% over the period from 30 June 2020 to 31 July 2020. The reason for this change in value is due to improvement in certainty on sales following the rebound in footfall following the relaxation of lockdown guidance as a result of COVID-19.

## **9. Material Valuation Uncertainty**

### **Material valuation uncertainty due to Novel Coronavirus (COVID – 19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity.

As at the Valuation Date, in the case of the subject properties there is a shortage of market evidence for comparison purposes, to inform opinions of value. Our valuation of these Properties is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and

VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. The exception to this is the residential property at 152 Brent Park Road London where material valuation uncertainty is not applicable.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuations contained within this report under frequent review.

## General Market Commentary

### UK & Ireland – Shopping Centres and Retail Parks

The retail sector was already facing many challenges prior to the COVID-19 outbreak and these have intensified resulting in increased occupational and market uncertainty. Occupationally, retailer Administrations and CVAs have been an increasing trend which is set to continue through 2020. This will put further downward pressure on rents and occupancy levels. Many retailers were unable to trade due to Government imposed restrictions and landlords are continuing to negotiate rental payments with tenants that are unable or unwilling to pay rent. We anticipate that retail yields will continue to come under pressure over the course of this year as the general uncertainty surrounding the retail market continues to impact on investor confidence.

Some long-awaited confidence had begun to return to the out of town retail capital markets at the beginning of this year, albeit only for parks that met specific investor criteria. This segment of the market was perceived as being more resilient to the rapidly changing retail environment. However, sentiment quickly deteriorated as the impact of COVID-19 was felt in the UK and investment activity has fallen away, with the inability of investors to secure debt in the retail sector, acting as an additional hurdle to market activity.

The C&W view on retail prime yields in the UK over the course of H1 2020 for regional shopping centres moved out 70 basis points and 125 basis points for sub regional schemes; prime retail park yields moved out 75 basis points over the same period. The yield outlook for the remainder of 2020 for both these retail subsectors is “outward”.

In an Irish context, our view on super-prime shopping centres for Dublin for H1 2020 was an increase of 25 basis points and for the prime category in Dublin it was an increase of 35 basis points. Our outlook for the remainder of 2020 in both of these sub-sectors is also “outward”.

### Premium Outlets

European designer outlets, along with other full-price retail, closed for varying periods following local government guidelines. Whilst they have now re-opened, restrictions on the movement of people continue to impact the sector.

However, since re-opening, performance has shown some signs of improvement, with operators reporting growth in average spend, compensating at least in part, for a fall in footfall. Open air outlets, located away from city centres and with a strong local catchment have fared the best. In the short term, outlets highly dependent on tourist trade will be impacted from a lack of travellers, although an increase in local visitors looking for a “day out” in replacement of their own holidays will provide some mitigation.

We would expect purchasers now to make more cautious assumptions in terms of the first year of rent receivable, due to re-negotiations of rental terms with retailers and the uncertainty of the sales performance in the short term.

## 10. Responsibility

For the purposes of Prospectus Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge, the information contained in this Valuation Report is in accordance with the facts and makes no omission likely to affect its import. This Valuation Report complies with Rules 13.4.4R and 13.4.5R of the Listing Rules, Rule 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004 (as applicable to the Prospectus Regulation (EU) 2017/1129) (ESMA/2013/319).

## 11. Disclosure

Except for in connection with the Purpose of the Valuation set out above or as expressly contemplated in the Engagement Letter you must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement and any Special Assumptions or Departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. Any person who breaches this provision shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach.

To the extent permitted by law, we hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement.

## 12. Reliance

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

Save for any responsibility to any person arising under Prospectus Regulation Rule 5.3.2R(2)(f) as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the Addressees (as provided for in the terms of the Engagement) for any loss suffered by any such other person as a result of, arising out of, or in connection with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 1.2 of the Prospectus Delegated Regulation and Rules 13.4.4R and 13.4.5R of the Listing Rules.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited

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**Charles Smith MRICS**

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## **APPENDIX A: VALUATION SERVICES SCHEDULE ("VSS")**

## 1. Property Details

Appendix 1 includes the address, tenure and property type of each of the properties ("**Property**") to be valued ("**Property Schedule**").

The Property is directly or indirectly held by Hammerson plc (the "**Company**" or the "**Client**").

For purposes of the valuation described below, you have asked us to value the freehold, or leasehold or heritable interest in the Property, as appropriate. For the avoidance of doubt, C&W is not responsible for determining the tenure and ownership of the Property. The classification of ownership is for the Client or, at its request, its legal advisors to establish.

We would draw your attention to the fact that under the ESMA definition of property, only freehold, heritable, leasehold or equivalent property held by the Company may be the subject of the formal Valuation Report (as that term is defined below).

It is important to note that, where the Company holds a proportion of the ownership in an individual property via a shareholding in a separate holding vehicle, our valuation will be of the 100% legal property interest held by the holding vehicle. In respect of the properties held in joint ventures or by associates, the Valuation Report will include apportionments of the Market Values of the Property interests based on the Company's share of the proportionate interests in the joint ventures or associates.

## 2. Client

Hammerson Plc.

Company Number: 00360632

Country of Incorporation: England

Our client under this engagement is the Company (also referred to as the "**Client**").

## 3. Addressee

The Valuation Report will be addressed to the Client, J.P. Morgan Securities plc ("**J.P. Morgan**") and Morgan Stanley & Co. International plc ("**Morgan Stanley**"), Barclays Bank PLC ("**Barclays**"), Lazard & Co., Limited ("**Lazard**") and Investec Bank Limited ("**Investec**") (together, the "**Addressees**" and the Addressees other than the Client, the "**Banks**" in their roles as joint financial advisers, joint UK sponsors, joint global coordinators, joint bookrunners and South African sponsor (as the case may be) in connection with the Offering), and will also be publicly available when included in the final Prospectus.

The Banks shall be entitled to rely on the Valuation Report subject always to the terms of the Engagement.

By relying on the Valuation Report, the Banks shall be deemed to acknowledge and agree that C&W's duties and obligations to the Banks and in connection with the Valuation Report shall be no different or greater and of no longer duration than the duties and obligations which C&W owes to the Client under the Engagement.

C&W shall have no greater liability to the Addressees by virtue of such reliance, either in nature, extent, or in time, than C&W has to the Client under the Engagement and C&W shall be entitled to rely on any limitation in the Engagement and to raise the equivalent rights in defence of liability or indemnity to the Addressees (both jointly and severally) as are available to C&W against the Client under the Engagement.

C&W's limit of liability under this Engagement represents the maximum total liability to the Banks and, save in respect of Prospectus Regulation Rule 5.3.2(R)(2)(f) (as set out in this Engagement Letter), all other parties permitted to rely on the Valuation Report in the aggregate.

## 4. Client Instructions

C&W has previously undertaken a valuation of the legal interests in the Property described in the Property Schedule as at 30 June 2020 for inclusion in company accounts

The Client has instructed C&W to:

- a. Undertake a valuation of the legal interests in the Property described in the Property Schedule ("**Valuation**") as at 31 July 2020 ("**Valuation Date**") and provide a valuation report in the format referred to in the 'Scope of Services' section below ("**Valuation Report**") for the following purpose of valuation ("**Purpose of Valuation**"):
  - for inclusion in a combined prospectus and circular (the "**Prospectus**") or any supplementary prospectus and/or circular to be published by the Company in connection with the disposal of VIA Outlets and the rights issue (the "**Rights Issue**") of new ordinary shares for cash ("**Valuation**"), as a result of which new shares of the Company may/will be admitted to the premium listing segment of the Official List of the Financial Conduct Authority ("**FCA**"), to trading on the main market for listed securities on the London Stock Exchange (the "**London Stock Exchange**"); and to listing and trading on the main board of the Johannesburg Stock Exchange (the "**JSE**") (the "**Offering**").
- b. Establish whether a material change has occurred in the Valuation of the Property since the Valuation Date and the date of the relevant Valuation Report (or any supplementary circular and/or prospectus).
- c. Provide a consent letter consenting to the inclusion of the Valuation Report in the Prospectus (and any supplementary circular and/or prospectus) in the agreed form.
- d. Provide bringdown letters at the dates specified in section 9.3 below in the agreed form.
- e. Provide a correct extraction letter in relation to information included in the Prospectus (or any supplementary circular and/or prospectus) extracted from the Valuation Report in the agreed form.

## 5. Basis of Valuation

The basis of value for this Valuation Report as required by FCA Prospectus Regulation Rules is Market Value and therefore these valuations have been prepared on a Market Value basis.

Our opinion of the Market Value of the Property has been primarily derived using an income approach assessing comparable recent market transactions on arm's length terms.

In accordance with the Client's instructions, C&W will undertake the Valuation on the following basis:

## 5.1 Market Value

Market Value as referred to in VPS4, Item 4 of the current edition of the RICS Valuation - Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS UK national supplement (the "RICS Red Book"), and applying the conceptual framework which is set out in IVS104:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

## 6. Special Assumptions

The Glossary of the RICS Red Book states that an Assumption *"that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date"* is a **"Special Assumption"**.

As instructed, we will not make any Special Assumptions.

## 7. Scope of Services

Included in the Services are:

### 7.1 Valuation Report

Providing a Valuation Report that will be prepared in English. C&W will provide one electronic copy of the Valuation Report to each of the Addressees and, if requested, one signed hard copy per Addressee. Where the Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, C&W's understanding of the extent of title based on site inspections or copy title plans supplied to C&W. The Client should not rely on C&W's plans to define boundaries.

As agreed, C&W will not provide full details of the valuation approach and reasoning in the Valuation Report. We will provide a schedule of the aggregate Property values for the UK Retail Parks Portfolio, the Ireland Portfolio, Brent Cross Shopping Centre UK, Retail Outlets, Retail Outlets (VIA Outlets only) and Development Properties. We will provide a summary property schedule for properties with a value of over 5% of the aggregate valuation.

### 7.2 Currency

Providing a Valuation in UK Pounds Sterling (£).

### 7.3 Inspections

External inspection of the Property from ground level and an internal inspection of the Property. Inspections are undertaken in accordance with the Valuers Brief set out in the letter of appointment from the Company to C&W in respect of undertaking the biannual valuations for inclusion in Company Accounts.

## 7.4 Floor Areas

Adopting floor areas provided to C&W by the Company for the Purpose of Valuation, (subject to the provisions of item 3 of the Assumptions).

## 7.5 Tenancies & Leasing

Relying on tenancy information provided by the Company, subject to the provisions of section 11.2 of the Assumptions. For the avoidance of doubt, C&W will not read copy leases.

## 7.6 Environmental Matters (including Flooding)

Reviewing the Scottish Environment Protection Agency (SEPA) website for flood risk (subject to the provisions of section 11.3 of the Assumptions). For the avoidance of doubt, C&W will not undertake an environmental assessment or prepare a land quality statement, which would be the responsibility of an environmental consultant or chartered environmental surveyor. In this respect, C&W will have regard to any environmental reports provided to C&W (subject to the provisions of section 11.3 of the Assumptions).

Reviewing the relevant Local Authority websites regarding environmental matters, including contamination and flooding (subject to the provisions of section 11.3 of the Assumptions). For the avoidance of doubt, C&W will not undertake an environmental assessment or prepare a land quality statement, which would be the responsibility of an environmental consultant or chartered environmental surveyor. In this respect, C&W will have regard to any environmental reports provided to C&W (subject to the provisions of section 11.3 of the Assumptions).

## 7.7 Title

Reading a Certificate of Title where this is provided to C&W and C&W will reflect its contents in the Valuation (subject to the provisions of section 11.6 of the Assumptions).

C&W will not inspect the title deeds of the Property.

Unless agreed in writing in advance with the Client, C&W will not obtain information from the Land Registry.

## 7.8 Condition of Structure & Services, Deleterious Materials and Ground Conditions

Taking into account the general condition of the Property as observed from the inspection (subject to section 11.7 of the Assumptions). Where a separate condition or structural survey has been undertaken and made available to C&W, C&W will reflect the contents of the survey or condition report in the Valuation Report, but may need to discuss the survey or condition report with the originating surveyor.

## 7.9 Statutory Requirements and Planning

Making verbal or electronic enquiries of the relevant planning authorities as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. C&W will also seek to ascertain whether any outstanding planning applications exist which may affect the Property, and whether the Property is listed or included in a Conservation Area. C&W will also attempt to verify the existing permitted use of the Property, and endeavour to have sight of any copies of planning permissions. For the avoidance of doubt, C&W will not undertake formal searches.

## 7.10 Exclusion

Where C&W is engaged to prepare a Valuation Report in connection with a proposed transaction in respect of the Property, expressly excluded from the Services is the provision of any recommendation or otherwise by C&W as to whether to proceed with such a proposed transaction. Accordingly, the Client must not in any circumstances construe the Valuation Report as a recommendation whether or not to proceed with such a proposed transaction.

## 8. Basis of Appointment

C&W confirms that:

The Valuation and Valuation Report will be undertaken in accordance with the appropriate sections of the current edition of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS UK national supplement (the "**RICS Red Book**"). In this context "current edition" means the version in force at the Valuation Date. The Valuation Report will comply with Rules 13.4.4R and 13.4.5R of the Listing Rules, Rule 5.4.5G of the Prospectus Regulation Rules published by the FCA and paragraphs 128 to 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's Regulations (EC) No 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319).

The Valuation will be the responsibility of Charles Smith MRICS (the "**Valuer**"), who is a member of the RICS Valuer Registration Scheme and is in a position to provide an objective and unbiased Valuation. There are no factors that could limit the Valuer's ability to provide an impartial and independent valuation of the Property. The Valuer is competent to undertake this valuation assignment and does not need to seek material assistance from others in relation to any aspect of the valuation assignment. The Valuation will be undertaken by a suitably qualified valuer, or valuers, who has or have the knowledge, skills and understanding to undertake the Valuation competently and who will act as "External Valuer(s)" (as defined in the RICS Red Book) qualified for the Purpose of Valuation.

C&W does not (and any affiliates of C&W do not) act as external valuers as defined under the Alternative Investment Fund Manager's Directive ("AIFMD") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing in advance by C&W.

C&W have current involvement with the Property in that they are the incumbent valuers to the Company and provide biannual valuations for inclusion in the Company's accounts. C&W undertake various instructions in providing property advice to the Company. We therefore confirm that C&W have current, anticipated and previous recent involvement with the Property. The advice includes regular valuations of the Property for accounts purposes as well as ongoing agency, development and other advice<sup>1</sup>.

This involvement has been discussed with the C&W compliance officer and the Company, who have provided written confirmation that and notwithstanding our previous involvement we may

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<sup>1</sup> NTD: Company to confirm.

proceed with the Valuation.

C&W confirms that we have had no previous material interest in the Company or material connection or involvement with any of the Property other than as set out above, and that copies of our conflict of interest checks have been retained within the working papers.

The proposed Valuation is a "**Regulated Purpose Valuation**" (as defined in RICS UK national supplement ("**UKNS**") UK VPS 3. C&W confirms that the Property does not include any interests which have been acquired by the Client within the 12 months preceding the Valuation Date and in respect of which C&W has either received an introductory fee or negotiated that purchase on behalf of the Client.

In accordance with the provisions of UK VPS 3.1, in terms of any future acquisitions, C&W would be unable to undertake a valuation of a property acquired by a C&W client within the twelve months preceding the Valuation Date if, in relation to that property, C&W received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with C&W, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

In accordance with PS 2.5 of the RICS Red Book and UK VPS 3, the Valuation Report will set out the length of time Charles Smith has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time C&W has continuously been carrying out that valuation instruction for the Client, the extent and duration of C&W's relationship with the Client and the proportion of C&W's total fee income made up by the fees payable by the Client (to the nearest five percentage points). C&W will require these disclosures to be made in any published references to the Valuation Report.

C&W must seek to ensure there will be no potential conflicts of interest arising not only from C&W's involvement with the Property and with the Client but also any related parties to the Client. Accordingly, the Client must advise C&W of any relevant parties connect to the Client's organisation.

In accordance with PS 2.5 of the RICS Red Book, C&W confirm our policy on rotation of the valuer accepting responsibility for Regulated Purpose Valuations and a statement of the quality control procedures that C&W has in place, as follows: "*C&W endorses the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals of not more than seven years, unless there are overriding circumstances to the contrary. C&W discusses the method of rotation of the signatory to Regulated Purpose Valuation reports with its clients. C&W operates internal quality control procedures throughout its valuation practice including a system whereby the valuation of property meeting certain criteria requires the approval of an internal Value Committee.*"



## 9. Inclusion in a Prospectus

The Valuation Report is required for inclusion in the Prospectus in connection with, among other things:

- a) the disposal by the Company of its 50% share in VIA Outlets; and
- b) the Offering.

C&W understands that the final Prospectus (and any supplementary prospectus), containing the final Valuation Report, will be approved by the FCA. C&W will therefore provide a final copy of the Valuation Report to be incorporated into the Prospectus (and any supplementary prospectus), together with a consent letter addressed to each of the Addressees (in the agreed form) ("the **Consent Letter**") by which C&W consents to:

- a) the inclusion of the Valuation Report within the Prospectus and any supplementary prospectus provided that (i) C&W has first approved the form in which the Valuation Report is to appear within the Prospectus and (ii) the consent letter is factually correct.

In addition, upon: the date of publication of the Prospectus and the execution by the Banks and the Company of the underwriting agreement in connection with the Rights Issue;

- (i) the admission of new shares (nil paid) in the Company pursuant to the Rights Issue to the Official List and the Main Market of the London Stock Exchange ;
- (ii) the date when the shares in the Company which comprise the 'rump' are placed in connection with the Rights Issue (the "**Rump Placement Date**");
- (iii) the date when the shares in the Company which comprise the 'rump' are settled in connection with the Rights Issue; and
- (iv) the date of publication of any supplementary prospectus or circular,

we will deliver a letter to the Addressees a bring down letter in the agreed form (the "**Bringdown Letter**") and address it to the Addressees and any person who we have allowed to rely on the Valuation Report for the Purpose of Valuation (excluding members of the general public). The Company will confirm to us the dates on which the events set out in (i) to (v) will occur.

C&W will include the following confirmations in the Valuation Report:

*"For the purposes of Prospectus Regulation Rule 5.3.2(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge, the information contained in this Valuation Report is in accordance with the facts and this Valuation Report contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319)."*

*"The valuation and the Valuation Report comply with Rules 13.4.4R and 13.4.5R of the Listing Rules, Rule 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 - 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319)."*



In addition to reproduction of the full text, other sections of the Prospectus may contain certain information extracted from the Valuation Report. If so, C&W will confirm in a letter, addressed to each of the Addressees, whether such information has been properly and accurately extracted or computed from the Valuation Report in the agreed form (the "**Correct Extraction Letter**").

C&W understands that the Company intends to distribute a draft of the Prospectus to prospective investors on or around August 2020, prior to the publication of the final Prospectus. Accordingly, we confirm that, subject to C&W providing its prior written consent (which may be by way of email and may not be unreasonably withheld or delayed), our draft Valuation Report may be included in the draft Prospectus.

C&W also understands that the Client intends to distribute and publish announcements, presentations and other documents in connection with the transaction both before and after the publication of the final Prospectus, which may include information extracted from the Valuation Report. Accordingly, we confirm that such information may be included in such presentations without our prior written consent, save that, where such announcement, presentation or other document refers to C&W, the information may be included only with C&W's prior written consent (which may be by way of email) and with agreed non reliance disclaimer, which will not be unreasonably withheld or delayed.

Except for any responsibility arising to any person under Prospectus Regulation Rule 5.3.2R(2)(f) as and to the extent provided under the Prospectus Regulation Rules, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person (save as otherwise set out in this Engagement Letter) for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 1.2 of the Commission Delegated Regulation (EU) no. 2019/980.

C&W will, where requested: (i) circulate drafts of our Valuation Report and liaise with the Addressees and their respective legal advisers, (ii) provide comments and mark-ups to the draft Prospectus in relation to the property valuation sections and (iii) discuss with the Client, the Addressees and their respective legal advisers, any matters and issues relating to the Valuation as they arise prior to issuing the final form Valuation Report.

## 10. Special and Additional Terms

### 10.1 Novel Coronavirus (COVID-19) – Material Valuation Uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity.

As at the valuation date, there is a shortage of market evidence for comparison purposes, to inform opinions of value. Our valuation of these properties are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. The exception to this is the residential property at 152 Brent Park Road London where material valuation uncertainty is not applicable.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuations contained within this report under frequent review.

## 10.2 Form of the Valuation Report

The Valuation Report format will comply with the requirements of the Prospectus Regulation Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004, and the RICS Red Book.

## 10.3 Use of Valuation Report

Save as set out in paragraphs 9.7 and 9.8, the Valuation Report may be used only for the Purpose of Valuation referred to in item (a) of 'Client Instructions' in this Services Schedule.

## 10.4 Areas

The areas C&W report will be appropriate for the Purpose of the Valuation but should not be relied upon for any other purpose.

## 10.5 Group of Properties / Lotting

Unless C&W has confirmed otherwise in this Services Schedule, each property will be valued individually; in the case of a portfolio, C&W will assume that each of the properties would be marketed in an orderly way and not placed on the market at the same time.

## 10.6 Limitations

There are no limitations.

## 10.7 Age of Building

If C&W states the age of a building in the Valuation Report, this will be an estimate and for guidance only.

## 10.8 Condition of Structure, Foundations, Soil & Services

It is a condition of C&W or any related entity, or any qualified employee, providing advice and opinions as to value, that the Client and/or third parties (whether notified to C&W or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

## 10.9 Plant & Machinery

No allowance will be made by C&W for any items of plant or machinery not forming part of the service installations of the building(s). C&W will specifically exclude all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses.

C&W will also exclude furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools, except where such items would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern.

## 10.10 Goodwill

No account will be taken by C&W in the Valuation of any business goodwill that may arise from the present occupation of the Property, except where such business goodwill (excluding any personal goodwill) would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern.

## 10.11 Statutory Requirements & Planning

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. Where a Client needs to rely upon the information given about town planning matters, the Client's legal advisers must be instructed to institute such formal searches. C&W recommends that the Client requests C&W to review its comments and Valuation in light of any resultant findings.

## 10.12 Defective Premises Act 1972

No allowance will be made by C&W for rights, obligations or liabilities arising under the Defective Premises Act 1972.

## 10.13 Legal Issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted by C&W for the true interpretation of the legal position of the Client or any other parties in respect of the Valuation. Where C&W expresses an opinion on legal issues affecting the Valuation, then such opinion is subject to verification by the Client with a suitable qualified legal adviser.

## 10.14 Purchaser's Costs

The opinion of value which C&W will attribute to the Property will be the figure C&W considers would appear in a contract for sale, subject to the appropriate assumptions for the Basis of Value reported. Costs associated with the transaction, including any taxes, legal fees and other expenses, would be payable by the purchaser in addition to the figure reported.

## 10.15 Taxation & Disposal Costs

No adjustment will be made by C&W to reflect any liability to taxation that may arise on disposal, or development of the Property nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance will be made by C&W to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

C&W's valuation figure for the Property will be that receivable by a willing seller excluding VAT, if applicable.

## 10.16 Properties to be Developed or in the Course of Development

Unless specifically agreed in writing to the contrary, C&W's fee assumes that C&W will be provided with a specification and floor plans of the proposed / ongoing development as well as information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date or dates. Normally such figures, dates and information will be provided by the professional advisers involved in the construction programme. Unless specifically instructed to the contrary in writing, C&W will rely on such figures, dates and information and the Client should make this fact known to such advisers. Alternatively, on request, C&W can arrange for independent quantity surveyors to provide an assessment of costs and dates at an additional fee charge.

## 10.17 Monitoring

The compliance of the valuations undertaken in accordance with the RICS Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

## 10.18 Valuation Components

The components of C&W's valuation calculations (such as future rental values, cost allowances, or void periods) may only be appropriate as part of the valuation calculations and should not be taken as a forecast or prediction of a future outcome. The Client should not rely on any component of the valuation calculations for any other purpose.

# 11. Assumptions

The RICS Red Book contains a glossary that defines various terms used in the RICS Red Book that have a special or restricted meaning. One such term is an assumption which is defined as "A supposition taken to be true" ("**Assumption**"). Accordingly in this context, C&W will make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, the Valuation that C&W will not verify as part of the valuation process but rather, in accordance with the definition in the RICS Red Book, will treat as true because it is agreed that specific investigation by C&W is not required. In the event that any of these Assumptions prove to be incorrect then the Valuation will need to be reviewed.

## 11.1 Confirmation of Assumptions

The Client's counter-signature of the Engagement Letter represents confirmation that all of the Assumptions, referenced within the Assumptions section, are correct.

The Client must promptly notify C&W in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Services Schedule result in an increase in the scope of the Engagement this may result in an appropriate increase in C&W's fees and expenses due under the Engagement.

## 11.2 Tenancies and Leasing

C&W's opinion of the Market Value will be subject to existing leases of which the Client or its advisors have made C&W aware but otherwise will reflect an Assumption of vacant possession. Where C&W has undertaken to read the leases and related documents provided to it, C&W will make an Assumption that copies of all relevant documents will be sent to C&W and that they are complete and up to date.

Where C&W relies on tenancy and lease information provided to it, unless such information reveals otherwise, C&W will make the Assumption that all occupational leases are on full repairing and insuring terms, with no unusual or onerous provisions or covenants that would affect value.

C&W will make an Assumption that vacant possession can be given of all accommodation which is unlet or occupied by the entity or its employees on service tenancies. C&W will not take account of any leases between subsidiaries unless C&W states otherwise in the Services Schedule.

C&W will not undertake investigations into the financial strength of any tenants unless otherwise referred to in the Valuation Report. Unless C&W has become aware by general knowledge, or has been specifically advised to the contrary, C&W will make an Assumption that:

- a. where a Property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, the Valuation will reflect a potential purchaser's likely opinion of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

C&W will take into account any information the Client or its advisors provide concerning tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, C&W will make an Assumption that the Property was let with all alterations and improvements evident during C&W's inspection (or, in the case of a Valuation without internal inspection, as described within the information provided by the Client).

C&W will also make an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary changes, all notices have been served validly within the appropriate time limits.

### 11.3 Areas

Where C&W is provided with floor areas, C&W will make an Assumption that the areas have been measured and calculated in accordance with the current edition of the RICS Professional Statement RICS Property Measurement.

### 11.4 Environmental Matters

If C&W's enquiries or any reports supplied to C&W indicate the existence of environmental problems without providing method statements and costings for remedial works, then C&W may not be able to issue a Valuation Report except on the Special Assumption that the Property is assumed NOT to be affected by such environmental matters. In certain circumstances, the making of such a Special Assumption may be unrealistic and may be a Departure from the requirements of the RICS Red Book. In these circumstances, the Valuation Report may include a recommendation that an investigation should be undertaken to quantify the costs and that subsequently the Valuation should be reviewed.

Where C&W's enquiries lead C&W to believe that the Property is unaffected by contamination or other adverse environmental problems, including but not limited to the risk of flooding, mining or quarrying, radon gas, and the proximity of high voltage electrical equipment then, unless the Client instructs C&W otherwise, the Valuation will be based on an Assumption that no

contamination or other adverse environmental matters exist in relation to the Property sufficient to affect value.

If the Property lies within or close to a flood plain, or has a history of flooding, C&W will make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owner of the Property, without payment of an excessive premium or excess.

In the absence of any information to the contrary, C&W will make the assumption that invasive species such as Japanese Knotweed are not present at the Property.

Depending on the nature of the investigations made and the information revealed, the Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other adverse environmental problems, then this might reduce the value reported.

## 11.5 Mineral Rights

C&W will make an Assumption that any mineral rights are excluded from the Property.

## 11.6 Title

Save as disclosed either in any Certificate of Title or unless specifically advised to the contrary by the Client or its legal advisers and as referred to in the Valuation Report, C&W will make the Assumption that there is good and marketable title in all cases and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. C&W will also make an assumption that the Property is free from mortgages, charges or other encumbrances.

If verification of the accuracy of any site plans contained in the Valuation Report is required, the matter must be referred to the Client's legal advisers. C&W will make the Assumption that roads and sewers serving the Property have been adopted and that the Property has all necessary rights of access over common estate roads, paths, corridors and stairways, and rights to use common parking areas, loading areas and other facilities.

In addition, similarly, where the title is leasehold, C&W will make the Assumption that both landlord and tenant have abided by the terms of the lease and that the layout of the accommodation is in accordance with that permitted in the lease. C&W will make a further Assumption that the lease contains no option for the landlord to obtain possession of the Property if they intend to redevelop the Property or a substantial part of the premises in which the Property is situated.

## 11.7 Condition of Structure and Services, Deleterious Materials and Ground Conditions

Due regard will be paid by C&W to the apparent general state of repair and condition of the Property, but a condition or structural survey will not be undertaken, nor will woodwork or other parts of the structure which are covered, unexposed or inaccessible, be inspected. Therefore, C&W will be unable to report that the Property is structurally sound or is free from any defects. C&W will make an Assumption that the Property is free from any rot, infestation, adverse toxic chemical treatments, and structural, design or any other defects other than such as may be mentioned in the Valuation Report.



The current versions of the BRE publication "*List of excluded materials – a change in practice*" and British Council for Offices publication "*Good Practice in the Selection of Construction Materials*" make recommendations for good building practice and whether construction materials are considered to be deleterious, hazardous or harmful ("**Prohibited Materials**"). C&W will not arrange for investigations to be made to determine whether any Prohibited Materials have been used in the construction or any alterations of the Property. C&W will not be able to confirm that the Property is free from risk to health and safety or the fitness for purpose (suitability and durability) of any construction works, nor will C&W be able to confirm that the nature or application of any materials do not contravene any relevant British Standard or EU equivalent. For the purposes of the Valuation, C&W will make an Assumption that the Property has been constructed in accordance with good building practice and any investigation of the Property by a Chartered Building Surveyor would not reveal the presence of Prohibited Materials in any adverse condition.

C&W will not carry out an asbestos inspection and will not act as an asbestos inspector in completing the valuation inspection of Property that may fall within the Control of the Asbestos at Work Regulations 2012. C&W will not make an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2012), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, C&W will make an Assumption that there is a duty holder, as defined in the Control of Asbestos at Work Regulations 2012 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. C&W recommends that such enquiries be undertaken by the Client's legal advisers during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken by C&W to certify that the sites are free from any defect as to foundations. C&W will make an Assumption that all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual or adverse effect on building costs, property values or viability of any development or existing buildings.

C&W will make the Assumptions that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive, and that the site has no archaeological significance, which might adversely affect the present or future occupation, development or value of the Property.

No tests will be carried out by C&W as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, C&W will make an Assumption that all building services (including, but not limited to lifts, electrical, electronic, gas, plumbing, heating, drainage, sprinklers, ventilation, air conditioning and security systems) and property services (such as incoming mains, waste, drains, utility supplies etc.) are in good working order and without any defect whatsoever.

## 11.8 Statutory Requirements and Planning

Save as disclosed in a Certificate of Title, or unless otherwise advised, C&W shall make the Assumption that all of the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, C&W shall also make the Assumption that the Property is not subject to any outstanding statutory notices as to construction, use or occupation and that all existing uses of the Property are duly authorised or established and that no adverse planning conditions or restrictions apply.

C&W shall make the Assumption that the Property complies with all relevant statutory requirements.

Energy Performance Certificates ("**EPC**") must be made available for all properties, when bought or sold, subject to certain exemptions. If the Property is not exempt from the requirements of this Directive C&W shall make an Assumption that an EPC is made available, free of charge, to a purchaser of all the interests which are the subject of the Valuation.

In addition, in England and Wales the Minimum Energy Efficiency Standards Regulations are effective from 1 April 2018. The regulations prohibit the granting of a new tenancy or lease renewal of privately rented residential or business premises which do not have an EPC rating of 'E' or above. C&W will ask the Client or its advisors for information relating to the EPC ratings of the Property if the Property is not exempt from these requirements. In any instance where C&W is not provided with an up to date EPC rating C&W will make the Assumption that the Property meets the minimum requirements to enable it to be let.

In Scotland, the Energy Performance of Non-Domestic Buildings (Scotland) Regulation 2016 (the "**Regulation**") requires that qualifying properties have an energy assessment completed and an action plan prepared prior to sale or leasing. If the Property is not exempt from the requirements of the Regulation C&W shall make an Assumption that an energy assessment and action plan is made available, free of charge, to a purchaser of the interests which are the subject of the Valuation and that there is no capital expenditure required in order to comply with the requirements of the Regulation.

In any instance where C&W is to value Property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, C&W will make an Assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, the Client must inform C&W and request C&W to reconsider its opinion of value. Advice would be required from the Client's legal advisers and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which C&W will reflect in its reconsideration of value.

## 11.9 Information

Notwithstanding the Terms of Business, C&W will make an Assumption that the information provided by the Client and/or its professional advisers in respect of the Property to be valued is both full and correct. C&W will make an Assumption that details of all matters relevant to value within their collective knowledge, including but not limited to matters such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to it, and that such information is up to date.

If the Valuation is required for the purpose of purchase, loan security or other financial transaction, the Client accepts that full investigation of the legal title and any leases is the responsibility of its legal advisers.

Where comparable evidence is included in the Valuation Report, this information is often based on C&W's verbal enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where C&W had reason to believe its general accuracy or where it was in accordance with expectation. It is unlikely that C&W will have inspected comparable properties.



## 11.10 Properties to be Developed or in the Course of Development

Where C&W undertake a Valuation of the completed Property this will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. C&W will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

## 12. Information requested from Client

Please provide the following information:

- Tenancy schedules
- Service charge details
- Irrecoverable outgoings information
- Details of current negotiations such as rent reviews / lettings / lease renewals / dilapidation claims
- Update on sales, footfall and trading position.
- Confirmation of any material change to the Property or locality since the date of last inspection.

C&W believes that reliance on this information will not render our Valuation Report unreliable.

## APPENDIX B: LIST OF ADDRESSES AND TENURE

NO	PROPERTY	COUNTRY	INTEREST	PROPERTY TYPE	% OF INTEREST OWNED	DATE OF LAST INSPECTION
<b>Ireland Portfolio</b>						
1	Dublin - Dundrum TC, Dundrum	Ireland	Freehold	Shopping Centre	50%	26 February 2020
2	Dublin - 2 Ballinteer Road	Ireland	Freehold	Residential	50%	26 February 2020
3	Dublin - DTC Building Site 5, Dundrum	Ireland	Assumed Long Leasehold	Development Site	50%	26 February 2020
4	Dublin - Ridgeford Apartments Nos 8, 9, 10, 22, 25, 28, 29, 35, Dundrum	Ireland	Long Leasehold	Residential	50%	26 February 2020
5	Dublin - 15 1 Bed Apartments, Dundrum	Ireland	Assumed Long Leasehold	Residential	50%	26 February 2020
6	Dublin - 7 Ashgrove Court, Dundrum	Ireland	Long Leasehold	Residential	50%	26 February 2020
7	Dublin - 3 Taney Drive, Dundrum	Ireland	Freehold	Residential	50%	26 February 2020
8	Dublin - 1 Main Street, Dundrum	Ireland	Long Leasehold	Residential	50%	26 February 2020
9	Dublin - 8 & 12 Pembroke Cottages, Dundrum	Ireland	Freehold	Residential	50%	26 February 2020
10	Dublin - 1-3A Waldemar Terrace	Ireland	Freehold	Residential	50%	26 February 2020
11	Dublin - Site A, Sandyford Road, Dundrum	Ireland	Freehold	Development Site	50%	26 February 2020
12	Dublin - 18 Main Street, Dundrum	Ireland	Freehold	Development Site	50%	26 February 2020
13	Dublin - Dundrum Gym, Main Street, Dundrum	Ireland	Freehold	Leisure	50%	26 February 2020
14	Dublin - Site B, Sandyford Road, Dundrum	Ireland	Freehold	Development Site	50%	26 February 2020
15	Dublin - Usher House, Main Street, Dundrum	Ireland	Freehold	Offices	50%	26 February 2020
16	Swords - Swords Pavilions	Ireland	Freehold	Shopping Centre	50%	7 November 2019
17	Swords Pavillions - Hamm	Ireland	Freehold	Shopping Centre	100%	7 November 2019
18	Swords - Swords Phase 3 Lands	Ireland	Part Freehold Part Long Leasehold	Development Site	100%	7 November 2019
19	Clonsilla - 19.5 Acres at Beechpark	Ireland	Freehold	Development Site	100%	26 February 2020
20	Dublin - Dundrum Phase II, Dundrum	Ireland	Freehold	Development Site/Shopping Centre	50%	26 February 2020

21	Dublin - Ilac SC, Central Dublin	Ireland	Part Freehold, Part Leasehold	Shopping Centre	50%	30 August 2019
22	Dublin - Dublin Central Development Site, Central Dublin	Ireland	Part Freehold, Part Leasehold	Development Site	100%	9 January 2020
<b>UK Shopping Centre</b>						
1&2	Brent Cross Shopping Centre & Southern Lands	UK	Long Leasehold	Shopping Centre	40.61%	7 December 2019
3	152 Brent Park Road, London	UK	Freehold	Residential	100%	7 December 2020
<b>UK Retail Parks Portfolio</b>						
1	Cardiff - Rhymney River Bridge Road	UK	Freehold	Development Site	100%	27 July 2020
2	Didcot - The Orchard Centre	UK	Long leasehold	Shopping Park	100%	3 September 2019
3	Didcot - The Orchard Centre Phase 2)	UK	Long leasehold	Shopping Park	100%	3 September 2019
4	Falkirk - Central Retail Park	UK	Freehold	Retail Park	100%	28 July 2020
5	London - Brent South Retail Park	UK	Freehold	Retail Park	40.61%	7 December 2019
6	Merthyr Tydfil - Cyfarthfa Retail Park Phases 1 & 2	UK	Freehold	Retail Park	100%	27 July 2020
7	Middlesbrough - Cleveland Retail Park	UK	Freehold	Retail Park	100%	9 August 2019
8	Milton Keynes - The Point	UK	Freehold	Mixed use	100%	31 April 2020
9	Milton Keynes - Avebury Car Park	UK	Freehold	Car Park	100%	31 April 2020
10	Renfrew Development Site, Paisley	UK	Freehold	Development Site	100%	15 November 2019
11	Port Talbot - Baglan Bay Retail Park - Site	UK	Freehold	Site	100%	27 July 2020
12	Rugby - Elliot's Field Retail Park	UK	Freehold	Retail Park	100%	9 July 2020
13	Rugby - Tribune Retail Park	UK	Freehold	Retail Park	100%	9 July 2020
14	St Helens - Ravenhead Retail Park	UK	Freehold	Retail Park	100%	30 June 2020
15	Telford - Forge Shopping Park	UK	Freehold	Retail Park	100%	9 July 2020
<b>Outlets Portfolio</b>						
1	Bicester Village	United Kingdom	Freehold	Outlet Mall	50.1%	19 June 2020

2	Kildare Village	Republic of Ireland	Freehold	Outlet Mall	45.6%	1 November 2019
3	La Roca Village	Spain	Freehold	Outlet Mall	24.7%	9 September 2019
4	Las Rozas Village	Spain	Freehold	Outlet Mall	24.7%	10 September 2020
5	La Vallee Village	France	Freehold	Outlet Mall	26.4%	16 July 2020
6	Wertheim Village	Germany	Freehold	Outlet Mall	53.8%	1 June 2018
7	Ingolstadt Village	Germany	Freehold	Outlet Mall	13.8%	1 September 2018
8	Fidenza Village	Italy	Freehold	Outlet Mall	24.7%	22 November 2019
9	Maasmechelen Village	Belgium	Freehold	Outlet Mall	24.7%	29 July 2020
10	Freeport Fashion Outlet Lisbon	Portugal	Freehold	Outlet Mall	50.0%	18 October 2018
11	Vila do Conde Porto Fashion Outlet	Portugal	Freehold	Outlet Mall	50.0%	2 December 2019
12	Seville Fashion Outlet	Spain	Freehold	Outlet Mall	50.0%	5 October 2018
13	Mallorca Fashion Outlet	Spain	Freehold	Outlet Mall	50.0%	1 May 2018
14	Landquart Fashion Outlet	Switzerland	Freehold	Outlet Mall	50.0%	30 July 2020
15	Zweibrücken Fashion Outlet	Germany	Freehold	Outlet Mall	50.0%	18 December 2018
16	Batavia Stad Fashion Outlet	The Netherlands	Freehold	Outlet Mall	50.0%	17 April 2020
17	Fashion Arena Prague Outlet	The Czech Republic	Freehold	Outlet Mall	50.0%	3 December 2019
18	Wroclaw Fashion Outlet	Poland	Freehold	Outlet Mall	50.0%	6 August 2020
19	Hede Fashion Outlet	Sweden	Freehold	Outlet Mall	50.0%	24 October 2019
20	The Norwegian Outlet	Norway	Freehold	Outlet Mall	50.0%	7 May 2019

## APPENDIX C: ABBREVIATIONS

ERV	Estimated Rental Value
GIA	Gross Internal Area
IPMS	International Property Measurement Standards
NIA	Net Internal Area
PROMIS	Property Market Information Service (an authoritative real estate database produced by PMA Services)
PS	RICS Professional Standard – RICS Red Book
RICS	Royal Institution of Chartered Surveyors
UKNS	United Kingdom National Supplement – RICS Red Book
VPGA	RICS Global Valuation Practice Guidance Application – RICS Red Book
VPS	RICS Valuation Technical and Performance Standard -RICS Red Book
WAULT	Weighted Average Unexpired Lease Term
WAEPC	Weighted Average Energy Performance Certificate

## APPENDIX D: SOURCES OF INFORMATION

### Sources of Information

In addition to information established by us, we have relied on the information obtained from the Company and / or your professional advisers, as listed below:

Information
Title information
Leasing information
Inspection Details
Rating assessments
Details of planning uses and relevant planning consents
Service charge information
Details of irrecoverable outgoings
Pedestrian flow counts
Details of current negotiations in hand, including rent reviews, dilapidation claims, details of any CPOs, highway schemes, outstanding requirements under legislation or similar
Details of recent, current or proposed marketing of the Properties and offers received
Costs, timetables and specification details relating to the Properties in the course of refurbishment / development or to be refurbished / developed in the future



## **Section B: Valuation Report from CBRE Limited**



## VALUATION REPORT

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**Report Date** 6 August 2020

**Addressees** The Directors  
Hammerson Plc  
Kings Place  
90 York Way  
London  
N1 9GE

J.P. Morgan Securities plc  
25 Bank Street  
London E14 5JP  
United Kingdom  
(in its capacity as Joint UK Sponsor, Joint Global Coordinator, Joint Bookrunner and Underwriter)

Morgan Stanley & Co International plc  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom  
(in its capacity as Joint UK Sponsor, Joint Global Coordinator, Joint Bookrunner, and Underwriter)

Barclays Bank PLC  
5 North Colonnade  
Canary Wharf  
London  
E14 4BB  
(in its capacity as Joint Bookrunner and Underwriter)

Lazard & Co Limited  
50 Stratton Street  
London W1J 8LL  
United Kingdom  
(in its capacity as Joint UK Sponsor)

Investec Limited  
100 Grayston Drive  
Sandown  
Sandton, 2196  
South Africa

(in its capacity as South African Sponsor)

(collectively referred to as the “Addressees”)

**The Properties**

As listed in Appendix A

**Ownership Purpose**

Investment and held for Development

**Property Description**

As set out in Appendices B, C, D and E

**Instruction**

To value the unencumbered freehold and long leasehold interests in the Properties on the basis of Market Value as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the Addressees dated 5 August 2020

**Valuation Date**

31 July 2020

**Capacity of Valuer**

External valuer, as defined in the RICS Valuation – Global Standards 2020.

**Purpose of Valuation**

This Valuation Report (the “**Valuation Report**”) has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards, incorporating the International Valuation Standards (both effective from 31 January 2020) and the RICS UK National Supplement effective from January 2020 (the “**Red Book**”). We understand that this Valuation Report is required for inclusion in a combined prospectus and circular (the “**Prospectus and Circular**”) which is to be published by Hammerson plc (“**Hammerson**” or the “**Company**”) on the Report Date.

In accordance with the Red Book we have made certain disclosures in connection with this valuation instruction and our relationship with the Company.

**Market Value of the Properties**

£1,642,915,000 (One billion six hundred and forty two million nine hundred and fifteen thousand pounds) exclusive of VAT.

For the avoidance of doubt, we have valued the Properties as real estate assets and the values reported above represent 100 per cent. of the Market Values of the assets.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached and has been primarily derived using comparable recent market transactions on arm’s length terms.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Where a Property is owned by way of a joint tenancy in a trust for sale, or through an indirect investment structure, our valuation represents the value of the whole Property, assuming full management control. Our valuation does not necessarily represent the ‘Fair Value’ (as defined by IFRS 13 or FRS 102) of the interests in the indirect investment structure through which the Property may be held by the Company.

We are required to show the split of values between freehold, long leasehold and short leasehold property:

Category	Freehold	Long Leasehold	Short Leasehold *	Total
Investment UK Flag-ship	£654,025,000	£896,750,000	-	£1,550,775,000
No of Properties	4	2		6
UK Other	-	£45,695,000	-	£45,695,000
No of Properties		4		4
UK Development	£38,545,000	£7,900,000	-	£46,445,000
No of Properties	22	2		24
Total	£692,570,000	£950,345,000	-	£1,642,915,000
	26 Properties	8 Properties		34 Properties

\*Short leasehold is less than 50 years unexpired

There are no negative values to report and one Property (Bullring Shopping Centre, Birmingham) has a value in excess of 5% of the Company's total aggregate valuation, which is held predominately Long Leasehold and so has been included above in this category.

The Company has informed us that their ownership of the following Properties is as follows: -

Silverburn, Glasgow - 50%

Land at Silverburn, Glasgow - 50%

Highcross, Leicester - 50%

Bullring, Birmingham - 50%

Grand Central, Birmingham - 50%

The Company has advised us that taking the above 100% values at the Company's 50% percentage ownership results in the following split of values between freehold, long leasehold and short leasehold property:

Category	Freehold	Long Leasehold	Short Leasehold	Total
Investment UK Flagship	£415,425,000	£448,375,000	-	£863,800,000
UK Other	-	£45,695,000	-	£45,695,000
UK Development	£38,045,000	£7,900,000	-	£45,945,000
Total	£453,470,000	£501,970,000	-	£955,440,000

\*Short leasehold is less than 50 years unexpired

## Changes in the Aggregate Valuations since 31 December 2019

We are required pursuant to paragraph 130 of the ESMA update (ESMA/2013/319) of the Committee of European Securities Regulators' ("CESR") recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (the "ESMA Guidelines") to comment on any differences between the valuation figure in this Valuation Report and the valuation figure as at 31 December 2019 included in the Company's latest published annual accounts which are to 31 December 2019.

The aggregate Market Value of the Properties is lower than those reported by the Company for annual accounting purposes as at 31 December 2019, where in aggregate the Company reported a market value of £2,130,391,000.

The differences between the valuation as at 31 December 2019 and the present valuation are attributable to a number of factors including the impact of COVID-19 and the resultant effect on retailers and the capital markets. In addition, including but not limited to, a number of tenancy changes having occurred and company voluntary arrangements ("CVAs") have been secured by a number of tenants such as Debenhams in Highcross, Leicester. Further CVAs and administrations have affected the shopping centres leading to a reduction in both the current income received by the Company and the estimated rental values applicable to the Properties.

In addition, certain tenancies have expired to which the relevant tenant has either renewed at a rental level that is lower than it was previously paying or vacated the unit.

The decline in value has also been caused an outward yield movement reflecting investors continued uncertainty of the retail occupancy leading to further falls in value.

We were instructed by the Company to provide valuations as at 30 June 2020 for inclusion in their half year accounts. At that time the aggregate Market Value of the Properties at 100% was £1,691,860,000. This aggregate value is greater than the Market Values as at 31 July 2020, as set out in this report, reflecting the continued decline in market rents, further store closures and expected administrations and CVAs.

## Report Format

Appendix A of this Valuation Report contains a schedule of properties we have valued; Appendix B details the UK Flagship properties we have valued; Appendix C details our valuation of the Bullring, Birmingham; Appendix D details the other UK properties we have valued and Appendix E covers those properties held for development in the UK which we have valued.

Smaller assets which are consolidated into one property value in the Company's Report and Accounts have also been consolidated into one value in this report. The Valuation Report consists of 18 pages including the Appendices.

## Market Commentary

Prior to the lockdown of the country in March there was increasing concern about the state of the retail occupational market. The structural change in the retail occupational market has been ongoing in the UK for the last 12 – 18 months due to the growth of on-line purchases and a number of retailers and food and beverage operators finding their margins continuing to come under increasing pressure as occupational costs rose, and the COVID-19 situation has only accelerated this situation. During the lockdown only essential retailers were allowed to be open and this has put increased pressure on retailers and leisure operators resulting in a number resorting to a CVA, administrations or pre-pack administrations in order to reduce their outgoings and future rental obligations.

The shopping centres have now fully opened including Leicester which was subject to a further lockdown as a result of a spike in COVID-19 cases, but footfall is reduced from previous years and early indications show that, in the main, sales are also below those seen previously at this time of year. The experiences of European countries and those in the Far East, who released their lockdown restrictions earlier suggest this reduction in footfall and spend can be expected to continue certainly in the short term. Given the uncertainties relating to the COVID-19 virus and the current restrictions on business activities, we anticipate that there may be significant rental defaults and/or insolvencies in the next few months and years. This may lead to a shortfall in rental income, which could have a negative impact on any future valuations of the Properties.

The shopping centre investment market remains subdued with limited debt available to support any acquisitions resulting in a low level of transactions and a material decline in asking prices. A number of shopping centres have been offered for sale to the market, but not sold, as the vendors' expectations have not been met by the market. Investors and lenders are likely to await further clarity by waiting for the occupational markets to stabilise before committing to future purchases.

### **Material Valuation Uncertainty**

The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the Valuation Date, there is a shortage of market evidence for comparison purposes, to inform opinions of value. Our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact of COVID-19 on the real estate market and the difficulty in differentiating between short-term impacts and longer-term structural market changes, we recommend that you keep the valuations contained in this report under frequent review.

### **Rental Income**

This Valuation Report reflects the rental income as at the Valuation Date, as set out within this report, which you have confirmed to be correct and comprehensive. It also reflects any issues concerning the anticipated cash-flow that you have advised us of, as set out within this report.

### **Compliance with Valuation Standards**

This Valuation Report has been prepared in accordance with the Red Book. The property details on which each valuation is based are as set out in the Appendices.

This Valuation Report is compliant with the International Valuation Standards, and comply with Rule 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319).

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm

that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This Valuation Report is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation Report is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the Valuation Date.

### **Assumptions**

The Property details on which each valuation is based are as set out in this Valuation Report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the Valuation Report is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

### **Variations and/or Departures from Standard Assumptions**

None.

### **Market Conditions**

The values stated in this Valuation Report represent our objective opinion of Market Value in accordance with the definition set out above as at the Valuation Date. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

### **Valuer**

The Properties have been valued by a valuer who is qualified for the purpose of the Valuation Report in accordance with the Red Book.

### **Independence**

The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0 per cent. of the total UK revenues.

We confirm that we do not have any material interest in the Company or the Properties.

### **Disclosure**

In accordance with the Red Book we make the following disclosures:

- We confirm that we have previously valued all of the Properties on the Company's behalf on a quarterly basis since March 2020 for the purposes of financial reporting.
- We have an ongoing engagement with the Company to carry out the valuation of their properties every 3 months for their Report and Accounts.
- The principal signatory of this report has continuously been the signatory of valuations for the Company for financial reporting purposes since March 2020.
- In respect of Highcross Leicester, Silverburn Glasgow, Bullring and Grand Central, Birmingham, CBRE act on behalf of the Company in relation to the negotiation of rent reviews and lease renewals at the property.

- CBRE Capital Markets, the Development team and lease consultancy team provides advice to the Company on an ad hoc basis.

From time to time, CBRE advises various occupiers, some of whom may have units in the Properties. An information barrier exists between the teams and as individual units would not be considered proportionate to the value, we do not consider this to be a conflict of interest.

We confirm that we have had no previous material involvement with any of the Properties other than as set out above, and that copies of our conflict of interest checks have been retained within the working papers. We have disclosed the relevant facts to you and have received confirmation in writing that it is in order for us to carry out your valuation instruction.

We do not consider that any of the above prevents us from preparing this Valuation Report and the Addressees have confirmed to us in writing that they also consider this to be the case.

## Responsibility

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge, the information contained in this Valuation Report is in accordance with the facts and this Valuation Report contains no omission likely to affect its import. This Valuation Report complies with Rule 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of the ESMA update of the CESR recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319).

Save for any responsibility arising under Prospectus Regulation Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with the Prospectus Regulation.

## Reliance

This report is for the use of the Addressees and no responsibility is accepted to any third party for the whole or any part of its contents save as set out in "Responsibility" above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

## Publication

Neither the whole nor any part of our Valuation Report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this Valuation Report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Yours faithfully

**Peter Stoughton-Harris Bsc MRICS**  
**Executive Director**  
**RICS Registered Valuer**

**Nick Knight BSc MRICS**  
**Executive Director**  
**RICS Registered Valuer**

For and on behalf of  
CBRE Ltd

For and on behalf of  
CBRE Ltd

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## SOURCES OF INFORMATION AND SCOPE OF WORKS

### Sources of Information

We have carried out our work based upon information supplied to us by the Company and its advisers as set out within this report, which we have assumed to be correct and comprehensive. The Company has from time to time provided us with updated information on the Properties and we have been provided with, inter alia:

- Tenancy schedules/tenancy updates as at 19 July 2020;
- Details of rental income received as at 19 July 2020
- Capital expenditure updates as at 23 July 2020;
- Ancillary and car park income updates as at 19 July 2020 and subsequent conversations and emails.
- Updates on proposed lettings as at 19 July 2020 and subsequent conversations and emails;
- Analyses for transactions completed as at 19 July 2020; and
- Turnover income updates as at 19 July 2020 and subsequent conversations and emails.

In all cases the Company have confirmed to us the schedules we have adopted when carrying out our valuation are correct and reflect the position as at the valuation date.

### The Properties

Our Valuation Report contains a brief summary of the property details on which our valuation has been based.

### Inspections

As instructed, we have not re-inspected all the Properties for the purpose of this instruction. We have however where circumstances have permitted carried out a further inspection as set out below.

- Highcross - 13 February 2020
- Bullring, Grand Central and all properties known as Martineau Galleries - 13 February 2020 and 17 July 2020
- Victoria Gate, Victoria Quarter and all properties known as Leeds Phase II - 17 February 2020 and 20 July 2020
- Silverburn, Glasgow - 24 February 2020 and 30 July 2020

### Areas

We have not measured the Properties but have relied upon the floor areas provided to us by the Company and its advisers, as set out in the property details below, which we have assumed to be correct and comprehensive, and which you have advised us have been calculated using the Net Internal Area measurement methodology as set out in the RICS Code of measuring practice (6th edition) or RICS property measurement (1st edition, May 2015).

All areas quoted in this Valuation Report are approximate.

### **Environmental Matters**

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

### **Services and Amenities**

We understand that all main services including water, drainage, electricity and telephone are available to the Properties.

None of the services have been tested by us.

### **Repair and Condition**

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

### **Town Planning**

We have not undertaken planning enquiries.

### **Titles, Tenures and Lettings**

Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenant customers. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenant customers.

## VALUATION ASSUMPTIONS

### Introduction

An Assumption is defined in the Red Book Glossary and Appendix 3 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Company and its advisers have confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

### Capital Values

The valuation has been prepared on the basis of “Market Value”, which is defined in the Red Book as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal

We confirm that “Fair Value”, for the purpose of financial reporting under IFRS 13 and also FRS 102 (UK GAAP) is effectively the same as “Market Value”.

In the event that the Properties were to be sold at the valuations contained in this valuation report, any gains realised on such disposals over the book value for tax purposes would be subject to taxation in the applicable jurisdiction

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based government or European Community grants.

### Taxation, Costs and Realisation Costs

As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise or crystallise in the event of a disposal.

Our valuations reflect purchasers’ statutory and other normal acquisition costs.

### VAT

We have not been advised whether the Properties are elected for VAT. All rents and capital values stated in this report are exclusive of VAT.

### Gross Contracted Rent

Passing rents quoted in this Valuation Report are the rents which are currently payable under the terms of the leases

## Rental Values

Rental values indicated in our Valuation Report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent which is as follows:

“The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”

## Estimated Net Annual Rent Receivable

This represents the total income receivable from all tenancies and licences, (including deemed income on outstanding rent reviews and any deemed income on tenancies that are holding over) less any non-recoverable revenue costs. Deemed income is the valuer’s estimate of the level at which any outstanding rent reviews or renewals are to be agreed, in accordance with our understanding of the terms of the occupational lease provisions.

Non-recoverable revenue costs includes, but is not limited to, such items as any non-recoverable service charge, empty rates, insurance, marketing contribution or ground rent payable by the landlord.

## Lease Expiries

Any weighted average unexpired terms indicated in our Valuation Report are calculated to lease expiry allowing for break options and also on the assumptions that no tenant breaks their lease.

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord’s fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

## The Properties

Process plant and machinery, tenant customers’ fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our Valuation Report are approximate.

## Environmental Matters

In the absence of any information to the contrary, we have assumed that:

- (a) a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;
- (b) b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;
- (c) c) in England and Wales, the Properties possess current Energy Performance Certificates (EPCs) as required under the Government’s Energy Performance of Buildings Directive – and that they have an energy efficient standard of ‘E’, or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out a business premises from 1st April 2018 – unless the site has reached a minimum EPC rating of an ‘E’, or secured a relevant exemption. In Scotland, we have assumed that the property possesses current EPCs as required under the Scottish Government’s Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations.

We would draw your attention to the fact the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions;

- (d) d) the Properties are either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value; and
- (e) e) invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the Property. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties. Our Valuation Report reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

## Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- (b) the Properties are free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

## APPENDIX A

### PROPERTIES TO BE VALUED BY CBRE

#### UK FLAGSHIPS

Silverburn Shopping Centre, Glasgow  
Victoria Gate, Leeds  
Victoria Quarter, Leeds Quarter Shopping Centre, Leeds  
Highcross Shopping Centre, Leicester  
Bullring Shopping Centre, Birmingham  
Grand Central Shopping Centre, Birmingham

#### UK OTHER - MARTINEAU GALLERIES, BIRMINGHAM

1-7 King's Parade, Dale End, Birmingham  
Londonderry House + N Masshouse Circus/Priory Ringway  
Dale and Century House, Dale End, Birmingham  
Priory Square, Bull Street, Birmingham

#### UK DEVELOPMENT

Wray's Buildings, Leeds  
Eastgate, Templar Street, Leeds  
National Deposit House, 1-5 Eastgate and 90/94 Vicar Lane  
Bridge St Pentecostal Church, Bridge Street, Leeds  
7-25 Eastgate, Leeds  
130 Vicar Lane, Leeds  
27 Eastgate, Leeds  
29 Eastgate, Leeds  
Templar Hotel / 8 Templar St, Leeds  
124-134 Vicar Lane, Leeds  
98-104 Vicar Lane, Leeds  
Hereford House, Edward Street, Leeds  
106-118 Vicar Lane, Leeds  
120 Vicar Lane, Leeds  
Union House, Leeds  
Circle House, Lady Lane, Leeds  
Saxon Hawke House, Templar Lane, Leeds  
Lydia House, Lydia Street, Leeds  
10 Templar Street, Leeds  
King House, 1 King Street, Leeds  
AEU House, Bridge Street, Sheepscar, Leeds  
Marquis House, 33 Eastgate, Leeds  
Hostel Ladybeck, Ladybeck Close, Leeds  
Silverburn Land, Glasgow

## APPENDIX B

### UK FLAGSHIPS VALUED BY CBRE

Valuation as at 31 July 2020 at 100%

PROPERTY	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES	ESTIMATED NET ANNUAL RENTS RECEIVABLE PER YEAR £	MARKET VALUE AS AT 31 JULY 2020 £
Flagships – Northern Portfolio	<p>The portfolio includes six regional shopping centres located in Birmingham (including Bullring Shopping Centre – see Appendix C), Leicester, Leeds and Glasgow. The majority are located in the city centres with the exception of Silverburn, located to the west of Glasgow city centre. Combined, the centres extend to approximately 4,492,000 sq ft (417,300 sq m).</p> <p>Tenure:</p> <p>Three of the centres are held freehold, one Feuhold, one part freehold and predominately part long leasehold (229 years unexpired with a nominal fixed ground rent) and one long leasehold. The asset held long leasehold is subject to a gearing of 2% of passing rent with 143 years expired.</p>	<p>The properties are all multi-let, mostly on effectively full repairing and insuring terms and with five-yearly rent reviews, but with a growing number of turnover leases or turnover provisions. The anchor stores across all the properties include Debenhams, Harvey Nichols, John Lewis, Marks and Spencer and Selfridges and are typically subject to longer leases.</p> <p>The majority of the space is let on 5 or 10 year leases on full repairing and insurance terms by way of service charge, with a break at the fifth year and a rent review at the end of the fifth year.</p> <p>The vacancy rates across the portfolio range from 4.8% to 18.4% of the total estimated rental value of the properties with a weighted vacancy rate of 9.0%</p> <p>The WAULT to break across the portfolio is c.4.25 years and c.14.5 years to expiry.</p>	£94,583,065	£1,550,775,000

## APPENDIX C

### UK FLAGSHIPS BULLRING SHOPPING CENTRE - (GREATER THAN 5% OF THE COMPANY'S AGGREGATE ASSETS)

Valuation as at 31 July 2020 at 100%

PROPERTY	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES	ESTIMATED NET ANNUAL RENTS RECEIVABLE PER YEAR £	MARKET VALUE AS AT 31 JULY 2020 £
Bullring Shopping Centre, Birmingham	<p>A regional shopping centre trading over three principal shopping levels extending to approximately 1,320,000 sq ft (122,600 sq m). Located in Birmingham city centre and is the prime retail pitch of the city.</p> <p>Tenure:</p> <p>Held part freehold and predominately part long leasehold 229 years unexpired with a nominal fixed ground rent.</p>	<p>The property is multi-let on approximately 230 leases, mostly on effectively full repairing and insuring terms and with five-yearly rent reviews, primarily expiring up to 2024. The anchor stores have longer leases, Debenhams till 2028 and Selfridges to 2038. Despite Debenhams' CVA, they have agreed to maintain existing lease terms at this store.</p> <p>The majority of the space is let on 5 or 10 year leases on full repairing and insurance terms by way of service charge, with a break at the fifth year and a rent review at the end of the fifth year. There are a number of turnover leases within the centre and a number with turnover top-ups including Selfridges.</p> <p>There are 20 vacant units (plus kiosks and miscellaneous storage space) representing 6.49% of the total estimated rental value of the property.</p> <p>The WAULT to break/expiry excluding ancillary income is c.4.0 years / c.5.5 years.</p>	£41,643,432	£751,250,000



## APPENDIX D

### UK OTHER VALUED BY CBRE

Valuation as at 31 July 2020 at 100%

PROPERTY	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES	ESTIMATED NET ANNUAL RENTS RECEIVABLE PER YEAR £	MARKET VALUE AS AT 31 JULY 2020 £
Martineau Galleries	<p>The portfolio includes 4 properties in Birmingham city centre the properties extend to approximately 420,000 sq ft (39,000 sq m).</p> <p>Tenure:</p> <p>All four of the properties in Birmingham are held long leasehold.</p> <p>Londonderry House – 125 years expiring Sept 2098, 6.72% gearing to ERV, £142,500 p.a. current rent, 14 year rent review cycle with the 2015 rent review currently outstanding. Dale &amp; Century House – 125 years expiring June 2100 geared to 9.13% of ERV, current rent £77,500 p.a., 21 year rent review cycle. Priory Square – 172 years expiring December 2143 at a fixed rent of £500. Kings Parade – 150 years expiring March 2142 geared to 7.294% of passing rent and £60,000 current rent.</p>	<p>The properties are mainly let subject to short term leases as the properties are being held for longer term development.</p> <p>Two of the assets are fully let on full repairing and insurance terms. The other two assets have vacancy rates between 0% to 46% ERV; the WAULT to break is between 2.8 years to 8.0 years. The WAULT to expiry is between 3.4 years to 8.0 years.</p>	£2,381,963	£ 45,695,000

## APPENDIX E

### UK DEVELOPMENT VALUED BY CBRE

Valuation as at 31 July 2020 at 100%

PROPERTY	DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES	ESTIMATED NET ANNUAL RENTS RECEIVABLE PER YEAR £	MARKET VALUE AS AT 31 JULY 2020 £
Development Northern Portfolio	<p>The portfolio includes 24 properties in both Leeds city centre and Silverburn. The land at Silverburn has a total area of 17 acres, 6.88 hectares. The Leeds properties occupy 3 sites with a total area of around 10 acres, (4.05 hectares). The site currently has properties with a total area of around 231,500 sq ft (21,500 sq m).</p> <p>Tenure:</p> <p>2 of the 23 properties in Leeds are held long leasehold, with the leases expiring on 30 April 2089 and 24 October 2077 ; the total annual rent payable is £3,480 exclusive.; the remaining Leeds properties are effectively held freehold.</p> <p>The land at Silverburn is held Freehold.</p>	<p>The Leeds properties are mainly let subject to short term leases as the properties are being held for longer term development. Discussions with Leeds City Council have led to a joint masterplan to provide 500,000 sq ft offices, 193,000 sq ft of retail and leisure together with around 1,000 homes</p> <p>Five properties are fully let on full repairing and insuring terms. A further six assets are fully vacant, and the remainder have an element of vacancy within them. Overall, the vacancy rate is around 35% and the WAULT to break is 2.7 years and 4.1 years to expiry for those units which are let.</p> <p>The land at Silverburn is fully vacant with planning in principle for retail warehousing.</p>	£1,729,880	£46,445,000

## **Section C: Valuation Report from Jones Lang LaSalle Ltd**

# Valuation Advisory

Client: Hammerson plc

Property: Hammerson plc – UK Flagships, French Flagships, Developments and Other Properties

August 2020



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South Africa  
(in its capacity as South African Sponsor)

6th August 2020

Dear Sir

**Ref: JLL property valuations of UK Flagships, French Flagships, Developments and Other Properties**

**Terms of Reference**

**Addressee**



We write in connection with the proposed publication of a prospectus ("Prospectus") by Hammerson plc (with its registered offices at Kings Place, 90 York Way, London, N1 9GE) ("Company"), in connection with, amongst other things, a rights issue of ordinary shares in the Company as a result of which new ordinary shares will be admitted to the premium listing segment of the Official List of the Financial Conduct Authority ("FCA") and admitted to trading on the Main Market of London Stock Exchange plc (the "London Stock Exchange") and to listing and to trading on the Main Board of the Johannesburg Stock Exchange ("JSE") (the "Offering").

We have provided valuations of the properties (the list of which is set out below) (the "Properties"). This report (the "Valuation Report") is addressed to the Company, J.P. Morgan Securities plc ("J.P. Morgan"), Morgan Stanley & Co. International plc ("Morgan Stanley"), Barclays Bank PLC ("Barclays"), Lazard & Co., Limited ("Lazard") and Investec Bank Limited ("Investec" and together with J.P. Morgan, Morgan Stanley, Barclays and Lazard, the "Banks", and the Banks together with the Company, the "Addressees").

### Instruction and Purpose

The purpose of our valuation is to assess the Market Value of the freehold and leasehold interests in the Properties for inclusion in the Prospectus ("Purpose"). Given the nature of this instruction, we confirm that this Valuation Report provided complies with the relevant rules and recommendations of the LSE, the FCA (including, but not limited to, PRR 5.4.5G of the Prospectus Regulation Rules), the International Financial Reporting Standards and the RICS Red Book.

For the avoidance of doubt, this Valuation Report also complies with the "ESMA update of the CESR recommendations - The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319)" (the "ESMA Recommendations").

### Reliance

This Valuation Report may only be relied upon by the Company for the Purpose. We acknowledge that the shareholders or prospective shareholders may, inter alia, rely on this Valuation Report for the purposes of enabling them to make an informed assessment of the assets and liabilities, financial position, profits, losses and prospects of the Company and the rights attaching to the ordinary shares of the Company.

### Interests Valued

The Freehold and Leasehold interests of the following properties:

Property – UK Portfolio	Address	Tenure	Ownership	Date of inspection
Cabot Circus	Bristol, BS1 3AU	Leasehold	50%	12 February 2020
Bristol Broadmead	Bristol, BS1 3DX	Leasehold	50%	12 February 2020
The Oracle	Reading, RG1 2AG	Leasehold	50%	12 February 2020
Union Square	Guild Square, Aberdeen, AB11 5RG	Freehold	100%	25 February 2020
West Quay / West Quay South	Civic Centre Road, Southampton, SO15 1QE	Leasehold	50%	14 February 2020
The Goods Yard	Shoreditch, London, E1	Freehold	50%	03 March 2020
Victoria Place	115 Buckingham Palace Road, SW1W 9SJ	Leasehold	100%	12 March 2020
Centrale & Whitgift	North End, Croydon, CR0 1TY	Freehold / Leasehold	50%	11 February 2020

Property – UK Portfolio	Address	Tenure	Ownership	Date of inspection
Spitalfields	21 Lamb Street, E1	Freehold	100%	03 March 2020
Shoreditch Properties	London, E1	Freehold	100%	03 March 2020

Property – France Portfolio	Address	Tenure	Ownership	Date of inspection
Cergy Les 3 Fontaines (Including Extension)	Les 3 Fontaines, Cergy-Pontoise, 95000	Freehold	100%	21 February 2020
Espace Saint Quentin	5 Place Colbert, Montigny-le-Bretonneux, 78180	Freehold	25%	25 February 2020
Italie 2 excluding Italik	30 Avenue d'Italie, Boite 1001, Paris, 75013	Freehold	25%	21 February 2020
Italik	30 Avenue d'Italie, Boite 1001, Paris, 75013	Freehold	100%	21 February 2020
Les Terrasses du Port, Marseille	9 quai du Lazaret, Marseille, 13002	Leasehold	100%	26 February 2020
Nicétoile	30 Avenue Jean Medecin, Nice, 06000	Leasehold	10%	24 February 2020
O'Parinor JV 1 & 2	Le Haut de Galy, Aulnay-sous-Bois, Paris, 93600	Freehold	25%	03 March 2020
O'Parinor 3	Le Haut de Galy, Aulnay-sous-Bois, Paris, 93600	Freehold	100%	03 March 2020

#### Instruction Date

03 August 2020

#### Valuation Date

31 July 2020

#### Basis of Valuation and Valuation Approach

We confirm that our valuation and report has been prepared in accordance with the current RICS Valuation – Global Standards, which incorporates the IVS, published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement (the “RICS Red Book”) on the basis of Market Value. It has also been prepared in accordance with, and will be subject to, our General Principles Adopted in the Preparation of Valuations and a copy of which are attached.

**Market Value:** *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*



The report is subject to, and should be read in conjunction with our General Principles Adopted in the Preparation of Valuations and Reports which are attached in Appendix 2.

We have not included Market Value assuming Vacant Possession in our valuations provided to the Company. Typically we would not prepare Market Value assuming Vacant Possession for shopping centres as this would only ever occur if the Property was obsolete.

No allowance has been made for any expenses of realisation, or for taxation (including VAT) that might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges that may be secured thereon.

#### **Software**

The valuation has been undertaken using ARGUS Valuation Capitalisation Version 2.50.079.0 and Argus Developer 8.2.2.35 in the UK. In France the valuation has been undertaken using ARGUS Enterprise Version 12.1.0.

#### **Inspection**

All significant parts of the property were inspected in 2020. The inspection dates for each property are set out above.

We understand that we saw representative parts of the properties and we have assumed that any physical differences in parts we did not inspect will not have a material impact on value.

#### **Personnel**

The valuations have been signed off by Christian Luft MRICS, Director; Claire Macken MRICS, Director and David Holloway MRICS, Director.

We confirm that the personnel responsible for this valuation are in a position to provide an objective and unbiased valuation and are competent to undertake the valuation assignment in accordance with the current RICS Valuation – Global Standards and are RICS Registered Valuers. We confirm that the personnel responsible have sufficient current local, national and international knowledge of the particular markets.

#### **Status**

In preparing these valuations we have acted as External Valuers.

#### **Disclosure**

We are retained by the Company to provide valuations of the Properties for financial reporting purposes on a quarterly basis. This mandate commenced in 2020.

We confirm that we have an information barrier in place in relation to The Goods Yard, Bishopsgate where we have provided advice to Network Rail the freeholder.

Detailed below are other touchpoints and previous involvements:

#### **UK**

- Our Leasing team carry out lettings at Cabot Circus, Bristol
- Our Retail Management team are engaged under an accounting mandate for the Company which includes rent and service charge demand and reconciliation





## France

- Our Valuation team provide valuation advice on Parinor 2 to the bank syndicate led by Helaba for loan security purposes. This is awarded on a bi-annual year-to-year basis. Most recent valuation June 2019
- We provide valuations for financial statements on Italie 2 on behalf of AXA

## RICS Compliance

We confirm that we undertake regular regulated purpose valuations for the Company for accounting purposes. In accordance with the RICS Red Book requirements on disclosure for regulated purpose valuations, we confirm that:

- JLL has not received an introductory fee or negotiated the purchase of the Properties on behalf of the client in the previous 12 months from the date of this instruction.
- The signatories to the regulated purpose valuations, Christian Luft and Claire Macken, have been signatories since March 2020.
- The fee income JLL received from the Company in the last financial year did not exceed 5% and is minimal. It is not anticipated there will be a material increase in the proportion of fees payable to the firm by the Company over the course of the next financial year.

## Assumptions

We have valued in accordance with the assumptions stated in our General Principles. We have not made any Special Assumptions.

## Sources of Information:

We have relied on information provided in respect of title, floor areas, lease details, rents receivable, non-recoverable expenditure and capital expenditure as provided for our June 2020 valuations for financial reporting purposes.

So far as we are reasonably aware, reliance on this information has not rendered our Valuation Report unreliable.

The Company has provided us with all information reasonably required by us to conduct the valuation. We have prepared the Valuation Report on the basis of the information provided by the Company, its affiliates and its advisers and shall be under no obligation to verify the information provided or to obtain additional information.

We are not providing legal, tax, financial or other specialist advice.

The Company certifies, for itself and on behalf of all parties providing information to us at the Company's specific request that to the Company's best knowledge any and all information and documentation provided to us was accurate in all material respects. Accordingly, we shall not be liable for any damage which arises from the use of such information and documentation in the provision of services under or in connection with this engagement where such information is materially incorrect or causes the valuations to be materially inaccurate.



## Market Commentary

The retail and leisure sectors have been suffering from many economic and structural headwinds over recent years. These headwinds include but are not limited to the increase in online sales, changing consumer behaviour, occupiers understanding their optimal omni-channel offer and how physical stores form part of this, higher staffing costs, the uncertainty around the United Kingdom leaving the EU and many recent parliamentary elections. The impact is especially prevalent in the United Kingdom where occupational costs including rent are significantly higher than in other European markets which, whilst not immune from the structural changes in the retail and leisure sectors, are operating with lower occupational costs. These headwinds, may accelerate or be exacerbated as the impact of COVID-19 becomes clear. It is important to comment that the speed at which COVID-19 is impacting the retail and leisure sector in the UK is unprecedented. There are changes to the occupational and investment markets occurring on an almost daily basis and we are witnessing rental levels and contractual income coming under increasing pressure to be reduced. This in turn affects investor and lender sentiment to the sector resulting in an increase in yields being applied to shopping centres, retail parks and leisure. We are continually analysing these changes in the market place to obtain the necessary data points to provide Market Rents and Market Values.

In the short term there are winning and losing categories with food and convenience performing well in the short term and fashion, leisure and F&B struggling. We are also starting to see patterns emerging within the sub sectors with shopping centres and leisure parks being hardest hit and retail warehousing less so. This will continue to evolve but it is clear that there will be some sub sectors or occupiers that weather the storm better. It is difficult to assess which operators will survive and which will not and government and banking intervention will undoubtedly steer this to a degree. We anticipate there to be further corrections in the Retail sector as numerous rents are potentially renegotiated and revised downwards or move more towards a turnover rent model or a combination of base rent and turnover rent. Until this picture becomes clearer uncertainty will remain in the market which may have a continued negative impact on future valuations.

In the medium to long term the retail and leisure sector will evolve to deal with the impacts of societal and real estate changes. Technology has enabled people to shop remotely and COVID-19 has accelerated the pace of change. Many people who have previously been resistant to this will now adapt, forcing a change in retailer, landlord, investor and council/government behaviour.

## Opinion of Valuation

In our opinion, the aggregate of the individual Market Values of the Company's ownership of the Properties as at 31 July 2020 is:

**£2,379,566,035**

**(TWO BILLION, THREE HUNDRED AND SEVENTY NINE MILLION, FIVE HUNDRED AND SIXTY SIX THOUSAND, THIRTY FIVE POUNDS)**

The above aggregate value comprises the following segments:

### ■ UK Flagships - £735,654,000

- Cabot Circus SC
- The Oracle SC
- Union Square SC
- Westquay SC
- Westquay South SC



■ France Flagships - **£1,228,951,862**

- Italie 2 SC
- Italik Extension SC
- Cergy 3 Fontaines SC
- Cergy Centre Gare SC
- O'Parinor Aulnay 1 JV SC
- O'Parinor Aulnay 2 JV SC
- O'Parinor Aulnay 3 WO SC
- Espace St Quentin
- Les Terrasses du Port
- Nicetoile

■ UK Other - **£68,805,000**

- Bristol Broadmead
- Victoria Place
- Centrale
- Spitalfields

■ Development - **£346,155,173**

- The Goods Yard
- Shoreditch Properties
- Whitgift
- Cergy Extension SC
- Actif Cergy 3 SC Development

The values expressed do not include VAT. As agreed with the Company, for the purposes of the above reported value we have converted the Euro value of the French portfolio into GBP at an exchange rate of EUR 1.101, being the exchange rate as at 30 June 2020.

We have valued the relevant interest in each of the properties in the portfolio individually and aggregated the Market Values of the individual properties. For the sake of clarity we emphasise that the aggregated reported number does not represent the Market Value of the entire portfolio if it were sold as a single portfolio.

We have also set out below details of Les Terrasses du Port, which represents over 5% of the value of the Company's property portfolio.

Property	Description	Terms of Existing Tenancies	Estimated Annual Receivable (£)	Net Market Value (£)
Les Terrasses du Port	Completed in 2014 with a total Gross Lettable Area (“GLA”) of approximately 62,900 sq m and provides 245 retail units. The shopping centre is built over 10 floors: an underground car park covers 5 basement floors while the total GLA is spread on part of the 1st basement floor, a ground floor, 2 upper floors and a rooftop. The Property is held Leasehold from GPMM (Port of Marseilles) on a 70 year lease from June 2007.	4.9 years weighted average unexpired lease term. 5% vacant by GLA.	26,287,920	607,057,221

While it should be noted that the guidance set out in the current RICS Valuation – Global Standards and the RICS Valuation – Global Standards 2017 – UK national supplement (the RICS Red Book), envisages the assets being valued and sold individually over a reasonable period depending on market circumstances at the time, the valuation of the portfolio, as a whole, may produce a greater or lesser figure than the aggregate value of the individual properties.

The Company owns partial interests in a number of properties. We have not been provided with the details of the relevant shareholding structures in these properties and for the avoidance of doubt we have not provided an opinion of the Market Value of these partial interests. We have valued the relevant 100% interest in all properties. For those properties with a partial interest we have applied a simple apportionment of the 100% interest that equates to the Company’s shareholding.

#### ESMA Recommendations para 130 (vi)

Pursuant to paragraph 130(vi) of the ESMA Recommendations, we are required to comment on any differences between the valuation figures in this Valuation Report and the valuation figures included in the Company’s latest published annual accounts which are as at 31 December 2019.

The differences between the valuation as at 31 December 2019 to the June valuation and to the present July valuation are attributable to a number of factors, including but not limited to material changes to the tenancy schedules and rent rolls through lease expiries, renewals, rent reviews, new lettings and other lease renegotiations. Tenants entering into CVA or bankruptcy during this period also has impacted upon values. We have seen this trend continue between the June and July valuation dates. Rental levels set at rent review, renewal or new leasing along with current market conditions also have an impact on rental values of the Properties which in turn impacts the valuation.

Non-contractual income fluctuates over time and therefore items such as turnover rent, commercialisation income and pay parking has also varied between valuation dates.

Operating expenses and capital expenditure also fluctuates over time and this has a direct impact on the variation in value between the two valuation dates.



COVID-19 related assumptions have also contributed to differences in the valuations. The present valuation makes allowances in the projection of future cashflows for the anticipated impact of COVID-19 on the performance of the Property. These allowances include rent and other income deductions.

Market conditions are constantly evolving and for the Retail sector this has led to yield decompression witnessed in the relevant markets over a sustained period of time. The economic consequences of COVID-19 are unknown at this time but investor sentiment towards the Retail sector and the impact the Pandemic has on the future performance of Retail has led to further yield decompression.

### **Material Uncertainty**

#### **Material Valuation Uncertainty due to Novel Coronavirus (COVID – 19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted many aspects of daily life and the global economy – with real estate markets experiencing significantly lower levels of transactional activity and liquidity.

As at the valuation date in the case of the Properties there is a shortage of market evidence for comparison purposes, to inform opinions of value. Our valuation of these properties is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Given the unknown future impact that COVID-19 might have on the real estate market, with many business practices and behaviours needing to change either temporarily or permanently, we recommend that you keep the valuations contained within this report under frequent review.

### **Purchasers Costs**

Generally, we have allowed for Stamp Duty Land Tax as follows: Market Value of up to £150,000, zero; next £100,000 (the portion from £150,001 to £250,000), 2.00%; remaining amount (the portion above £250,001), 5.00%.

We have also allowed for agents and legal fees plus VAT at standard market rates unless the value is greater than £200m where lower agents and legal fees have been adopted as is market practice.

In France we have adopted Purchaser Costs between 2% and 7% according to the local legislation.

### **Approach & Reasoning**

In the main we have valued the properties adopting the traditional (equivalent) yield valuation approach. This method involves the capitalisation of the rental income or forecast income at an appropriate capitalisation rate calculated with reference to investment transactions within the market. The present value of the reversionary income is then capitalised at the same capitalisation rate and added to the capitalised income stream.

Due to the COVID-19 pandemic and social distancing measures implemented by the UK government we have adjusted our approach to the valuations to account for increased risks in the occupational and investment markets.



Our general approach is to assume that all tenants leave the property at lease expiry or first break option and we have allowed appropriate voids, costs and rent free periods where the break or expiry is within the short-medium term i.e. within 3 - 5 years of the valuation date depending on the property and market dynamics. Where there is the potential for a significant void beyond this period we have also reflected a void and costs where we feel this would be reflected by investors. In situations where units are currently vacant we have allowed for a current void, rent free and appropriate costs. As the properties in the main comprise shopping centres we are of the opinion that the most useful market rent evidence is within the subject properties.

Letting costs and capital expenditure have been reflected as capital costs whilst non recoverable service charges, rates, insurance and the marketing contribution have been deducted as revenue costs.

Generally, for commercial properties we have targeted an equivalent yield whilst being mindful of the net initial yield/topped up net initial yield.

In relation to Whitgift Centre, Croydon we have used both the traditional capitalisation approach and residual approach as there is re-development potential at the site. In relation to the Goods Yard, Bishopsgate we have used the residual appraisal as our principle valuation technique.

For the purposes of Prospectus Rule 5.3.2R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge, the information contained in this Valuation Report is in accordance with the facts and makes no omission likely to affect its import. This Valuation Report complies with Rules 13.4.4R and 13.4.5R of the Listing Rules, Rule 5.4.5G of the Prospectus Regulation Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004 (as applicable to the Prospectus Regulation (EU) 2017/1129) (ESMA/2013/319).

Yours faithfully,

**Christian Luft MRICS**  
**Director**  
**For and on behalf of**  
**Jones Lang LaSalle Limited**

**Claire Macken MRICS**  
**Director**  
**For and on behalf of**  
**Jones Lang LaSalle Limited**

**David Holloway MRICS**  
**Director**  
**For and on behalf of**  
**Jones Lang LaSalle Limited**

# Appendices

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Appendix 1 ..... Letter of Engagement

Appendix 2 ..... General Terms and Conditions

Appendix 2 ..... General Principles

Appendix 2 ..... Definition of Market Value

## Appendix 1

### Letter of Engagement



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jll.co.uk

**Private & Confidential**

**Our ref** CL/479500LON

**Project Number**

**Direct Line** 0207 852 4879

**christian.luft@eu.jll.com**

03 August 2020

**Dear Sirs**

**JLL property valuations of UK Flagships, French Flagships, Developments and Other Properties**

We write in connection with the proposed publication of a prospectus ("**Prospectus**") by Hammerson plc (with its registered offices at Kings Place, 90 York Way London, N1 9GE) ("**Company**"), in connection with, amongst other things, a rights issue (the "**Rights Issue**") of ordinary shares in the Company as a result of which new ordinary shares will be admitted to the premium listing segment of the Official List of the Financial Conduct Authority ("**FCA**") and admitted to trading on the Main Market of London Stock Exchange plc (the "**London Stock Exchange**") and to listing and to trading on the Main Board of the Johannesburg Stock Exchange ("**JSE**") (the "**Offering**").

We are happy to provide valuations of the properties listed below (the "Properties"):

Property – UK Portfolio	Address
Cabot Circus	Bristol, BS1 3AU
Bristol Broadmead	Bristol, BS1 3DX
The Oracle	Reading, RG1 2AG
Union Square	Guild Square, Aberdeen, AB11 5RG
West Quay / West Quay South	Civic Centre Road, Southampton, SO15 1QE
The Goods Yard	Shoreditch, London, E1
Victoria Place	115 Buckingham Palace Road, SW1W 9SJ
Centrale & Whitgift	North End, Croydon, CR0 1TY
Spitalfields	21 Lamb Street, E1
Shoreditch Properties	London, E1

Property – France Portfolio	Address
Cergy Les 3 Fontaines (Including Extension)	Les 3 Fontaines, Cergy-Pontoise, 95000
Espace Saint Quentin	5 Place Colbert, Montigny-le-Bretonneux, 78180
Italie 2 excluding Italik	30 Avenue d'Italie, Boite 1001, Paris, 75013
Italik	30 Avenue d'Italie, Boite 1001, Paris, 75013
Les Terrasses du Port, Marseille	9 quai du Lazaret, Marseille, 13002
Nicétoile	30 Avenue Jean Medecin, Nice, 06000
O'Parinor JV 1 &2	Le Haut de Galy, Aulnay-sous-Bois, Paris, 93600
O'Parinor 3	Le Haut de Galy, Aulnay-sous-Bois, Paris, 93600

We will provide a report addressed to the Company, J.P. Morgan Securities plc (“**J.P. Morgan**”), Morgan Stanley & Co. International plc (“**Morgan Stanley**”), Barclays Bank PLC (“**Barclays**”), Lazard & Co., Limited (“**Lazard**”) and Investec Bank Limited (“**Investec**” and together with J.P. Morgan, Morgan Stanley, Barclays and Lazard, the “**Banks**”, and the Banks together with the Company, the “**Addressees**”) (“**Valuation Report**”) to be included in the Prospectus.

We confirm that our valuation and report will be prepared in accordance with the current RICS Valuation – Global Standards, which incorporates the IVS, published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement (the “**RICS Red Book**”) on the basis of Market Value. It will also be prepared in accordance with, and will be subject to, our General Principles Adopted in the Preparation of Valuations and a copy of which are attached. We will act as external valuers in accordance with the Standards.

The valuation date will be 31 July 2020. On the date of publication of the Prospectus and, if necessary, the date of publication of any supplementary prospectus and/or circular, we will, to the extent we believe there has been no material changes to the valuation, provide a comfort letter in the agreed form, confirming that there have been no Material Changes between the date of the valuation and the date of the Prospectus.

We confirm that we have carried out the necessary checks and do not have any conflicts of interest in providing the advice that you require. We also confirm that we have had no previous material interest in the Company or material connection or involvement with any of the Properties, and that copies of our conflict of interest checks have been retained within the working papers.

The purpose of our valuation will be to assess the Market Value of the freehold and leasehold interests in the Properties for inclusion in the Prospectus (“**Purpose**”). Given the nature of this instruction, we confirm that the Valuation Report provided will comply with the relevant rules and recommendations of the LSE, the FCA (including, but not limited to, PRR 5.4.5G of the Prospectus Regulation Rules), the International Financial Reporting Standards and the RICS Red Book.

For the avoidance of doubt, the Valuation Report will also comply with the "ESMA update of the CESR recommendations - The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (as now applicable to the Prospectus Regulation (EU) 2017/ 1129) (ESMA/2013/319)" and accordingly will:

- give the date or dates of inspection of the Properties;
- provide all the relevant details in respect of the Properties necessary for the purposes of the valuation;
- be dated and state the effective date of the valuation for each Property;
- include a summary showing separately the number of freehold and leasehold Properties together with the aggregate of their valuations (negative values will be shown separately and not aggregated with the other valuations and separate totals will be given for Properties valued on different bases); and

- include an explanation of the differences of the valuation figure and the equivalent figure included in your latest published individual annual accounts or consolidated accounts, if applicable.

We confirm that:

- the valuation of the Properties will be undertaken by RICS qualified valuers in both the UK and French JLL businesses (the “**Valuer**”) on behalf of JLL;
- the Valuer is in a position to provide an objective and unbiased valuation of the Properties;
- there are no factors of which we are reasonably aware that could limit the Valuer’s ability to provide an impartial and independent valuation of the Properties; and
- the Valuer is competent to undertake this valuation assignment.

We consent to the Valuation Report being included in the Prospectus, subject to our approval of the form and context of the publication within the Prospectus, such consent not to be unreasonably withheld or delayed, and to us being given reasonable opportunity to update or amend the Valuation Report.

We understand that the Company intends to distribute a draft of the Prospectus to prospective investors during the week commencing 3 August 2020, prior to the publication of the final Prospectus. Accordingly, we confirm that, subject to us providing our prior written consent to the form and context in which our Valuation Report shall appear (which may be by way of email and may not be unreasonably withheld or delayed), our draft Valuation Report may be included in the draft Prospectus.

We also understand that the Company intends to distribute and publish announcements, presentations and other documents in connection with the Offering both before and after the publication of the Prospectus, which may include information extracted from the Valuation Report. Accordingly, we confirm that such information may be included in such presentations, but that our name may only be included in such announcements, presentations and other documents with our prior written consent (which may be by way of email and may not be unreasonably withheld or delayed), subject to our prior written consent, which will not be unreasonably withheld or delayed.

We will, where requested: (i) circulate drafts of our Valuation Report and liaise with the Company, the Addressees and their respective legal advisers, (ii) provide comments and mark-ups to the draft Prospectus in relation to the property valuation sections and (iii) discuss with the Company, the Addressees and their respective legal advisers, any property valuation matters and issues as they arise.

We agree that, subject to having approved the form and context in which our Valuation Report appears, upon:

- i. the date of publication of the Prospectus and the execution by the Banks and the Company of the underwriting agreement in connection with the Rights Issue;
- ii. the admission of new shares (nil paid) in the Company pursuant to the Rights Issue to the Official List and the Main Market of the London Stock Exchange;
- iii. the date when the shares in the Company which comprise the ‘rump’ are placed in connection with the Rights Issue (the “**Rump Placement Date**”);
- iv. the date when the shares in the Company which comprise the ‘rump’ are settled in connection with the Rights Issue; and
- v. the date of publication of any supplementary prospectus or circular,

we will deliver a letter to the Addressees in the agreed form (“**Bringdown Letter**”). The Company will confirm to us the dates on which the events set out in (i) to (v) will occur.

Our final Valuation Report may only be relied upon by the Company for the Purpose. We acknowledge that the shareholders or prospective shareholders may, inter alia, rely on the Valuation Report in the form that is incorporated into the Prospectus for the purposes of enabling them to make an informed assessment of the assets and liabilities, financial position, profits, losses and prospects of the Company and the rights attaching to the ordinary shares of the Company. No reliance may be placed on draft versions of the Valuation Report. Save as provided for in this letter of engagement, neither the whole of the Valuation Report, nor any part, nor reference thereto, may be published in any other document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context which it will appear. Our approval is not required if disclosure of a draft version of the Valuation Report is required by law or regulation or any regulatory or stock exchange authority or body.

Our liability to the public investors for the final Valuation Report, shall, to the extent required by Appendix 7 of the Standards, be unlimited.

The cap on liability included in clause 8.1(b) of the General Terms of Business shall be modified to the effect that our liability to the Addressees for the final Valuation Report shall be limited to £50,000,000 (Fifty million pounds) in aggregate.

For the avoidance of doubt, any limitation on our liability applies only in relation to the Banks in their roles as Joint Financial Advisers, Joint UK Sponsors, Joint Global Coordinators, Joint Bookrunners and South African Sponsor (as the case may be) in connection with the Offering and shall not apply to the Banks in their capacity as purchasers of or subscribers for the Company’s ordinary shares or in any other capacity.

We confirm that we hold professional indemnity insurance of at least £50,000,000 in respect of the service provided.

For the avoidance of doubt, nothing in this letter or in our General Terms of Business excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of law.

Save as set out in this letter, if reliance by any other party is required this will be agreed separately, the provisions of this letter do not apply to such reliance.

For the avoidance of doubt, the Banks will not be responsible for any of our fees and expenses in connection with this engagement.

#### **Assumptions and Reliance on Data Provided**

We will rely on information provided in respect of title, floor areas, lease details, rents receivable, non-recoverable expenditure and capital expenditure as provided for our June 2020 valuations for financial reporting purposes.

So far as we are reasonably aware, reliance on this information will not render our Valuation Report unreliable.

#### **Information provided**

The Company will provide us with all information reasonably required by us to conduct the valuation. We will prepare the Valuation Report on the basis of the information provided by the Company, its affiliates and its advisers and shall be under no obligation to verify the information provided or to obtain additional information. Should the Company fail to make available any material information required within a reasonably timely manner, we shall have the right to agree a revised timetable for the provision of the Valuation Report.

We are not providing legal, tax, financial or other specialist advice.

The Company certifies, for itself and on behalf of all parties providing information to us at the Company's specific request that to the Company's best knowledge any and all information and documentation provided to us is accurate in all material respects. Accordingly, we shall not be liable for any damage which arises from the use of such information and documentation in the provision of services under or in connection with this engagement where such information is materially incorrect or causes the valuations to be materially inaccurate.

Prior to delivery of the final Valuation Report and/or the release of any letters we are required to issue, the Company will inform us in writing of any material facts or information of which the Company is aware and that could reasonably be expected to influence the conclusions to be made by us in the Valuation Report, and any Bring Down Letters; and/or affect the correctness, accuracy or completeness of the documents provided by the Company or its agents to us, in each case, as soon as reasonably practicable after the Company becomes aware of any such facts or information. This engagement letter shall be governed and construed in accordance with the laws of England and Wales.

**Deliverables** – We have agreed that we will provide a certificate report together with a schedule of aggregated asset valuations and only individual asset values for any Property with a value in excess of 5% of the total portfolio.

Please sign and return a copy of this letter to signify agreement with these terms. If you require any further assistance, then please do not hesitate to contact me.

**For and on behalf of Jones Lang LaSalle Limited**

**Christian Luft**

**Director**

**We agree to the foregoing**

**For and behalf of Hammerson plc**

**Print Name.....**

**Position.....**

## Appendix 2

General Terms and Conditions

General Principles

Definition of Market Value

## 1. AGREEMENT

1.1. These Terms together with any Engagement set out the terms on which JLL will provide the Services to the Client. Each of the provisions provided in the Agreement are severable and distinct from the others.

1.2. The Engagement shall prevail to the extent of any conflict between the Terms, and the Engagement. The Agreement supersedes any previous arrangement concerning its subject matter. Unless the Parties agree otherwise, these Terms shall apply to any future instructions from the Client, although such instructions may be subject to a separate Engagement.

## 2. INTERPRETATION

The following definitions and rules of interpretation apply in these Terms:

### 2.1. Definitions

**"Affiliates"** includes in relation to either Party each and any subsidiary or holding company of that Party and each and any subsidiary of a holding company of that Party and any business entity from time to time controlling, controlled by, or under common control with, that Party, and **"holding company"** means a holding company as defined in section 1159 of the Companies Act 2006 or a parent undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006, and **"subsidiary"** means a subsidiary as defined in section 1159 of the Companies Act 2006 or a subsidiary undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006;

**"Agreement"** means any Engagement and these Terms together;

**"Client"** means the Party who enters into the Agreement with JLL;

**"Data Protection Legislation"** shall mean GDPR and any national implementing laws, regulations and secondary legislation in force in the United Kingdom from time to time;

**"Engagement"** means the agreement, letter of engagement or engagement agreement or email and any schedules/appendices sent to the Client by JLL (or agreed in writing) which sets out details of the Services to be provided to the Client pursuant to the Agreement;

**"GDPR"** means the General Data Protection Regulation ((EU) 2016/679) and in this Agreement: "controller", "processor", "data subject", "personal data", "personal data breach", "supervisory authority", and "processing" shall have the meaning set out in the GDPR, and references to "personal data" shall in addition mean personal data related to the Agreement.

**"Insolvent"** means in relation to:

- (a) a company (including any body corporate), that it:
  - (i) is unable to pay its debts as they fall due;
  - (ii) becomes or is deemed insolvent;
  - (iii) has a notice of intention to appoint an administrator filed at Court in respect of it, has an administrator appointed over, or has an administration order in relation to it, or has appointed a receiver or an administrative receiver over, or an encumbrancer takes possession of or sells the whole or part of its undertaking, assets, rights or revenue;
  - (iv) passes a resolution for its winding up or a court of competent jurisdiction makes an order for it to be wound up or dissolved or it is otherwise dissolved (other than a voluntary winding up solely for the purpose of a solvent amalgamation or reconstruction); or
  - (v) enters into an arrangement, compromise or composition in satisfaction of its debts with its creditors or any class of them or takes steps to obtain a moratorium or making an application to a court of competent jurisdiction for protection of its creditors;
- (b) a partnership, that it is dissolved by reason of the bankruptcy of one or more of its partners;
- (c) an individual, that they are bankrupt; or
- (d) a Party based outside England and Wales, that it is considered insolvent by the laws applicable to that Party;

**"JLL"** means Jones Lang LaSalle Limited of 30 Warwick Street London W1B 5NH registered in England and Wales with company number 01188567 and/or any Affiliate of JLL that provides the Services to the Client;

**"Materials"** means all materials, equipment, documents and other property of JLL made available to the Client by JLL in carrying out the Services;

**"Party"** means either the Client or JLL (as the context requires) and **"Parties"** shall mean both of them;

**"Services"** means the Services set out in the Engagement or as otherwise agreed in writing between the Parties;

**"Terms"** means these terms and conditions.

2.2. Unless the context otherwise requires, words in the singular shall include the plural and, in the plural, shall include the singular.

2.3. A reference to a statute or statutory provision is a reference to it as it is in force as at the date of the Agreement and shall include all subordinate legislation made as at the date of the Agreement under that statute or statutory provision.

2.4. A reference to writing or written unless otherwise specified herein includes email.

2.5. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.6. Headings are for convenience only and do not affect the interpretation of this Agreement.

### **3. SERVICES**

3.1. JLL shall provide the Services using reasonable care and skill.

3.2. JLL has no obligation to provide any services other than the Services and has no obligation to provide nor any liability for:

- a) an opinion on the price of a property (unless specifically agreed in writing);
- b) any advice regarding the condition of a property (unless specifically agreed in writing);
- c) the security or management of a property unless specifically instructed to arrange it;
- d) the safety of any third party entering any premises; or
- e) the management or payment of any third party suppliers.

3.3. Where the Parties have agreed that JLL shall carry out estate agency business, JLL shall (i) report in writing all offers it receives regarding the relevant property; and (ii) comply with its obligations under the Estate Agents Act 1979 and regulations made under that Act together with any other similar laws and regulations.

3.4. Where agreed in writing JLL shall use reasonable endeavours to meet any performance dates. JLL shall not be responsible for any failure to meet performance dates due to causes outside its reasonable control and time shall not be of the essence for the performance of the Services.

3.5. JLL shall have the right to make any changes to the Services which are necessary to comply with any applicable law, regulation, safety or public health requirement, or any applicable government guidance which do not materially affect the nature or quality of the Services and JLL shall notify the Client in any such event.

3.6. Without prejudice to clause 9.2(b), JLL will take all appropriate steps to identify, prevent or manage a conflict of interest that may arise in the course of business. In the event that an actual or potential conflict of interest is identified, JLL will recommend a course of action.

### **4. CLIENT OBLIGATIONS**

4.1. The Client shall:

- a) immediately notify JLL if any details or requirements set out in the Engagement are incomplete or inaccurate;
- b) co-operate with JLL in all matters relating to the Services;
- c) provide JLL, its employees, agents, consultants and subcontractors, with access to the relevant property as reasonably required by JLL to provide the Services; and
- d) obtain and maintain all necessary licences, permissions and consents which may be required by the Client before the date on which the Services are to start.

4.2. The Client shall promptly provide JLL with such information and materials as it may reasonably require in order to supply the Services and warrants that:

- a) such information is complete and accurate and was obtained and prepared in accordance with all applicable laws;
- b) it shall ensure that where the information and material include representations or descriptions of a property, that such information and material contain no misrepresentation or false impression;
- c) where the Client will advertise a property under JLL's logo, that such advertisement (including its content and context in which it will appear) is approved in writing by JLL prior to its publication; and
- d) it shall immediately notify JLL on becoming aware of any changes or issues that may render inaccurate any information or material provided to JLL.



4.3. In the event of any act or omission by the Client in breach of the Agreement or failure by the Client to perform any relevant obligation (Client Default):

- a) JLL shall without limiting its other rights or remedies have the right to suspend performance of the Services until the Client remedies the Client Default, and to rely on the Client to relieve JLL from the performance of any of its obligations to the extent the Client Default prevents or delays JLL's performance of any of its obligations; and
- b) JLL shall not be liable for any costs or losses sustained or incurred by the Client arising directly or indirectly from the Client Default.

4.4. The Client is responsible for effecting and maintaining adequate property and public liability insurance in relation to its activities and any relevant properties owned or occupied by it and shall be responsible for the safety of any person entering the relevant properties.

4.5. Where the Client constitutes more than one legal person, the liability of such persons shall be joint and several.

## 5. PAYMENTS

5.1. Whenever possible, the fees and expenses (if known) for the Services shall be as set out in the Engagement. Where fees and expenses for the Services are not specified in writing, JLL shall be entitled to the fee specified by the Royal Institution of Chartered Surveyors (RICS) or if there is none specified, by any other applicable professional body chosen by JLL (acting in a reasonably commercial manner) or, if none is specified, a fair and reasonable fee by reference to time spent delivering the Services; and reimbursement of any expenses properly incurred by JLL on the Client's behalf.

5.2. All amounts payable by the Client under the Agreement are exclusive of value added tax (VAT) or similar taxes which the Client shall pay at the applicable rate.

5.3. In consideration of the provision of the Services, the Client shall pay each invoice submitted by JLL in accordance with the Agreement within 28 days from the date of invoice.

5.4. If the Client fails to settle any payment due to JLL under the Agreement by the due date for payment, then JLL reserves the right to charge late payment interest after the due date on the overdue amount at the rate of 4 per cent per annum above the Bank of England's official bank rate from time to time. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after

judgment. The Client shall pay the interest together with the overdue amount.

5.5. If the Agreement is terminated prior to the Services being completed, JLL shall, without limitation to its other rights and remedies under this Agreement or at law, be entitled to receive from the Client a reasonable fee proportionate to the part of the Services performed to the date of termination.

## 6. INTELLECTUAL PROPERTY RIGHTS

6.1. JLL retains all copyright (and all other intellectual property rights) in all materials, reports, systems and other deliverables which it produces or develops for the purposes of this Agreement, or which it uses in the provision of the Services. For this purpose **"intellectual property rights"** means patents, utility models, rights to inventions, copyright and related rights, trademarks and service marks, trade names and domain names, trade secrets, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to preserve the confidentiality of information (including know-how and trade secrets) and any other intellectual property rights, including all applications for (and rights to apply for and be granted), renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist, now or in the future, in any part of the world.

6.2. The Client shall have an irrevocable, royalty-free, non-exclusive licence to use the Materials for the purposes for which they are prepared by JLL, subject to JLL having received full payment for the Services in accordance with the Agreement. Such licence shall be capable of sub-licence by the Client to its employees, agents and subcontractors and shall survive termination. No third party has any right to use any such Materials without JLL's specific consent. JLL shall not be liable for the use of any Material for any purpose other than that for which JLL provided it to the Client.

6.3. Nothing in this clause 6 shall affect the Client's intellectual property rights that pre-exist the Services. The Client shall grant to JLL an irrevocable, royalty-free, non-exclusive, sub-licensable licence to use such pre-existing intellectual property rights for the purpose of carrying out the Services.

## 7. CONFIDENTIALITY

7.1. Except where disclosure is required by law, each party and that party's Affiliates must maintain the confidentiality of the other party's information and must not disclose any information received in confidence from the other party for a period of three years (or any longer period if so required by law) after termination or expiry of this Agreement.

7.2 Where JLL delivers services to or is approached to deliver services to another party JLL shall not be required to use or disclose to the Client any information known to JLL, which is confidential to another party.

## **8. LIABILITY**

8.1. a) JLL shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with the Agreement and/or the Services;

b) JLL's total liability in respect of all losses arising out of or in connection with the Agreement and/or the Services, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £5 million; and

c) nothing in the Agreement limits any liability which cannot legally be limited, including but not limited to, liability for: death or personal injury caused by negligence; or fraud or fraudulent misrepresentation.

8.2. JLL shall have no liability for the consequences, including delay in or failure to provide the Services:

a) due to any failure by the Client or any representative or agent of the Client to provide information or other material that JLL reasonably requires promptly, or where that information or material provided is inaccurate or incomplete;

b) to the extent that the Client or someone on the Client's behalf for whom JLL is not responsible is responsible, and where JLL is one of the parties liable in conjunction with others, JLL's liability shall be limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do); or

c) due to any failure by the Client or any representative or agent of the Client to follow JLL's advice or recommendations.

8.3. JLL owes no duty of care and has no liability to anyone but the Client unless specifically agreed in writing by JLL.

## **9. TERMINATION**

9.1. Without limiting its other rights or remedies, either Party may terminate the Agreement by giving the other Party 28 days' written notice.

9.2. Without limiting its other rights or remedies, either Party may terminate the Agreement with immediate effect by giving written notice to the other Party if:

a) the other Party commits a material breach of the Agreement and (if such a breach is remediable) fails to remedy that breach within 14 days of that Party being notified in writing to do so;

b) a conflict of interest arises which prevents JLL continuing to act for the Client; or

c) the other Party becomes Insolvent.

9.3. Without limiting its other rights or remedies, JLL may suspend provision of the Services under the Agreement or any other contract between the Client and JLL if the Client becomes Insolvent, or JLL reasonably believes that the Client is about to become Insolvent, or if the Client fails to pay any amount due under the Agreement on the due date for payment.

9.4. On termination of the Agreement for any reason:

a) the Client shall immediately pay to JLL all of JLL's outstanding unpaid invoices and interest and, in respect of Services supplied but for which no invoice has been submitted and associated expenses, JLL shall submit an invoice, which shall be payable by the Client immediately on receipt;

b) the Client shall return any Materials which have not been fully paid for;

c) JLL may, to comply with legal, regulatory or professional requirements, keep one copy of all Material which is what was supplied by or on behalf of the Client in relation to the Services;

d) the accrued rights, remedies, obligations and liabilities of the Parties as at expiry or termination shall be unaffected, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry; and

e) clauses which expressly or by implication survive termination shall continue in full force and effect.

9.5. JLL may destroy any hard copy and electronic files it has in its possession after six years from the earlier of completion of the Services or termination of the Agreement.

## 10. DATA PROTECTION

10.1 JLL (including third parties as described in our Privacy Statement available at [www.jll.co.uk](http://www.jll.co.uk)) may process in hard copy and/or in electronic form, personal data regarding the Client, its officers and any other individuals connected with the Client ('Client Contacts'). It may also verify the identity of Client Contacts including carrying out checks with third parties such as financial probity, anti-money laundering or sanctions-checking agencies. To facilitate compliance with money laundering regulations and avoid duplication of due diligence, the Client acknowledges that JLL may share Client contacts' personal data with such third party agencies and JLL Affiliates.

10.2 Unless the Agreement and factual arrangements dictate otherwise, as between the Parties for the purposes of the Agreement, the Client is deemed to be the controller and JLL is deemed to be the processor. The Client will ensure that any transfer of personal data to JLL (and any sub-processors under clause 10.11) complies with the Data Protection Legislation. In providing the Services, JLL in its role as processor shall comply with the Data Protection Legislation as it relates to data processors. Nothing within the Agreement relieves either Party of its own direct responsibilities and liabilities under the Data Protection Legislation.

10.3 JLL shall not process personal data other than in relation to the documented instructions of the Client, unless it is required to process the personal data by any law to which it is subject. In such a case JLL shall inform the Client of that legal requirement before complying with it, unless that law prohibits JLL from doing so.

10.4 JLL shall ensure that it and any third party with access to the personal data has appropriate technical and organisational security measures in place, to guard against the unauthorised or unlawful processing of personal data and against the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, the personal data. Upon a written request, JLL shall provide to the Client a general description of the security measures it has adopted.

10.5 JLL shall take reasonable steps to ensure any person that has access to personal data is made aware of their responsibilities, and subject to enforceable duties of confidentiality.

10.6 JLL shall notify the Client without undue delay if it:

10.6.1 receives a request for access from an individual, or a request relating to any of the other individuals' rights available under the Data Protection Legislation, in respect of personal data;

10.6.2 receives any enquiry or complaint from a data subject, supervisory authority or third party regarding the processing of the personal data; and

10.6.3 becomes aware of a personal data breach affecting personal data, unless the breach is unlikely to result in a risk to the rights and freedoms of data subjects.

10.7 JLL shall assist and provide all information reasonably requested in writing by the Client in relation to data protection impact assessments or 'prior consultation' with supervisory authorities or matters under clause 10.6.

10.8 JLL shall maintain all the records and information necessary to demonstrate its compliance with the requirements set out in this clause 10.

10.9 JLL shall allow the Client (or its appointed auditor) to audit JLL's compliance with this clause 10. The Client agrees to give reasonable notice of any audit, to undertake any audit during normal business hours, to take steps to minimise disruption to JLL's business, and not exercise this right of audit more than once every year unless instructed otherwise by a supervisory authority.

10.10 JLL shall, upon receipt of a written request, from the Client delete or return all personal data at the end of the provision of the Services. JLL may retain copies of the personal data in accordance with any legal or regulatory requirements, or any guidance that has been issued in relation to deletion or retention by a supervisory authority.

10.11 JLL shall only engage a sub-processor where:

10.11.1 the Client has agreed in writing to the engagement of the sub-processor; or

10.11.2 the sub-processor is an Affiliate of JLL or a service provider engaged by JLL to support the infrastructure and administration of its business (with details maintained at <http://www.jll.co.uk/sub-processors>).

10.12 JLL shall ensure that any arrangements between JLL and a sub-processor are governed by a written contract including terms which offer at least the same level of protection for personal data as those set out in this clause. Where JLL intends to engage a new sub-processor under 10.11.2 and the Client objects, then the Client may choose to terminate the Services in accordance with clause 9.

10.13 In accordance with clause 12.1, JLL shall remain liable for the acts and omissions of its sub-processors.

10.14 JLL shall only transfer personal data outside the European Economic Area where it has ensured the transfer complies with the Data Protection Legislation.

## 11. FORCE MAJEURE

11.1. Neither Party shall be liable to the other Party as a result of any delay or failure to perform its obligations under the Agreement as a result of any event beyond the reasonable control of either Party including strikes, lock-outs or other industrial disputes (whether involving the workforce of JLL or any other party), failure of a utility service or transport network, act of God, war, riot, civil commotion, malicious damage, an international, national or regional emergency has been declared, a period of quarantine recommended or imposed by any applicable government, epidemic, pandemic, public health emergency, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

11.2. If such an event prevents either Party from performing any of their obligations under the Agreement for a period of more than four weeks, the affected Party shall, without limiting their other rights or remedies, have the right to terminate the Agreement immediately by giving written notice to the Party.

11.3. This clause does not apply to the payment of fees or expenses due to JLL by the Client.

## 12. GENERAL

12.1. **Subcontracting.** JLL may subcontract or deal in any other manner with all or any of its rights or obligations under the Agreement to any third party or agent provided that:

- (i) where JLL subcontracts or delegates its obligations at the specific request of the Client, JLL shall have no liability for the acts or omissions of the third party or agent; and
- (ii) otherwise, JLL shall remain liable for the acts or omissions of the third party or agent, unless the Client agrees to rely only on the third party or agent, such agreement not to be unreasonably withheld.

12.2. **Notices.** a) Any notice or other communication, including the service of any proceedings or other documents in any legal action given to a Party under or in connection with the Agreement shall be in writing, addressed to that Party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that Party may have specified to the other Party in writing in accordance

with this clause, and shall be delivered personally or sent by pre-paid first class post or commercial courier. Any notice or other communication sent to a Party located in a different country to the sending Party must be sent by commercial courier;

- b) A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause 12.2.a); if sent by pre-paid first class post at 9.00 am on the second business day after posting; or if sent by commercial courier, on the date and at the time that the courier's delivery receipt is signed. For this purpose, a business day means a day (other than a Saturday or Sunday) on which banks are open for business in London.

12.3. **Severance.** a) If any provision or part-provision of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Agreement;

- b) If any provision or part-provision of the Agreement is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.

12.4. **Waiver.** A waiver of any right under the Agreement or law is only effective if it is in writing and shall not be deemed to be a waiver of any subsequent breach or default. No failure or delay by a Party in exercising any right or remedy provided under the Agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict its further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

12.5. **No Partnership or Agency.** Nothing in the Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, nor constitute either Party the agent of the other for any purpose. Neither Party shall have authority to act as agent for, or to bind, the other Party in any way.

12.6. **Third parties.** Subject to clause 12.8, a person who is not a Party to the Agreement shall not have any rights to enforce its Terms unless specifically agreed in writing.

12.7. **Variation.** Except as set out in these Terms, no variation of the Agreement, including the introduction of any additional terms and conditions, shall be effective unless it is agreed in writing and signed by both Parties. Unless otherwise expressly agreed, variation of these Terms does not require the consent of any third party (whether any employee referred to in clause 12.8 or otherwise).

12.8. **Protection of Employees.** Save in respect of fraud or criminal conduct no employee of JLL or any Affiliate has any personal liability to the Client nor to anyone representing the Client. Neither the Client nor anyone representing the Client may make a claim or bring proceedings against an employee or former employee personally. Any such employee of JLL is entitled to enforce this provision pursuant to the Contracts (Rights of Third Parties) Act 1999.

12.9. **Directors.** Some employees of JLL have the title of “director”. The Client acknowledges that this does not mean they hold the office of director for the purposes of the Companies Act 2006. Rather, it means that they hold a senior role as an employee of JLL.

12.10. **Complaints.** JLL’s complaints procedure is available on request.

12.11. **Publicity.** Neither Party may publicise or issue any specific information to the media about the Services or the Agreement’s subject matter without the consent of the other.

12.12. **Criminal Activity.** To comply with the law and professional rules on suspected criminal activity JLL is required to verify the identity of its clients and understand their business. Upon request, the Client will promptly provide to JLL evidence of the Client’s identity, management or ownership. Where JLL is required by law to obtain similar evidence for another party to a transaction, the Client will provide all reasonable assistance to obtain such evidence. JLL may also need to provide such evidence to another party’s agents and the Client consents to the release of such information. If a Party fails to provide such evidence the transaction and Services may not be able to proceed. JLL is required by law to report to the appropriate authorities any knowledge or suspicion of money laundering or terrorist financing. JLL may be unable to inform the Client of any disclosure and may have to stop the Services for a period of time without explanation.

12.13. **Anti-bribery and corruption.** Both parties shall comply with all applicable laws, statutes, regulations, relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010.

12.14. **RICS.** JLL is regulated by RICS for the provision of surveying services and agrees to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at [www.rics.org](http://www.rics.org). As a RICS regulated firm JLL has committed to cooperate with RICS to ensure compliance with its standards. JLL’s nominated RICS contact is Luis Campbell, Head of Compliance: [emeacompliance@eu.jll.com](mailto:emeacompliance@eu.jll.com).

12.15. **Governing Law.** The Agreement and any disputes arising from it (including non-contractual claims and disputes) are governed by English Law.

12.16. **Jurisdiction.** Each Party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

12.17. **Language.** These Terms are provided in English and JLL will communicate with the Client in English.

12.18. **Survival.** Clauses 5 to 10 shall survive termination of the Agreement.

# General Principles

## Adopted in the preparation of Valuations and Reports

These General Principles should be read in conjunction with JLL's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

### 1 RICS Valuation - Global Standards (effective 31 January 2020)

All work is carried out in accordance with the Professional Standards, Valuation Technical and Performance Standards and Valuation Applications contained in the current RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement as applicable (“the RICS Red Book”), by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by the RICS. The valuations are undertaken by currently Registered RICS Valuers.

### 2 Valuation Basis:

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in “the RICS Red Book”. The full definition of the basis, which we have adopted, is set out in our report and appended to these General Principles.

### 3 Assumptions and Special Assumptions:

Where we make an ‘assumption’ or ‘special assumption’ in arriving at our valuations, we define these terms in accordance with “the RICS Red Book” as follows:

**Assumption:** A supposition taken to be true.

**Special Assumption:** An assumption that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date.

We will not take steps to verify any assumptions.

### 4 Disposal Costs Taxation and Other Liabilities:

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser's costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration.

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

### 5 Sources of Information:

Where we have been provided with information by the client, or its agents, we assume that it is correct and complete and is up to date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

In respect of valuations for loan security purposes, commissioned by a lending institution, we may also rely on information provided to us by the Borrower or its advisors. In such cases, we have similarly assumed that all information is correct, complete, up-to-date and can be relied upon and that no pertinent information has been withheld.

## 6 Title and Tenancy Information:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

## 7 Tenants:

Although we reflect our general understanding of a tenant's status in our valuations i.e. the market's general perception of their creditworthiness, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

## 8 Measurements/Floor Areas:

All measurement is carried out in accordance with either the International Property Measurement Standards (IPMS) or the Code of Measuring Practice (6th Edition) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the International Property Measurement Standards (IPMS) or the Code of Measuring Practice referred to above.

## 9 Site Areas:

Site areas are generally calculated using proprietary digital mapping software and are based on the site boundaries indicated to us either at the time of our inspection, or on plans supplied to us. No responsibility is accepted if the wrong boundaries are indicated to us.

## 10 Estimated Rental Values:

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in "the RICS Red Book". Where circumstances dictate that it is necessary to utilise a different rental value in our capital valuation, we will generally set out the reasons for this in our report. Such a figure does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal or the figure that might be obtained if the property or unit were being let on the open market.

## 11 Town Planning, Acts of Parliament and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:

- i the position is correctly stated in our report;
- ii the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities; and
- iii that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace, the Energy Performance of Buildings Directive and any applicable bye laws. All buildings are assumed to have Energy Performance Certificates.

Our valuation does not take into account any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act 1972, or the Health and Safety at Work etc. Act 1974.

## **12 Structural Surveys:**

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

## **13 Modern Methods of Construction (MMC)**

If the subject property falls within the category of Modern Methods of Construction as defined by MHCLG (MMC), and we are not aware or made aware during the valuation process, we shall not be liable for any resulting loss or lending decision. We assume that any MMC properties have appropriate BOPAS accreditation or equivalent.

## **14 Deleterious Materials:**

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

## **15 Site Conditions:**

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

## **16 Environmental Contamination:**

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

## **17 Insurance:**

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:



### Composite Panels

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

### Terrorism

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism as defined by the Terrorism Act 2000. We have assumed that the insurer, with whom cover has been placed, is reinsured by the Government backed insurer, Pool Reinsurance Company Limited.

### Flood and Rising Water Table

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

## 18 Outstanding Debts:

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

## 19 Confidentiality and Third Party Liability:

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

## 20 Statement of Valuation Approach:

We are required to make a statement of our valuation approach. The following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversionary income is generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

**21 Capital Expenditure Requirement:**

Where buildings are undergoing works, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the client or their appointed specialist advisors.

**22 Goodwill, Fixtures and Fittings:**

Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier.

**23 Plant and Machinery:**

No allowance has been made for any plant, machinery or equipment unless it forms an integral part of the building and would normally be included in a sale of the building.

**24 Services:**

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

**25 Land and Building Apportionments:**

When instructed, we will provide apportionments between land and buildings for depreciation purposes only. Such apportionments are not valuations and should not be used for any other purpose unless specified in the report.

**26 Portfolio Valuations:**

In respect of valuations of portfolios of properties, our overall valuation is an aggregate of the individual values of each individual property. The valuation assumes, therefore, that each property would be marketed as an individual property and not as part of a portfolio. Consequently no portfolio premium or discount has been reflected and any consequence of marketing a range of individual properties together has also not been reflected in our valuations. However, if adjoining or complementary properties might achieve a higher value by being marketed together (known as “prudent lotting”), we have reported the higher value that would emerge.

**27 Rating:**

Any information regarding rating has generally been obtained from the Valuation Office website. We will not investigate whether any rating assessment is a fair assessment or considered the likelihood of an appeal being successful.

**27 Plans and Maps:**

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey © Crown Copyright. All rights are reserved.

# Market Value

Definition and Interpretive Commentary reproduced from the RICS Valuation – Global Standards 2017, VPS 4 and IVS Framework

## 1.1 Market Value

### 1.1.1 The definition of *Market Value* as defined in IVS 104 paragraph 30.1 is:

*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*

1.1.2 *Market value* is a basis of *value* that is internationally recognised and has a long-established definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the *valuation date*, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – fuller treatment of this particular premise of value can be found at section 140 of IVS 104.

1.1.3 It ignores any price distortions caused by *special value* (an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*) or *marriage value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. *Market rent* applies similar criteria for estimating a recurring payment rather than a capital sum.

1.1.4 In applying *market value*, regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*. The full conceptual framework for *market value* can be found at paragraph 30.2 of IVS 104.

1.1.5 Notwithstanding the disregard of *special value*, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in *market value*. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the *market value* include:

- the prospect of development where there is no current permission for that development and
- the prospect of marriage value arising from merger with another property or asset, or interests within the same property or asset, at a future date.

1.1.6 The impact on value arising by use of an *assumption* or *special assumption* should not be confused with the additional value that might be attributed to an asset by a *special purchaser*.

1.1.7 In some jurisdictions a *basis of value* described as 'highest and best use' is adopted and this may either be defined by statute or established by common practice in individual countries or states.

## IVS Framework

30.2 The definition of *Market Value* shall be applied in accordance with the following conceptual framework:

**(a) “the estimated amount”**

refers to a price expressed in terms of money payable for the *asset* in an arm’s length market transaction. *Market Value* is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

**(b) “an asset or liability should exchange”**

refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

**(c) “on the valuation date”**

requires that the value is time-specific as of a given date. Because markets and market conditions *may* change, the estimated value *maybe* incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

**(d) “between a willing buyer”**

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

**(e) “and a willing seller”**

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price *maybe*. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

**(f) “in an arm’s length transaction”**

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant that *may* make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties, each acting independently;

**(g) “after proper marketing”**

means that the *asset* has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that *there must* have been sufficient time to allow the asset to be brought to the attention of an adequate number of market *participants*. The exposure period occurs prior to the valuation date;

**(h) “where the parties had each acted knowledgeably, prudently”**

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the *asset*, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell *assets* in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

**(i) “and without compulsion”**

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

- 30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the *participants* are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market *participants*. The market in which the asset is presumed exposed for sale is the one in which the *asset* notionally being exchanged is normally exchanged.
- 30.4 The Market Value of an *asset* will reflect its highest and best use. The highest and best use is the use of an *asset* that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use *maybe* for continuation of an *asset's* existing use or for some alternative use. This is determined by the use that a market *participant* would have in mind for the *asset* when formulating the price that it would be willing to bid.
- 30.5 The nature and source of the valuation inputs *must* be consistent with the basis of value, which in turn *must* have regard to the *valuation purpose*. For example, various approaches and methods *maybe* used to arrive at an opinion of value providing they use market-derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be adopted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriate depreciation should be determined by analysis of market-based costs and depreciation.
- 30.6 The data available and the circumstances relating to the market for the *asset* being valued *must* determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used *should* provide an indication of Market Value.
- 30.7 Market Value does not reflect attributes of an *asset* that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages *may* relate to the physical, geographic, economic or legal characteristics of an *asset*. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.

## 1.2 Special Value

*Special value* is an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*.

A *special purchaser* is a particular buyer for whom a particular asset has *special value* because of advantages arising from its ownership that would not be available to other buyers in a market.



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**APPENDIX 2**  
**NOTICE OF GENERAL MEETING**

**Hammerson plc**

*(incorporated and registered in England and Wales with registered number 360632)*

**NOTICE IS HEREBY GIVEN** that a general meeting of Hammerson plc (the “**Company**”) will be convened electronically in accordance with the Corporate Insolvency and Governance Act 2020 at 9:00 a.m. (London time) on 1 September 2020 (the “**General Meeting**”) for the purpose of considering and, if thought fit, passing the following resolutions (the “**Resolutions**”):

**Disposal**

**Resolution 1**

**As an Ordinary Resolution**

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed:

- (a) the Pre-Transaction Step ((as defined in the Prospectus (as defined below)) and the proposed sale by the Group (as defined in the Prospectus (as defined below)) of its aggregate 50% interest in the VIA Outlets joint venture (subject to the Group’s retention of the Retained Minority Stake (as defined in the Prospectus (as defined below))) (the “**Disposal**”): pursuant to (i) the conditional share purchase agreement entered into on 6 August 2020 between Hammerson VIA (Jersey) Ltd, Hammerson Via No 1 Limited, Hammerson Via No 2 Limited as sellers, the Company as guarantor and Stichting Depositary APG Strategic Real Estate Pool (as depositary of APG Strategic Real Estate Pool) (“**APG**”) as the purchaser (the “**Sale Agreement**”), on and subject to the terms and conditions of the Sale Agreement; and (ii) the terms and conditions of the shareholders’ agreement in relation to Zweibrücken Lux Holdco S.à r.l. to be entered into between APG, Hammerson Via No 2 Limited, Zweibrücken Lux Holdco S.à r.l. and the Company and which, as described in the prospectus of the Company expected to be published, subject to approval of the FCA, on or around 6 August 2020 (the “**Prospectus**”), constitutes:

- (1) a Class 1 transaction under the Listing Rules (as defined in the Prospectus); and
- (2) a related party transaction under the Listing Rules (as defined in the Prospectus) by reason of APG being a related party because it is a substantial shareholder in the Company,

be and is hereby approved; and

- (b) the directors of the Company (or a duly authorised committee of the directors of the Company) be and are hereby authorised: (1) to take all such steps as they consider to be necessary or desirable in connection with, or to implement, the Disposal; and (2) to agree such modifications, variations, revisions, waivers, extensions or amendments to any of the terms and conditions of the Disposal and/or the Sale Agreement and the associated and ancillary agreements and documents contemplated by the Sale Agreement and/or described in the Prospectus (provided such modifications, variations, revisions, waivers, extensions or amendments are not of a material nature), as they may in their absolute discretion think fit.

**Rights Issue**

**Resolution 2**

**As an Ordinary Resolution**

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed and in addition to all existing authorities, the directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £183,910,467 pursuant to or in connection with the Rights Issue (as defined in the Prospectus), such authority to apply until the conclusion of the annual general meeting of the Company to be held

in 2021 (unless renewed, varied or revoked by the Company in general meeting), but, in each case, so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority given by this resolution has expired.

### Resolution 3

#### As a Special Resolution

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed and in addition to all existing powers, the directors of the Company be and are hereby given power pursuant to section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 2 above, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, such power to be limited to the allotment of equity securities pursuant to the authority granted by Resolution 2 up to an aggregate nominal amount of £183,910,467, such power to apply until the conclusion of the annual general meeting of the Company to be held in 2021, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted after the power given by this resolution has expired.

#### Capital Reorganisation

### Resolution 4

#### As an Ordinary Resolution

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed:

- (a) each of the ordinary shares of £0.25 each in the capital of the Company in issue at the close of business on 1 September 2020 or such other time and date as the directors of the Company may in their sole discretion determine (the “**Record Date**”) be sub-divided and re-classified into:
  - (1) one ordinary share of £0.01 in the capital of the Company, each carrying the same rights and obligations as the existing ordinary shares of £0.25 in the capital of the Company (save as to nominal value) (each an “**Intermediate Share**”); and
  - (2) one deferred share of £0.24 in the capital of the Company, such shares carrying the rights and obligations and being subject to the restrictions set out in the articles of association of the Company as amended by Resolution 5 below (each a “**Deferred Share**”),

and the holders of the ordinary shares hereby approve such sub-division and re-classification for all purposes, including to the extent they constitute the amendment of the rights attaching to the ordinary shares (the “**Sub-division**”); and

- (b) immediately following the Sub-division becoming effective, all the Intermediate Shares be consolidated into new ordinary shares of £0.05 each in the capital of the Company (the “**Consolidated Shares**”), each Consolidated Share having the same rights as an Intermediate Share (save as to the nominal value) (the “**Consolidation**”); and
- (c) the directors of the Company (or a duly authorised committee of the directors of the Company) be and are hereby authorised to take all such steps as they consider to be necessary or desirable in connection with, or to implement, the above; and to agree such modifications, variations, revisions, waivers, extensions or amendments to any of the terms and conditions of the above as they may in their absolute discretion think fit,

provided that, where such Consolidation results in any shareholder being entitled to a fraction of a Consolidated Share, such fraction shall, so far as possible, be aggregated with the fractions of a Consolidated Share to which other shareholders of the Company may be entitled; and that the directors of the Company be and are hereby authorised in accordance with Article 48 of the Company’s articles of association to deal with such fractions as they shall decide, including to place (or appoint any other person to place), on behalf of all the relevant shareholders, all the Consolidated Shares representing such fractions at the best price reasonably obtainable and to distribute the net proceeds of the placing in due proportion among the relevant shareholders entitled thereto (save that



amounts of less than £5.00 (or the equivalent in Rand) will not be paid to such shareholders and such amounts will instead be retained by the Company); and any director of the Company (or any person appointed by the directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant shareholders and to do all acts and things the directors of the Company consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares (including requiring any Consolidated Shares held in uncertificated form to be converted into certificated form and transferred as aforesaid).

## **Resolution 5**

### **As a Special Resolution**

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed and the Sub-division (as defined in Resolution 4 above) becoming effective, the articles of association of the Company be amended by the insertion of new Articles 177 to 184 as follows:

#### **“DEFERRED SHARE RIGHTS**

177. The Deferred Shares of £0.24 each (the “**Deferred Shares**”) shall rank *pari passu* with each other but otherwise shall have the rights and be subject to the limitations and restrictions set out in Articles 178 to 184 as well as such further rights, limitations and restrictions (not being inconsistent with those set out in Articles 178 to 184) as may be determined by the Directors:

##### *Income*

178. The holders of the Deferred Shares shall not be entitled to participate in the profits of the Company (save as provided in Article 179) and shall not be entitled to any further or other right of participation in the assets of the Company.

##### *Capital*

179. The holders of the Deferred Shares shall not have any right to participate in any distribution of the Company’s assets on a winding up or other distribution except that, after the return of the nominal amount paid up on all Ordinary Shares and the distribution of £500,000,000,000, there shall be distributed amongst the holders of the Deferred Shares an amount equal to the nominal value of the Deferred Shares.

##### *Voting and General Meetings*

180. The holders of the Deferred Shares shall not be entitled in respect of their holdings of such shares to receive notice of any general meeting or to attend, speak or vote at any general meeting.

##### *Limitations*

181. No Deferred Share shall:

- (1) be transferable at any time other than with the prior written consent of the Directors and the Directors shall have the right to refuse to register any transfer undertaken without their prior written consent; or
- (2) entitle its holder to receive a share certificate in respect of such shareholding, save as required by law.

##### *Transfer and Purchase*

182. The Company may at its option and is irrevocably authorised at any time after the creation of the Deferred Shares to authorise and instruct the secretary of the Company (or any other person appointed for the purpose by the Directors) as agent for the holders of the Deferred Shares and, without obtaining the consent of such holders, to:

- (1) transfer all of the Deferred Shares to the secretary of the Company for aggregate nil consideration and to execute all documentation that such person may consider is necessary or desirable in connection with such transfer; and/or

- (2) transfer all of the Deferred Shares to the Company for an aggregate payment of £0.01 in respect of the total number of Deferred Shares being transferred or purchased and to execute all documentation that such person may consider is necessary or desirable in connection with such purchase of the Deferred Shares,

in each case without obtaining the sanction of the holder or holders thereof.

*Rights attaching to Deferred Shares*

183. The rights attached to the Deferred Shares shall not be, or deemed to be, varied or abrogated by:

- (1) the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares;
- (2) any amendment or variation of the rights of any other class of shares of the Company;
- (3) the Company reducing its share capital or share premium; or
- (4) the redemption, surrender, purchase or cancellation of any share, whether a Deferred Share or otherwise,

nor by the passing by the members of the Company (or any class of them) of any resolution, whether in connection with any of the foregoing or for any other purpose, and accordingly no consent thereto by the holders of the Deferred Shares, or any of them, shall be required.

*Cancellation*

184. The Company shall have the irrevocable authority to cancel any Deferred Share without making any payment to the holder and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to such Deferred Share.”

*By order of the Board of Directors of the Company:*

**Alice Darwall**

General Counsel and Company Secretary  
Hammerson plc

6 August 2020

*Registered office:*

Kings Place  
90 York Way  
London N1 9GE  
United Kingdom

Registered in England and Wales No. 360632

[www.hammerson.com](http://www.hammerson.com)

[www.hammersontransaction.com](http://www.hammersontransaction.com)

## Notes:

### 1. Attending, voting or appointing a proxy

The General Meeting will be convened electronically in accordance with the Corporate Insolvency and Governance Act 2020 (the “**2020 Act**”).

In response to the COVID-19 pandemic, the UK Government has introduced a number of measures in England aimed at controlling the spread of the virus (the “**Measures**”). On 26 June 2020, the UK Government enacted the 2020 Act, which introduces flexible arrangements to allow UK companies to hold general meetings. The Board has been closely monitoring the ongoing impact of COVID-19 in the United Kingdom, and has carefully considered the Measures, the 2020 Act and public health guidance. The Board has also taken into account the latest guidance relating to the organisation of general meetings published by ICSA/CLLS on 9 July 2020 and BEIS/FRC on 8 June 2020. Protecting the safety and wellbeing of our shareholders, our employees and the public is of paramount importance to the Board. The Board is also cognisant of the evolving situation and potential for future, localised lockdowns. The Board has therefore decided to convene the General Meeting electronically in accordance with the provisions of the 2020 Act.

Whilst the Measures remain in force, you will not be permitted to attend the meeting in person and any proxy appointed other than the Chair will also be prohibited from attending the meeting.

Shareholders should vote by way of proxy in advance of the General Meeting. It is important that you complete, sign and return a Form of Proxy in accordance with the instructions printed on it or vote electronically as set out below. To ensure your vote is counted, you should appoint the ‘Chair of the meeting’ as your proxy.

The Company will be providing a listen-only conference call facility to enable shareholders to follow proceedings of the General Meeting remotely. All shareholders are encouraged to use this facility and follow proceedings of the General Meeting in real time if they wish to do so. Shareholders will receive details of how to listen to the General Meeting separately. Shareholders with questions about the conference call facility should contact the Company’s Registrars. Shareholders using the conference call facility will not be able to vote or ask questions using this service. The Board is committed to shareholder engagement. Shareholders who wish to put a question to the Board relating to the business to be conducted at the General Meeting should email [investorrelations@hammerson.com](mailto:investorrelations@hammerson.com) in advance of the General Meeting. We encourage shareholders to submit questions by 9:00 a.m. (London time) on 25 August 2020 and the Company will endeavour to respond on [www.hammersontransaction.com](http://www.hammersontransaction.com) in advance of the proxy voting deadline on 27 August 2020 at 9:00 a.m. (London time) and 10:00 a.m. (South African Standard Time). Where questions are received after 9:00 a.m. (London time) on 25 August 2020 the Company will respond at the General Meeting or as soon as practicable or thereafter. The Company reserves the right to consolidate questions of a similar nature. The Company is not required to answer questions if: doing so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; the answer has already been given on the Company’s website in the form of an answer to a question; or it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

### 2. Appointment of proxies by shareholders registered on the UK share register

Shareholders on the UK register may obtain a copy of a UK Form of Proxy from the Company’s UK registrar, Link Asset Services, by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk) or by phone on 0871 664 0300 or +44 (0) 371 664 0300. Calls cost 12p per minute plus your phone company’s access charge. Calls from outside the UK will be charged at the applicable international rate. Lines are open between 9:00a.m. and 5:00 p.m., Monday to Friday excluding public holidays in England and Wales. **To ensure your vote is counted, you should appoint the ‘Chair of the meeting’ as your proxy.**

In order to be valid, a proxy appointment must be returned (together with any authority under which it is executed or a copy of the authority certified by an attorney, a bank, a stockbroker or a solicitor) by one of the following methods:

- i. online by logging into your share portal account at [www.signalshares.com](http://www.signalshares.com). If you have not previously registered you should go through the registration process. Once you have registered, you will be able to vote immediately;

- ii. by delivering a Form of Proxy to the Company's UK registrar, Link Asset Services at the address shown on the Form of Proxy; or
- iii. in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 3 below.

Other than in the case of CREST members, the appointment of a proxy must be received by Link Asset Services by 9:00 a.m. (London time) on 27 August 2020.

A copy of this Notice of General Meeting (this "**Notice**") has been sent for information only to persons who have been nominated by a shareholder to enjoy information rights under section 146 of the Companies Act 2006 (a "**Nominated Person**"). The right to appoint a proxy cannot be exercised by a Nominated Person; it can only be exercised by a shareholder. However, a Nominated Person may have a right, under an agreement with the shareholder by whom she or he was nominated, to be appointed as a proxy for the General Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, she or he may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

### **3. Appointment of proxies by shareholders on the UK share register through CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual on the Euroclear website [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number RA10) by 9:00 a.m. on 27 August 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### **4. Changing your proxy instructions**

To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Link Asset Services. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded.

Where two or more valid separate proxy appointments are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of them shall be treated as valid in respect of the relevant share(s).

## **5. Corporate representatives**

A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares.

## **6. Record date for shareholders on the UK share register**

Only persons entered on the register of shareholders of the Company at 5.30 p.m. (London time) on 27 August 2020 (or, if the General Meeting is adjourned, at 5.30 p.m. (London time) on the date which is two days prior to the adjourned meeting excluding non-business days) shall be entitled to vote at the General Meeting or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to vote (and the number of votes they may cast) at the General Meeting or adjourned meeting. Shareholders on the South Africa share register should refer to notes 11 and 12.

## **7. Voting at the General Meeting**

Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as shareholders' votes are counted according to the number of shares held. Given that the General Meeting will be convened electronically and shareholders will not be able to vote in person or via the listen-only conference call facility, shareholders should vote by way of proxy in advance of the General Meeting and should appoint the 'Chair of the Meeting' as their proxy. As soon as practicable following the General Meeting, the results of the voting at the General Meeting and the numbers of proxy votes cast for and against and the number of votes withheld in respect of each of the resolutions will be announced via a Regulatory Information Service, by a Stock Exchange News Service announcement of the Johannesburg Stock Exchange and also placed on the Company's website at [www.hammerson.com/investors/rns](http://www.hammerson.com/investors/rns).

## **8. Questions at the General Meeting**

The Company will be providing a listen-only conference call facility to enable shareholders to follow proceedings of the meeting remotely. All shareholders are encouraged to use this facility and follow proceedings of the General Meeting in real time if they wish to do so. Shareholders will receive details of how to listen to the General Meeting separately. Shareholders with questions about this facility should contact the Company's Registrars. Shareholders using the conference call facility will not be able to vote or ask questions using this service. The Board is committed to shareholder engagement. Shareholders who wish to put a question to the Board relating to the business to be conducted at the General Meeting should email [investorrelations@hammerson.com](mailto:investorrelations@hammerson.com) in advance of the General Meeting. We encourage shareholders to submit questions by 9:00 a.m. (London time) on 25 August 2020 and the Company will endeavour to respond on [www.hammersontransaction.com](http://www.hammersontransaction.com) in advance of the proxy voting deadline on 27 August 2020 at 9:00 a.m. (London time) and 10:00 a.m. (South African Standard Time). Where questions are received after 9:00 a.m. (London time) on 25 August 2020 the Company will respond at the General Meeting or as soon as practicable or thereafter. The Company reserves the right to consolidate questions of a similar nature. The Company is not required to answer questions if: doing so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; the answer has already been given on the Company's website in the form of an answer to a question; or it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

## **9. Electronic communication**

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that you subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted. You may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated.

## **10. Issued share capital**

As at 5 August 2020 (being the latest practicable date prior to publication of this Notice), the Company's issued share capital consists of 766,293,613 ordinary shares. The Company does not hold any shares in treasury. Therefore the total voting rights in the Company are 766,293,613. The contents of this Notice, details of the total number of shares in respect of which shareholders are entitled to exercise voting rights at the General Meeting, details of the totals of the voting rights that shareholders are entitled to exercise at the General Meeting and, if applicable, any shareholders' statements, shareholders' resolutions or shareholders' matters of business received by the Company after the date of this Notice will be available on [www.hammersontransaction.com](http://www.hammersontransaction.com).

## **11. Additional information for shareholders registered on the South Africa share register who hold their shares in dematerialised form**

For shareholders whose shares are held in South Africa through Central Securities Depository Participants (CSDP) and brokers and are traded on the Johannesburg Stock Exchange:

### **i. Record Date**

The record date for the purpose of determining which shareholders are entitled to participate in and vote at the General Meeting is 27 August 2020 (the voting record date). The last day to trade in the Company's shares in order to be recorded as a shareholder by the voting record date is therefore 24 August 2020.

### **ii. Voting at the General Meeting**

Your broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions. If you have not been contacted by your broker or CSDP, it is advisable to contact your broker or CSDP and provide your voting instructions (for example and subject to the contract between you and your broker or CSDP) by completing a Form of Proxy and sending it your broker or CSDP. If your broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your broker or CSDP. You must not submit a Form of Proxy to the Company directly.

## **12. Appointment of proxies by shareholders registered on the South Africa share register**

If you are a certificated shareholder on the South Africa share register and you wish to appoint a proxy, you should complete a South Africa Form of Proxy. Shareholders on the South Africa share register receiving hard copies of this Notice or a postal alert will have received a South Africa Form of Proxy. Other shareholders on the South Africa share register may obtain a copy of the South Africa Form of Proxy from the Company's South Africa Transfer Secretaries, Computershare Investor Services Proprietary Limited, by email at [proxy@computershare.co.za](mailto:proxy@computershare.co.za) or by phone on 0861 100 933 or +27 11 370 5000. To ensure your vote is counted, you should appoint the 'Chair of the meeting' as your proxy. All completed and duly signed Forms of Proxy need to be lodged with the Company's South African registrar, Computershare, by not later than 48 hours prior to the time of the General Meeting, that is by 10:00 a.m. (South African Standard Time) on 27 August 2020.

The record date for the purpose of determining which shareholders on the South Africa share register are entitled to participate in and vote at the General Meeting is 27 August 2020 (the voting record date). The last day to trade in the Company's shares in order to be recorded as a shareholder by the voting record date is therefore 24 August 2020.

