

Hammerson's Approach to Tax

Year ended 31 December 2023

Prepared in accordance with paragraph 16(2) Schedule 19 Finance Act 2016

Summary of Hammerson's approach to tax

- Our approach to tax risk is led by our Board of Directors which is committed to maintaining Hammerson's status at HMRC as a low-risk business
- We are committed to an open, transparent and collaborative approach with taxing authorities in all countries in which we operate
- Tax decisions are appropriate to and consistent with commercial transactions which have been approved by our Board of Directors

About us

Hammerson is an owner, operator and developer of sustainable prime urban real estate in some of the fastest growing cities in the UK, Ireland and France, and holds investments in the best-in-class premium outlet villages. At 31 December 2022, our £5.1 billion property portfolio includes Bullring & Grand Central, Birmingham; Dundrum Town Centre, Dublin; Les Terrasses du Port, Marseille and Bicester Village, Oxfordshire.

Hammerson creates vibrant, continually evolving spaces, in and around thriving cities, where people and brands want to be. Our destinations sit at the very heart of communities and in many cases form part of a city's very identity. We seek to deliver value for all our stakeholders and to create a positive and sustainable impact for generations to come.

As a UK Real Estate Investment Trust ("REIT"), Hammerson qualifies under UK legislation for exemption from corporation tax on property income and gains in the UK. Hammerson became a UK REIT in 2007 and paid an entry charge to HM Revenue & Customs ("HMRC") of over £100 million. Hammerson entities operating in France and Ireland similarly qualify for tax exempt status under broadly equivalent legislation in those countries.

Hammerson entities also carry out income generating activities outside the REIT (or foreign equivalent) rules, which are subject to corporation tax in the normal way.

REITs are a well-established structure in many property markets around the world where governments allow large, professionally managed property businesses to operate with a low/no tax status in order to stimulate private infrastructure investment and to deliver a reliable income stream for pension funds. Furthermore, as a REIT, Hammerson is obliged to distribute 90% of its tax exempt income to shareholders as Property Income Distributions ("PIDs") each year and these PIDs are subject to tax in the hands of our shareholders.

In addition to the taxes we pay in the UK (primarily being Corporation Tax, Stamp Duty Land Tax, VAT and employer's National Insurance), and equivalent taxes in France and Ireland, Hammerson seeks to positively benefit the wider community as a result of its activities.

Our large-scale developments promote urban regeneration and provide employment in construction, retail and professional services. Recent completed UK developments at Victoria Gate, Leeds, and WestQuay South, Southampton, generated hundreds of local jobs in construction and retail. Hammerson also has unique development opportunities with the potential to create vibrant mixed-use neighbourhoods in major cities, including our key land promotion projects at Bishopsgate Goodsyrd in London and Dublin Central.

Our sustainability strategy focuses on our key material issues: climate change; energy security and supply; community engagement; resource use; and the sustainability of our product. In response, the Company has set out ambitious targets to be Net Zero for carbon, water, resource use and social impacts by 2030. We measure our performance against these targets in our annual Corporate Responsibility Report.

Our approach to governance

Our Board of Directors provides Group-wide leadership in respect of our approach to tax as a business with significant corporate responsibility objectives. In determining our approach to tax the Board considers a number of key stakeholders, including our community stakeholders, retail partners, and the public who use our shopping centres, as well as government, our employees and shareholders.

We have a robust process in place for identifying and addressing tax risks which involves the Executive Directors, the Group Head of Tax, the Tax Manager and the wider finance function. The Audit Committee provides regular oversight. The level of direct involvement of the Board of Directors is determined in accordance with the Schedule of Matters Reserved for Board Approval.

Our robust internal review system supports the Senior Accounting Officer (currently our Chief Financial Officer) in certifying to HMRC that we have appropriate tax accounting arrangements.

Additionally, all returns and other submissions to HMRC are checked by the Group Head of Tax and/or the Tax Manager before filing.

Where appropriate, we seek to utilise tax authority approved structures to facilitate our business, such as our approved employee share schemes.

We obtain advice from appropriately qualified external advisors on specialist UK and non-UK tax matters such as capital allowance reporting which forms part of our tax return process, and we see the input of external advisers as a key source of specific tax expertise to supplement the skills of our own finance team in appropriate cases.

We have historically and consistently been categorised by HMRC as a low-risk business, and this was last confirmed in 2018. Our Board of Directors is committed to ensuring that we continue to maintain this.

How we manage risk

Hammerson has a low tolerance towards tax risk, and we do not undertake transactions led by a tax planning purpose. We seek to minimise the risk of a dispute with taxing authorities by being open and transparent about our tax affairs. Furthermore, the tax consequences of significant commercial transactions are considered by the Board of Directors as part of its deliberations on the transactions in question.

Such transactions may involve the use of offshore entities such as Jersey Property Unit Trusts as these are widely-used vehicles for commercial property investment into the UK and are attractive to certain joint venture partners without who commercially-driven transactions would not proceed. We disclose in our Annual Report a full list of our offshore entities. We appoint leading local providers of administration and corporate governance services to ensure the on-going integrity of investments held in this way with close oversight provided by the Group Head of Tax.

We manage our on-going and future tax risk by meeting regularly with HMRC to discuss significant current and recent transactions and, where appropriate, to share details of any proposed significant transactions prior to implementation. In cases of significant uncertainty, we generally seek advance clearance from HMRC.

We have a published Code of Conduct, which sets out our commitment to, and how we maintain, high standards of conduct, including in maintaining integrity in financial reporting.

We are committed to ensuring compliance with the corporate offences of failure to prevent the criminal facilitation of tax evasion as set out in Part 3 of the Criminal Finances Act 2017.

Our relationship with taxing authorities

Hammerson is committed to maintaining an open, transparent and collaborative approach to our dealings with taxing authorities.

In the UK, we engage with HMRC through our Customer Compliance Manager to discuss our tax affairs on a real-time basis.

We take care to ensure that our tax affairs are reported accurately. If we were to identify an error in a submitted tax return, we would seek to voluntarily disclose it, quantifying the effect of the error and paying any additional tax, interest and penalties that may become due as a result.

In summary, Hammerson is committed to ensuring that we pay the right amount of tax in the UK, France and Ireland and to working collaboratively with tax authorities to ensure we are properly regarded as a low-risk business.

Approved by the Audit Committee for publication on 9 March 2023