

## PROSPECTUS DATED 1 JUNE 2021

### HAMMERSON IRELAND FINANCE DAC

*(Incorporated in the Republic of Ireland as a designated activity company limited by shares,  
registered number 691327)*

**€700,000,000**

### **1.750 per cent. Sustainability-linked Guaranteed Bonds due 2027**

**guaranteed by**

**HAMMERSON plc**

*(Incorporated in England with limited liability, registered number 360632)*

Issue Price: 99.112 per cent.

The €700,000,000 1.750 per cent. Sustainability-linked Guaranteed Bonds due 2027 (the "**Bonds**") will be issued by Hammerson Ireland Finance Designated Activity Company (the "**Issuer**") and guaranteed by Hammerson plc ("**Hammerson**" or the "**Company**").

This Prospectus has been approved as a prospectus by the United Kingdom Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer, the Company or the quality of the Bonds that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Application has been made to the FCA for the Bonds to be admitted to the Official List of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Bonds to be admitted to trading on its main market. The London Stock Exchange's main market is a United Kingdom regulated market for the purposes of Regulation EU No. 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**").

An investment in Bonds involves certain risks. Prospective Investors should have regard to the factors described under the heading "Risk Factors" on page 1.

The Bonds bear interest from (and including) 3 June 2021 (the "**Issue Date**") at the rate of 1.750 per cent. per annum, payable annually in arrear on 3 June in each year, as described in Condition 3 (*Interest*) of the Terms and Conditions of the Bonds, subject as provided in Condition 3(b) (*Interest; GHG KPI Step Up*).

Payments of principal of, and interest on, the Bonds will be made without withholding or deduction on account of taxes imposed or levied by or on behalf of a Relevant Jurisdiction (as defined in the "Terms and Conditions of the Bonds" below), to the extent described in Condition 7 (*Taxation*) of the Terms and Conditions of the Bonds.

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds at their principal amount on 3 June 2027 (the "**Maturity Date**"). The Issuer may, at its option, redeem all or (as the case may be) some only of the Bonds at any time at the higher of their principal amount and an amount calculated by reference to yields on German Government Bunds together with accrued interest (other than in the case of any date fixed for redemption which falls in the period from but excluding the date falling three months prior to the scheduled maturity date of the Bonds to but excluding the scheduled maturity date, in which case the Issuer may redeem the Bonds at their principal amount together with accrued interest). The Issuer may also, at its option, redeem all (but not some only) of the Bonds at any time at their principal amount in the event of certain changes affecting taxes of a Relevant Jurisdiction, together with interest accrued to but excluding the date of redemption. Upon the occurrence of certain change of control events, the holders of the Bonds may require the Issuer to redeem the Bonds at their principal amount together with interest accrued to but excluding the date of redemption — see "*Terms and Conditions of the Bonds — Redemption and Purchase*".

The Company has ratings of BBB (issuer default rating) from Fitch Ratings Limited ("**Fitch**") and Baa3 (long term debt) from Moody's Investors Service Limited ("**Moody's**"). The Bonds are expected on issue to be rated BBB+ by Fitch and

Baa3 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each of Fitch and Moody's is established in the United Kingdom ("UK") and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "UK CRA Regulation"). Neither Fitch nor Moody's is established in the European Union and they have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). The ratings issued by Fitch and Moody's, have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. As such each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

**Joint Lead Managers**

|                      |                           |                          |                               |
|----------------------|---------------------------|--------------------------|-------------------------------|
| <b>Barclays</b>      | <b>BNP PARIBAS</b>        | <b>J.P. Morgan</b>       | <b>MUFG</b>                   |
| <b>Bank of China</b> | <b>ICBC Standard Bank</b> | <b>Mizuho Securities</b> | <b>Wells Fargo Securities</b> |

**This Prospectus comprises a prospectus for the purposes of the UK Prospectus Regulation.**

**This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, the Company, the Group (as defined below), and the Bonds, which according to the particular nature of the Issuer, the Company, the Group and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Company, of the rights attaching to the Bonds, and of the reasons for the issuance and its impact on the Issuer and the Company. Each of the Issuer and the Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. In this Prospectus, "Group" means the Company, 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.**

**This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated in and form part of this Prospectus. Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.**

**Neither the Joint Lead Managers (as described under "*Subscription and Sale*", below) nor the Trustee (as defined in "*Terms and Conditions of the Bonds*") have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Company in connection with the offering of the Bonds. No Joint Lead Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Company in connection with the offering of the Bonds or their distribution.**

**No person has been authorised to give any information or to make any representation, other than those contained in this Prospectus, in connection with the offering of the Bonds and any such information or representations must not be relied upon as having been authorised by the Issuer, the Company, the Joint Lead Managers or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change since the date hereof in the affairs of the Issuer, the Company or the Group or that information contained herein has remained accurate and complete.**

**This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Issuer, the Company or the Joint Lead Managers to subscribe for, or purchase, any of the Bonds. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Company and the Joint Lead Managers to inform themselves about and to observe any such restrictions.**

**The Bonds and the Guarantee (as defined in the Terms and Conditions of the Bonds below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under any relevant securities laws of any state or other jurisdiction of the United States, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit, of U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. For a description of certain restrictions on the offer, sale and delivery of the Bonds and on the distribution of this Prospectus, see "*Subscription and Sale*".**

**The Bonds will be represented initially by a temporary global bond (the "Temporary Global Bond") which will be deposited on or about the Issue Date with a common safekeeper for Clearstream Banking**

S.A. ("Clearstream, Luxembourg") and Euroclear Bank SA/NV ("Euroclear"). The Temporary Global Bond will be exchangeable for interests in a permanent global bond (the "Permanent Global Bond" and, together with the Temporary Global Bond, the "Global Bonds"), without interest coupons attached, on or after 13 July 2021, upon certification of non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable for Bonds in definitive form only in certain limited circumstances — see *"Summary of Provisions relating to the Bonds while represented by the Global Bonds"*.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014, as amended (the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), it has been determined and all relevant persons (as defined in Section 309A(1) of the SFA), are hereby notified that the classification of the Bonds as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Notice to Ontario investors:** The Bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients,

as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Each potential investor in any Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it: has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio; has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency; understand thoroughly the terms of the Bonds and is familiar with the financial markets; and is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. Prospective investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Prospective investors should review and consider such restrictions prior to investing in the Bonds. Prospective investors should consider the tax consequences of investing in the Bonds and consult their own tax advisers with respect to the acquisition, sale and redemption of the Bonds in light of their personal situations.

The Joint Lead Managers, the Trustee and the Paying Agent have not separately verified the information contained in this Prospectus. Neither the Joint Lead Managers, the Trustee nor the Paying Agent makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Company in connection with the offering of the Bonds. None of the Joint Lead Managers, the Trustee or the Paying Agent accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Company in connection with the offering of the Bonds or their distribution. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Joint Lead Managers, the Trustee or the Paying Agent undertakes to review the financial condition or affairs of the Issuer or the Company during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to their attention.

All references herein to "sterling", "pounds" and "£" are to the currency of the UK and all references herein to "euro" and "€" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

**IN CONNECTION WITH THE ISSUE OF THE BONDS, BARCLAYS BANK PLC AS STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL.**

**HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

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## RISK FACTORS

*Each of the Issuer and the Company believes that the following factors may affect its ability to fulfil its obligations under the Bonds or the guarantee of the Bonds (the "Guarantee"), as applicable. If any of the following risks actually materialise, the business, financial condition and prospects of the Group, and the ability of each of the Issuer and the Company to fulfil its obligations under the Bonds and the Guarantee, as applicable, could be materially and adversely affected. The following sets out all of the principal risks which the Issuer and the Company believe are material to an investment in the Bonds. However, further risks which are not presently known to the Issuer and the Company at the date of this Prospectus, or that the Issuer and the Company currently consider to be immaterial, may also have an effect on the Group's business. All of these risk factors are contingencies which may or may not occur.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below.*

*Prospective investors should read the detailed information set out elsewhere in this Prospectus prior to making any investment decision.*

*Unless otherwise defined herein, terms used in this section shall have the same meaning as in "Terms and Conditions of the Bonds" (see below).*

### **1. RISKS RELATING TO THE GROUP'S FINANCIAL CONDITION AND THE IMPACT OF THE COVID-19 PANDEMIC**

#### **1.1 The COVID-19 pandemic, together with the closure of all non-essential properties and stores in the UK, 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 both public and private 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 units operated by tenants of the Group, other than essential retail as defined by the local governments in each of the countries in which the Group operates. They have also caused a severe reduction in footfall and sales throughout the Group's property portfolio and an acute decline in economic activity in Europe (including in the UK, France and Ireland, where the Group's properties are located).

Following the easing of lockdown in the UK, the return of footfall has been encouraging with levels at the UK flagships approximately 70% of the same period of 2019, around 30% points higher than levels following the reopening in June 2020 and approximately 10% above the UK benchmark. Nevertheless, 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 20 April 2021, the Group had received in aggregate 78% of rent billed for the year ended 31 December 2020 and



46% of rent billed for the six months ending 30 June 2021, excluding rent deferred or not yet due in the period. The Group is currently engaged in discussions regarding rent abatement and deferral arrangements with tenants to collect the outstanding arrears. In addition, the Group is affected by tenants undergoing insolvency and restructuring procedures, including compulsory voluntary arrangements ("CVAs"), administration proceedings and restructuring plans under Part 26A of the Companies Act 2006 ("**Part 26A Proceedings**") (collectively, "**Tenant Restructurings**"). If a significant proportion of the Group's tenants continue to fail to pay their rent in full when due, request rent abatements or deferrals or undertake Tenant Restructurings, 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 Risk Factor 1.2 below).

The Group has taken a variety of steps to mitigate the impact of the COVID-19 outbreak on its business and the Group's tenants (see "*The Hammerson Group - The impact of the COVID-19 pandemic and the Group's response*" below). 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, slower deployment of capital expenditure will delay the completion of extension and repurposing projects.

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 had a material adverse effect on the Group's financial results for the year ended 31 December 2020. In particular, the COVID-19 pandemic and related impacts 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. 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 Value Retail premium outlets in which the Group holds a stake.

If the current lockdowns or other restrictive measures continue for an extended period of time, or 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 may remain subdued throughout the Group's property portfolio 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 have caused a significant adverse economic shock in the jurisdictions in which the Group's properties are located. Reduced gross domestic product ("GDP") and a 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.

Also, 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, including variants which are resistant to the current vaccination programmes, will not impact some or all of 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 throughout 2021 and beyond, which would result in more adverse 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 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.

## **1.2 A breach of any of the Group's financial covenants could result in severe financial stress for the Group**

The Group's publicly-traded bonds (the "**Listed Bonds**"), syndicated revolving credit facilities (the "**Revolving Credit Facilities**") and private placement senior notes (the "**Private Placement Senior Notes**") 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. 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 note purchase agreements relating to its Private Placement Senior Notes (the "**Note Purchase Agreements**") to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio for the period to 30 December 2021. Following the reduction, the 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 before reverting to its original level of 150% for dates after 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.

The Group certified compliance with its covenants as at the 31 December 2020 covenant testing date. As at 31 December 2020, and calculated as per the tightest Group covenants, the Group's unencumbered-assets-to-net-unsecured-borrowings ratio was 189%, the Group's net-borrowings-to-tangible-net-worth ratio was 70% and the Group's net-rental-income-to-interest-charges ratio was 181%. The Group is not required to certify any of the financial covenants again until the certifications required for the period to, and as at, 30 June 2021.

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 or revised covenant levels) 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 Risk Factors 2.1, 2.2 and 3.1.

The Group's financial statements for the year end 31 December 2020 were prepared on a going concern basis, however the Going Concern statement on pages 104 to 105 of the Group's 2020 Annual Report highlighted material uncertainty over the risk of future covenant breaches for two factors. Firstly the impact on income and property valuations associated with the terms and speed of future relaxations of COVID-19 restrictions and strength and timeframe of the forecast recovery in the retail market and broader economy. More adverse outcomes relative to those assumed in the going concern scenario modelling, could result in breaches in the Group's unsecured gearing and interest cover ratio covenants. Secondly, as explained below, the risks associated with being able to satisfactorily conclude the ongoing secured debt lender negotiations in relation to certain of the Group's joint venture companies and Value Retail investment. In the highly unlikely event that lenders enforced their security interests to recover these loans and the Group were to lose the value of its equity investments, the Group would breach its unsecured gearing covenant in the severe but plausible adverse going concern scenario at 30 June 2022. The risk of future covenant breaches has been partly mitigated by the sale of a portfolio of seven retail parks for gross proceeds of £330 million announced since the publication of the 2020 Annual Report (see "The Hammerson Group - Recent Developments" below).

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 Listed Bonds and the Revolving Credit Facilities amounted to £2,259 million in aggregate as at 31 December 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. Since the onset of COVID-19, the Group has raised £557 million in equity proceeds and raised £713 million through disposals to reduce net indebtedness and to mitigate the risk of financial stress.

In addition, temporary covenant waivers have been required to avoid covenant breaches under the secured debt facilities of certain of the Group's joint venture companies and Value Retail

investment, and there are on-going lender negotiations in relation to certain of those facilities. A default under one of these secured facilities, which is not subsequently mitigated, could result in the Group losing some or all of the value of its investment in the joint venture or Value Retail.

### **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.**

The Group maintains 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 or acquisition opportunities;
- a significant portion of cash flow being required to service debt obligations, thereby reducing financial flexibility and cash available to 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 Risk Factor 1.1 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.

Whilst the Group had no indebtedness under its Revolving Credit Facilities at 31 December 2020, for future drawdowns the Group is required to represent that there has been no adverse change in the Group's financial condition since the date of the most recent audited consolidated financial statements which has or will have a material adverse effect on the ability of the Group to perform its obligations under the relevant loan agreement. If the Company was not able to make that representation, it would not be able to draw down under its Revolving Credit Facilities. See also Risk Factor 1.2 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 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 and financial position, as well as general macroeconomic, political and capital market conditions and credit availability.

While 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.

On 26 October 2020, Moody's confirmed Hammerson Plc's issuer rating and senior unsecured rating at Baa3, outlook negative, and on 27 April 2021 announced it had completed a periodic review of the ratings, which did not result in any change. On 4 May 2021, Fitch confirmed Hammerson Plc's long term rating at "BBB" with a negative outlook and senior unsecured debt rating at "BBB+". If the Group's credit rating is withdrawn or downgraded below investment grade by either of Moody's or Fitch, the Group is required to pay a fee to the holders of the Private Placement Senior Notes of 1.00% per annum of the outstanding principal amount of the Notes for the period the downgrade is in effect while the Notes are outstanding. Any 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 have been adversely impacted 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 over £1.3 billion through disposals, including the sale of a 75% interest in Italie Deux for £363 million in December 2019, the sale of its 50% interest in VIA Outlets in October 2020 for £277 million and the sale of a portfolio of seven retail parks in May for £330 million in cash proceeds.

Although the Group remains committed to reducing indebtedness through further disposals, there can be no assurance that it will find suitable purchasers 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 Risk Factor 1.1 above) has adversely affected investor demand for retail property and hence 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.

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 value creation opportunities such as repurposing space or delivering further planning consents for potential development sites), engage in successful mitigating actions, if applicable (see Risk Factor 1.2 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 RETAIL PROPERTY MARKET**

### **2.1 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 31 December 2020, 50% of the Group's portfolio by property value was represented by properties located in the UK, with the rest of the portfolio represented by properties located elsewhere in Europe (primarily in France and Ireland).

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 Risk Factor 1.1 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, weak occupational markets, the UK's withdrawal from the European Union, growth in online penetration rates and increasing tenant failures and restructurings.

In the UK, 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 operating costs, weaker consumer confidence and, more recently, the COVID-19 pandemic. These dynamics have contributed to reduced demand for, and valuations of, 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 Tenant Restructuring (see Risk Factor 2.2). As a result of these trends, the Group's UK investment portfolio value on a proportionally consolidated basis, excluding premium outlets, suffered a negative capital return of 33% and declined from £2,939 million as at 31 December 2019 to £2,001 million as at 31 December 2020, an absolute reduction of 32%.

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 UK. 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 flexible lease structures, less developed home delivery networks and less volatility in the underlying macroeconomic environments as compared to the UK. The Group's French investment portfolio value on a

proportionally consolidated basis, excluding premium outlets, suffered a negative capital return of 15% and declined from £1,269 million as at 31 December 2019 to £1,147 million as at 31 December 2020, an absolute reduction of 10%. The Group's Irish investment portfolio value on a proportionally consolidated basis, excluding premium outlets, suffered a negative capital return of 18% and declined from £860 million as at 31 December 2019 to £757 million as at 31 December 2020, an absolute reduction of 12%.

There is a risk that the values of the Group's UK and European investment portfolios will experience further declines in the near term as the occupier and investment markets remain fragile and take time to recover from the COVID-19 pandemic, with risks of more significant declines if the current market outlook worsens.

## **2.2 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 revenue is derived from a large number of tenants, principally retailers, with the top 20 tenants contributing 31% of the Group's passing rent at 31 December 2020. The underlying performance of these tenants is primarily influenced by GDP growth rates, disposable income levels, unemployment levels, inflation, consumer spending, 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 Risk Factor 1.1 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. These trends have been predominately evident in the UK, and the Group has stated that they expect UK flagship estimated rental values to fall by approximately 30% from their peak levels in 2017. Also, the Group is trialling more flexible, risk-sharing and performance-based leases.

In addition, in response to the COVID-19 pandemic, governments in various jurisdictions (including in the UK, 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.

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 Tenant Restructuring, the rent generated from the store which it occupies may decrease and unpaid arrears of rent may be written off. CVAs and Part 26A Proceedings 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 (or, in some cases, with the approval of the court). Landlords are usually the most compromised creditor

group in connection with CVAs and Part 26A Proceedings, as cost reduction plans often focus on rent cuts, and store closures and the write off of rent arrears.

Tenant Restructurings have been one of the most significant factors reducing income for the Group in recent years, particularly in the UK. Since the end of 2017, across the Group this has impacted 432 stores resulting in an aggregate reduction in passing rent of £35 million at 31 December 2020. The UK was hardest hit, with 257 stores and a £20 million reduction in passing rent at 31 December 2020. In addition, the COVID-19 pandemic has adversely affected and may continue to affect new leasing volumes which were 35% lower in 2020 than in 2019. Occupancy rates at the Group's properties also decreased to 94.3% as at 31 December 2020 (compared to 97.2% as at 31 December 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 often result in a loss of net rental income, and there can be no assurance that new tenants will not experience future financial difficulties or undergo Tenant Restructurings. 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 suffer a void period whilst the unit is relet. These factors, which tend to be more common in periods of economic downturn and have increased 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.

### **2.3 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.

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.

Since the outbreak of the COVID-19 pandemic, the Group's property portfolio has suffered periods of temporary closure (other than essential retail) (see Risk Factor 1.1 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 have become more comfortable with online shopping or may reduce their spending levels more generally.

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 that it will permanently close up to 1,200 stores worldwide and in March 2021 John Lewis announced that it would not reopen a further eight stores in the UK, following its announcement in July 2020 regarding the permanent closure of eight other stores (including a large department store at the Group's Grand Central flagship destination in Birmingham).

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. However, flexible leases, defined as a lease with a term of less than three years, accounted for only 2% of the Group's passing rent at 31 December 2020. 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 Group believes 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 Risk Factor 1.1 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, 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 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. RISKS RELATING TO THE GROUP'S BUSINESS**

#### **3.1 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, was £6,338 million at 31 December 2020, and has fallen over recent years. The COVID-19 pandemic, in particular, has exacerbated value declines and led the Group's valuers to determine that a material valuation uncertainty existed with respect to their valuations at 30 June 2020, with values in Ireland still subject to material uncertainty at 31 December 2020.

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 impact of the rapidly evolving COVID-19 situation, including the resulting volatility in market conditions, adds a new level of difficulties and may impact the accuracy of property valuations.

In accordance with IAS 40, 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 2018, 2019 and 2020, the Group's property portfolio, including premium outlets, recorded revaluation deficits of £392 million, £828 million, and £1,665 million, respectively.

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 would impact 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.

### **3.2 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 31 December 2020, development properties accounted for approximately 8% of the Group's total portfolio by value. As a result of the COVID-19 pandemic, the Group's two onsite development projects in Paris were temporarily suspended between 17 March 2020 and 4 May 2020 as the workforce was unable to be onsite and opening dates for both schemes were delayed. No new major expenditure is expected to be committed by the Group in the near term, with only low levels of expenditure required to progress the planning phases of future schemes on the Group's landbank. Overall, the Group's total capital expenditure in 2020 of £67 million was significantly reduced from the original forecast of £140 million.

Property development activities, particularly for large retail developments and for mixed-use developments (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 is often 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. Developing and planning mixed-use 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 opportunities). See Risk Factor 1.5 above.

### **3.3 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.

### **3.4 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 31 December 2020, 69% of the value of the Group's portfolio, including premium outlets, was held with third parties. Whilst the Group has stated its intention to simplify the Group's ownerships, the Group may enter into additional co-ownership structures in the future to strengthen its balance sheet through partial disposals or to fund future development opportunities. 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 this reduces control and transparency over performance and governance.

Further, 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 Group's premium outlets are particularly exposed to declining market conditions. 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 a specialist outlet operator and the Group's understanding of the performance of these outlets is dependent on the quality of reporting procedures of its partner. 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, 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.

The bankruptcy, insolvency or severe financial distress of a partner could materially and adversely affect the relevant co-owned vehicle or property or properties. 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.

### **3.5 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.

There have been a number of new appointments to the Group's senior management team over the last 12 months, including Robert Noel as Non-Executive Chair (who has replaced David Tyler), Rita-Rose Gagné as Chief Executive ) (who replaced David Atkins) (by) and Himanshu Raja as Chief Financial Officer (who replaced James Lenton ). 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 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, existing and potential tenants, industry personnel and, in respect of the Group's joint venture investments, with the relevant joint venture partners. The new management team is undertaking an organisational review as inefficient team structures could have an adverse effect on the achievement of business objectives, particularly in times of significant activity or market change, or 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 9.7% in 2020, down from 10.1% in 2019, there can be no guarantee that the Group will continue to be able to retain or recruit key personnel.

### **3.6 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 processes, 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 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.

**3.7 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, 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 investment in premium outlets is held through its stake in Value Retail, the outlet manager and operator, which reduces control and transparency over performance and governance. See Risk Factor 3.4 above. If Value Retail were to become financially distressed, the Group's reputation, business, results of operations, financial condition and prospects may also be adversely impacted.

**3.8 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 31 December 2020, the Group was subject to claims of £58 million in aggregate (£65 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.

### **3.9 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 UK. 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.

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 to meet its obligations under the insurance contract, for example if it becomes insolvent. The Group may also be exposed to potential losses if Value Retail, through which it holds its stake in premium outlets, fails to maintain sufficient insurance cover for those assets. 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.

### **3.10 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 positive ("**Net Positive**") objectives in which it has committed to meeting certain environmental and socio-economic targets. During 2021, 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 existing investment properties and future landbank development opportunities 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.

#### **4. RISKS RELATING TO THE MACROECONOMIC ENVIRONMENTS IN WHICH THE GROUP OPERATES AND THE FINANCIAL MARKETS**

##### **4.1 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 UK's departure from the European Union and the impact of the new trading relationship between the UK 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. For example, a number of tenants of the Group, including Arcadia, Clarks, Debenhams, DW Sports, Monsoon and Victoria's Secret, have undertaken a CVA or administration since 1 January 2020.

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.

##### **4.2 The UK's withdrawal from the European Union may adversely impact the Group.**

On 31 January 2020, a withdrawal agreement (the "**Withdrawal Agreement**") setting out the terms of the UK's exit from the European Union ("**EU**"), and a political declaration on the framework for the future relationship between the UK and European Union came into effect. The transition period under the Withdrawal Agreement, during which EU laws and regulations continued to apply in the UK, came to an end on 31 December 2020. On 30 December 2020, the EU-UK Trade and Cooperation Agreement, a trade agreement between the EU and the UK was entered into, which



has governed the relationship between the UK and the EU since 1 January 2021, when the Brexit transition period ended.

The effects of the new relationship on the UK and EU economies is uncertain. There may be significant macroeconomic deterioration in the international markets due to the size and importance of the UK economy and the UK'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 UK 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 UK who rely on imports or sales to tourists, or those who employ EU nationals, could also be significantly impacted by new procedures or restrictions on the free movement of goods and labour or if there is any significant reduction in tourism to the UK (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.

#### **4.3 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 UK 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. In addition, at certain times, 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.

## **5. RISKS RELATING TO LEGAL AND REGULATORY REQUIREMENTS**

### **5.1 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 UK's new relationship with the European Union creates uncertainty, as the effect of that relationship on the tax, legal and regulatory environment in which the Group operates is not yet entirely clear. 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 Risk Factor 1.1 above).

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.

### **5.2 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 or SIIC status or the QIAIF status of The Hammerson ICAV.**

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 1.5% increase in Irish stamp duty in 2019 reduced the valuation of the Group's Irish portfolio by £15 million in that year. 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 UK 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 or to repay increased government borrowing

during the COVID-19 pandemic 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 UK's departure from 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 financial condition.

The Group acquired REIT status in the UK 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. The Group holds its investments in Ireland through The Hammerson ICAV, 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 or SIIC status, or that The Hammerson ICAV will maintain QIAIF status. REIT, SIIC or QIAIF status could be lost not only as a result of some act or omission of the Group or The Hammerson ICAV but also as a result of the actions of third parties (for example, in the event of a successful takeover by a company that does not have the relevant status. If the Group fails to meet the REIT or SIIC conditions, or The Hammerson ICAV fails to meet the QIAIF conditions, and dispensation is not granted by the relevant tax authorities, 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 and results of operations.

### **5.3 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 and whether dispensation can be obtained from HMRC) 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").

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 on its financial condition.

#### **5.4 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.

In addition, new environmental legislation, including amended legislation following the UK'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.

## **6. RISKS RELATING TO THE ISSUER**

### **6.1 The Issuer is a newly incorporated subsidiary of the Company with no revenue generating operations**

The Issuer is a newly incorporated subsidiary of the Company whose main purpose and activity is to provide financing facilities to the Company by way of issuing the bonds (and/or raising other indebtedness) and on-lending the proceeds to the Company. The Issuer has no revenue generating operations of its own. It therefore depends on the Company's ability to repay the on-lending through the revenues generated by the Group in order for it to be able to make payments on the Bonds. The Bonds are unconditionally guaranteed by the Guarantor.

## **7. RISKS RELATING TO THE MARKET FOR THE BONDS**

### **7.1 Liquidity Risks**

The Bonds may not have an established trading market when issued. There can be no assurance of a secondary market for the Bonds or the continued liquidity of such market if one develops.

The development or continued liquidity of any secondary market for the Bonds will be affected by a number of factors such as the creditworthiness of the Issuer and the Company, the time remaining

to the maturity of the Bonds, the outstanding amount of the Bonds and the redemption features of the Bonds. Such factors also will affect the market value of the Bonds.

Investors may not be able to sell Bonds readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Bonds unless the investor understands and is able to bear the risk that the Bonds may not be readily sellable, that the value of Bonds will fluctuate over time and that such fluctuations might be significant.

## 7.2 Credit Rating

Fitch and Moody's are expected to assign credit ratings to the Bonds. The market value of the Bonds from time to time is likely to be dependent upon the level of credit rating ascribed to the long-term debt of the Company. A credit rating reflects an assessment by the rating agency of the credit risk associated with a particular borrower or particular securities. Credit ratings are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Bonds. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency. Lower credit ratings generally result in higher borrowing costs and reduced access to capital markets.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use (for UK regulatory purposes) ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

If the status of the rating agency rating the Bonds changes, certain regulated investors may no longer be able to use the rating for regulatory purposes and the Bonds may have a different regulatory treatment. This may result in such regulated investors selling the Bonds, which may impact the value of the Bonds and any secondary market.

### 7.3 Exchange Rate Risk and Exchange Controls

The Company will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## 8. RISKS RELATING TO THE BONDS GENERALLY

### 8.1 The Bonds may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics

The Bonds include provisions linked to two sustainability key performance indicators relating to greenhouse gas emissions ("**GHG KPI 1**" and "**GHG KPI 2**", as more fully described in Condition 3(b)). Although the interest rate relating to the Bonds is subject to upward adjustment in the event that the GHG KPI 1 Condition or the GHG KPI 2 Condition is not satisfied (as more fully described in Condition 3(b)), the Bonds may not satisfy an investor's requirements or any future legal or quasi legal standards for investment in assets with sustainability characteristics. The Bonds will not be marketed as green bonds since the Company expects to use the net proceeds (on-lent to it by the Issuer) for general corporate purposes and the net proceeds will not be allocated to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with green bonds.

The interest rate adjustments in respect of the Bonds depend on the definitions of GHG KPI 1 and GHG KPI 2 that may be inconsistent with investor requirements or expectations or other definitions relevant to greenhouse gas emissions. Neither the Issuer nor the Company have obtained a third-party analysis of the definition of GHG KPI 1 or GHG KPI 2 or how such definitions relate to any sustainability-related standards other than the Assurance Provider's confirmation of GHG KPI 1 and GHG KPI 2 according to the Issuer's and the Company's definitions.

Although the Company targets decreasing the Group's greenhouse gas emissions, there can be no assurance of the extent to which it will be successful in doing so or that any future investments it makes in furtherance of these targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by investors' own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or social impacts may occur during the design, construction and operation of any investments the Group makes in furtherance of this target or such investments may become controversial or criticised by activist groups or other stakeholders.

No event of default will occur under the Bonds, and the Issuer will not be required to repurchase or redeem the Bonds, if the Company fails to satisfy the GHG KPI 1 Condition or the GHG KPI 2 Condition.

## **8.2 The Bonds include certain triggers linked to sustainability key performance indicators**

Under the Terms and Conditions of the Bonds, the Bonds include certain triggers linked to two sustainability key performance indicators relating to greenhouse gas emissions (see Risk Factor 8.1 above). Under these provisions these provisions, a GHG KPI 1 Step Up Event will occur if the greenhouse gas emissions included in the definition of GHG KPI 1 in respect of the 2025 Financial Year are not reduced by 60% compared to the level of greenhouse gas emissions represented by the GHG KPI 1 Baseline (relating to the 2019 Financial Year) and a GHG KPI 2 Step Up Event will occur if the greenhouse gas emissions included in the definition of GHG KPI 2 in respect of the 2025 Financial Year are not reduced by 50% compared to the level of greenhouse gas emissions represented by the GHG KPI 2 Baseline (relating to the 2019 Financial Year). The failure to meet these targets will result in an increase in the rate of interest on the Bonds, which would increase the Group's cost of funding, and could have an adverse impact upon the Group, its business prospects, its results of operations or its reputation.

Under the terms of the Bonds, each Baseline will be recalculated in line with the Group's Recalculation Policy (as defined in the Terms and Conditions of the Bonds) which may include reflecting any significant or structural changes to the Group, or changes in carbon emissions reporting methodology. Any recalculation of a Baseline may increase the amount of greenhouse gas emissions comprising that Baseline, and therefore increase the total volume of greenhouse gas emissions that may be produced by the Group while still being able to satisfy the GHG KPI 1 Condition and the GHG KPI 2 Condition and avoid the occurrence of a Step Up Event. Any recalculation of a Baseline may impact, positively or negatively, the ability of the Company to satisfy the GHG KPI 1 Condition or the GHG KPI 2 Condition, which could in turn adversely affect the market price of the Bonds.

## **8.3 Modification, Waivers and Substitution**

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or (ii) the substitution of a wholly owned subsidiary of the Company as principal debtor under any Bonds in place of the Issuer, in the circumstances, and subject to the conditions, described in Condition 14 of the Terms and Conditions of the Bonds.

## **8.4 Interest Rate Risks**

Investment in the Bonds (being fixed rate instruments) involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

## **8.5 Bonds subject to Optional Redemption by the Issuer**

The optional redemption feature of the Bonds may limit their market value. The Issuer may elect to redeem Bonds pursuant to its rights under the Terms and Conditions of the Bonds at any time and any such redemption shall be (in the case of any date fixed for redemption which falls in the period up to and including the date falling three months prior to the scheduled maturity date of the Bonds) at the higher of the principal amount of the Bonds and the Redemption Price (as defined in

Condition 6(b) of the Terms and Conditions of the Bonds), in each case together with interest accrued up to (but excluding) the date of redemption and (in the case of any date fixed for redemption which falls in the period from but excluding the date falling three months prior to the scheduled maturity date to but excluding the scheduled maturity date), such amount as is equal to the principal amount of the Bonds together with interest accrued up to (but excluding) the date of redemption. The market value of the Bonds generally will not rise substantially above the price at which they can be redeemed.

#### **8.6 Redemption Prior to Maturity for Tax Reasons**

If the Issuer would be required to pay additional amounts in respect of the Bonds, or the Company would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts due to any change in or amendment to the laws or regulations or treaties of a Relevant Jurisdiction or in the interpretation or application thereof, the Issuer may redeem all outstanding Bonds in accordance with the Terms and Conditions of the Bonds. It may not be possible for an investor to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds and this may only be possible at a significantly lower rate.

#### **8.7 Denominations**

The Bonds have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000 (up to a maximum of €199,000). It is possible that the Bonds may be traded in the clearing systems in amounts that are not integral multiples of €100,000. In such a case, should definitive Bonds be required to be issued, holders of the Bonds who, as a result of trading such amounts, hold less than €100,000 in their account in the relevant clearing system may need to purchase or sell, on or before the date of exchange of the Permanent Global Bond for definitive Bonds, a principal amount of Bonds such that their holding is at least equal to €100,000, otherwise such Bondholders may not receive all of their entitlements in definitive Bonds. If definitive Bonds are issued, holders should be aware that definitive Bonds which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.



## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published and are incorporated in, and form part of, this Prospectus:

- (a) the auditor's report and audited consolidated financial statements of the Company as at and for the year ended 31 December 2020, which appear on pages 83 to 153 of the Company's annual report for the year ended 31 December 2020 (the "**2020 Annual Report**") (<https://www.hammerson.com/investors/reports/annual-report-2020/>);
- (b) The following sections of the 2020 Annual Report:
  - (i) "Key Performance Indicators" which appears on pages 14 to 15;
  - (ii) "Sustainability review – Positive Places" which appears on pages 16 to 19;
  - (iii) "Financial review" which appears on pages 25 to 34;
  - (iv) "Additional disclosures (unaudited)" which appears on pages 154 to 166; and
  - (v) "Glossary" which appears on pages 172 to 173;
- (c) the auditor's report and audited consolidated financial statements as at and for the year ended 31 December 2019 (which appear on pages 127 to 189 of the annual report for the year ended 31 December 2019) of the Company (<https://s3-hammerson.s3.eu-west-2.amazonaws.com/wp-content/uploads/2020/03/0857BU-2019-annual-report---final-original.pdf>); and
- (d) the Company's operational and rent collection update dated 20 April 2021 as released by RNS (<https://www.hammerson.com/investors>).

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Company by using the links set out above.

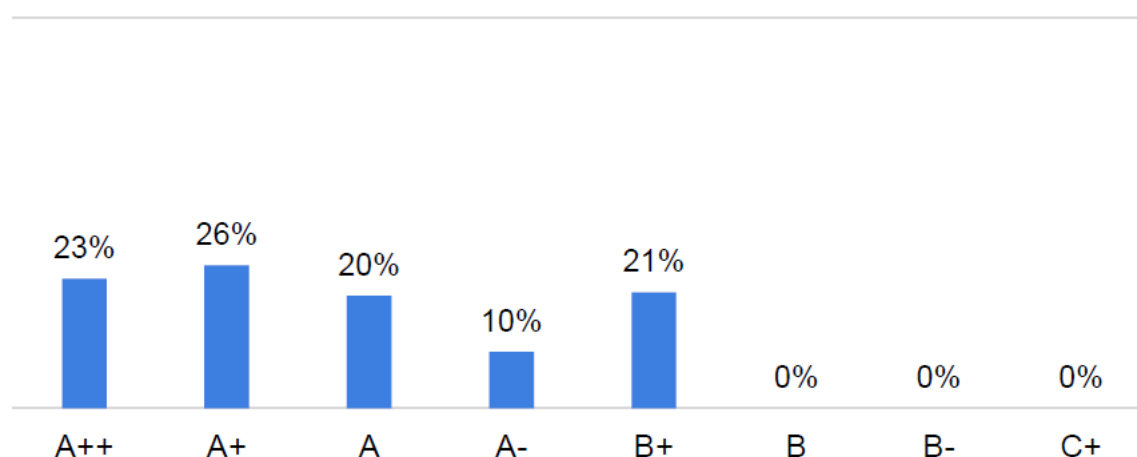
Any documents or information that are incorporated by reference into the documents listed above do not form part of this Prospectus. Any information contained in any of the documents specified above which is not expressly incorporated by reference in this Prospectus does not form part of this Prospectus and is either not relevant to investors or is covered elsewhere in this Prospectus. Any information contained in any website referred to in any of the documents specified above does not form part of this Prospectus.

## THE HAMMERSON GROUP

### Business of the Hammerson Group

The Group is an owner, manager and developer of retail properties in Europe with a portfolio of flagship destinations and premium outlets, providing approximately 1.85 million m<sup>2</sup> of lettable area across 7 countries as at 31 December 2020. At 31 December 2020, the Group's property portfolio comprised 20 flagship destinations in the UK, France and Ireland, investments in 9 premium outlets across Europe through its holding in Value Retail, and eight retail parks in the UK which have been sold during 2021. The portfolio is of high-quality, as illustrated on the chart below showing the asset quality rating as per Green Street Advisors, an independent provider of real estate and financial market intelligence.

### Hammerson asset quality by grade<sup>1</sup>



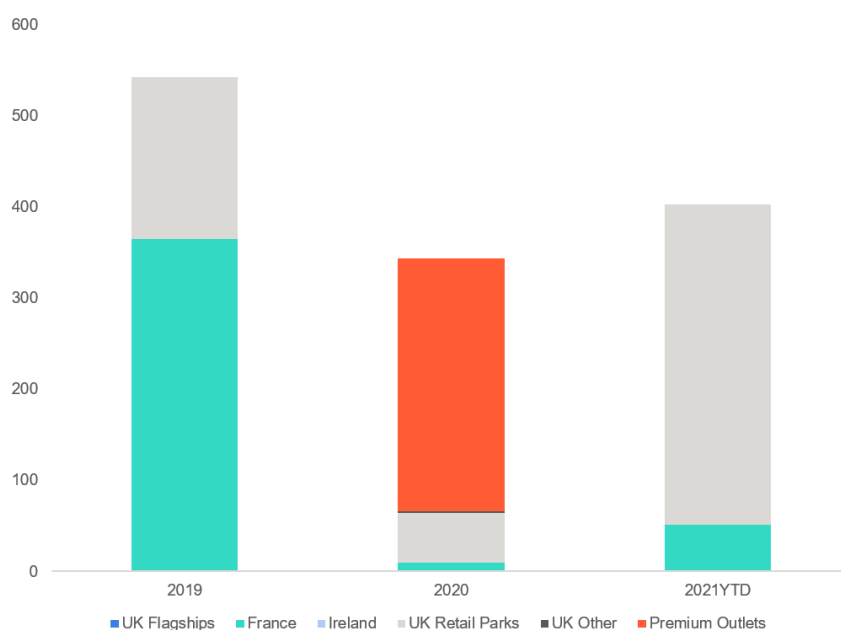
<sup>1</sup> Source: Green Street Advisors database May 2021, quality grade. Flagship destinations and Value Retail weighted by value as of 31 December 2020 at the Group's ownership share

A number of the Group's flagship property investments and developments and all of the Group's premium outlets are held with third party investors, principally through joint ventures. In addition, several of the Group's French and Irish 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's property portfolio was valued at £6,338 million at 31 December 2020.

For the year ended 31 December 2020, loss before tax was £1,734 million (as compared to a loss before tax of £779 million for the year ended 31 December 2019). As at 31 December 2020, equity shareholders' funds were £3,209 million (as compared to £4,377 million at 31 December 2019). On a proportionally consolidated basis (including the Group's proportional share of joint ventures and associates but excluding the Group's interest in premium outlets) gross rental income from property interests for the year ended 31 December 2020 was £287 million (as compared to £361 million for the year 31 December 2019) and net debt at 31 December 2020 amounted to £2,234 million (as compared to £2,843 million at 31 December 2019).

The Group's stated near-term focus is to execute tactical disposal opportunities, analyse refinancing options and simplify ownership structures. The Group is completing a strategic review to determine the future portfolio mix and disposal plan with an update due to be announced at the time of the 30 June 2021 interim results. An organisational review is also underway to support the new strategy and transform the wider business. As shown on the chart below, the Group has a strong track record of disposals, having raised gross proceeds of over £1.3 billion since the beginning of 2019, including £403 million raised in 2021 from the disposal of eight UK retail parks and minority interests in two French flagship destinations.

### Hammerson annual gross disposal proceeds (£m)



Source: Company data

In 2017, the Group launched certain environmental objectives aiming to become net positive for carbon emissions, resource use, water and socio-economic impacts by 2030 (the "**Net Positive**" objectives). During 2021, the Group plans to undertake a climate risk scenario project to address longer term climate change transitional risks.

The Company's UK REIT and French SIIC status and the Irish QIAIF status of The Hammerson ICAV enables the Company's qualifying activities to operate largely on a tax-exempt basis in relation to rental income and gains on disposals of properties. The Company has a primary equity listing on the London Stock Exchange and secondary inward listings on the Johannesburg Stock Exchange and Euronext Dublin.

The Company was incorporated in England and Wales on 17 April 1940 as a public limited company with registration number 360632. The Company's registered and head office is located at Kings Place, 90 York Way, London, N1 9GE, England and its telephone number is 020 7887 1000.

## The impact of the COVID-19 pandemic and the Group's response

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. 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 properties and an acute decline in economic activity across Europe.

The pandemic has resulted in an increased number of retailers, restaurants and leisure operators, including tenants of the Group, entering into insolvency processes or otherwise retrenching their operations. Notwithstanding this, the Group has maintained high occupancy levels of 93% in the UK, 95% in France and 98% in Ireland as at 31 December 2020, this compared to pre-pandemic 5-year average occupancy rates of 97% in the UK, 96% in France and 99% in Ireland. 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 41% for the year ended 31 December 2020. Other retail-focused real estate companies have been similarly adversely impacted by the crisis.

The Group'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 Group. 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 with key actions being:

- **Disposals:** in October 2020, the Group completed the sale of substantially all its 50% interest in VIA Outlets for £277 million. The Group continues to focus on near-term disposals to strengthen its balance sheet and has raised proceeds of £403 million in 2021, principally through the sale of a portfolio of seven retail parks.
- **Rights issue:** on 25 September 2020, the Group completed a rights issue which generated net proceeds of £532 million after transaction costs.
- **Dividends:** in order to preserve liquidity, 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. After the rights issue and VIA Outlets disposal, to maintain liquidity and satisfy REIT and SIIC obligations, both the interim and final 2020 dividends were 0.2 pence per share each, with an enhanced scrip dividend alternative of 2 pence per share each.
- **Amendments to Private Placement Senior Notes:** on 30 June 2020, in light of the heightened risk of default under the unencumbered asset covenant in its Private Placement Senior Notes, the Group obtained amendments to the Note Purchase Agreements to reduce the unencumbered-assets-to-net-unsecured-borrowings ratio for periods to and including 30 December 2021.
- **Bank of England Covid Corporate Financing Facility (CCFF):** during 2020, the Group's application for the CCFF was approved with a limit of £300 million and the Group issued £75 million of commercial paper under the CCFF. The debt was fully repaid in December 2020.

- **Executive pay reduction and cancellation of salary and fee increases:** the Company's Board of Directors, 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 Group 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. In addition, directors' fees have not been increased in 2021, there have been no general pay increases across the Group in 2021, and Executive Directors and General Executive Committee members did not receive bonuses for 2020.
- **Reduction in capital expenditure:** the Group reduced its capital expenditure in 2020 from £140 million to £67 million as the onsite developments in France were temporarily suspended and other projects were postponed.
- **Service charge savings:** in order to support its tenants, the Group delivered savings in service charge costs of 20% in the UK, 15% in Ireland and 5% in France during 2020.
- **Operational measures:** the Group also 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, the installation of fixed hand sanitiser stations, the introduction of one way systems and queuing, the live monitoring of footfall to limit the number of people in a centre at any one time, improved signage, enhanced communication (including social media, and the launch of an online crowd checker website feature) to remind visitors about how to stay safe, encouraging customers to use contactless payment and operating a split team basis for onsite colleagues.

### Board of Directors of the Company

The Board of Directors of Hammerson comprises:

| Name            | Function                | Principal outside activities   |
|-----------------|-------------------------|--|
| Robert Noel     | Chair of the Board      | Senior Independent Director of Taylor Wimpey Plc and a Member of the Board of Trustees at The Natural History Museum   |
| Rita-Rose Gagné | Chief Executive         | None   |
| Himanshu Raja   | Chief Financial Officer | None   |
| Habib Annous    | Non-Executive Director  | Advisor to the Investor Forum  |
| Méka Brunel     | Non-Executive Director  | Chief Executive Officer of Gecina, Chair of the European Public Real Estate Association (EPRA), Chair of the Development Board of the Métropole du Grand Paris, Vice-Chair of Fondation Palladio, Director of Fédération des Sociétés Immobilières et Foncières (FSIF) and the Institut du capitalisme responsable, Member of the ORIE college Investisseurs |

| <b>Name</b>           | <b>Function</b>  | <b>Principal outside activities</b>  |
|-----------------------|--|--|
| Gwyneth Victoria Burr | Non-Executive Director and Senior Independent Director | Non-Executive Director of Taylor Wimpey plc, Member of the Supervisory Board at Metro AG, Member of the Supervisory Board and Senior Independent Director of Just Eat Takeaway.com N.V, member of the Board of Ingleby Farms and Forests ApS                                   |
| Michael Butterworth   | Non-Executive Director                                 | Non-Executive Director and Chair of the Audit Committee at Stock Spirits Group plc and at Pressure Technologies plc  |
| Desmond de Beer       | Non-Executive Director                                 | Chief Executive Officer of Resilient REIT Limited, Non-Executive Director of Lighthouse Capital Limited, Director of Beaulieu College Properties (Pty) Limited, Kyalami Preparatory Holdings (Pty) Limited, Optimprops 3 (Pty) Limited and Jutlander Investments (Pty) Limited |
| Andrew Formica        | Non-Executive Director                                 | Chief Executive Officer and a Director of Jupiter Fund Management plc, a Member of the Investment Association board  |
| Adam Metz             | Non-Executive Director                                 | Non-Executive Director of the Morgan Stanley Direct Lending Fund and SL Investment Corp, Vice-Chair of the Advisory Board for the Hirshhorn Museum and Sculpture Garden  |
| Carol Welch           | Non-Executive Director                                 | Managing Director for the UK and Ireland and Chief Commercial Officer, Europe for ODEON Cinemas Group, Non-Executive Director of Digital Cinema Media Limited, the UK Cinema Association and the UK Cinema Association Limited   |

For the purposes of this document, the business address of each of the Directors is Kings Place, 90 York Way, London, N1 9GE, the registered office of the Company.

No potential conflicts of interest exist between any duties of the directors mentioned above to the Company and their private interests or other duties.

#### Recent Developments

On 5 February 2021, the Group sold its 41% interest in Brent South Shopping Park for gross proceeds of £22.3 million and on 4 March 2021, contracts were exchanged for the sale of the Group's 25% interest in Espace Saint-Quentin, Paris and 10% interest in Nicetoile, Nice to the

existing partner, Allianz, for combined gross proceeds of £50.4 million. These disposals were in line with 31 December 2020 valuations.

On 21 April 2021, Hammerson announced that it had exchanged unconditional contracts on the portfolio sale of its seven retail park assets to Brookfield for £330m cash proceeds, representing an 8% discount to the 31 December 2020 book value of £357 million. The sale was completed on 19 May 2021, concluding the Group's exit from the UK retail parks sector.

## SUSTAINABILITY-LINKED FINANCING FRAMEWORK

Hammerson's sustainability strategy has long been a key focus of the Company. The Company's vision is to create retail destinations that deliver net positive impacts economically, socially and environmentally. In 2017, the Company launched its targets to be net positive for carbon, water, resource use and social impacts by 2030 ("**2030 Net Positive Targets**"). These targets extend beyond the Company's directly managed impacts to include the tenant-controlled impacts within the Company's assets including Scope 3 carbon emissions, as defined by the GHG Protocol Corporate Standard. The Bonds are intended to integrate the Company's sustainability ambitions with its debt financing arrangements. Terms used in this section shall have the same meaning as in Condition 3(b) of the "Terms and Conditions of the Bonds" below.

The Issuer has published a sustainability-linked financing framework (the "**Sustainability-Linked Financing Framework**") drafted in alignment with the Sustainability-Linked Bond Principles (2020 edition) administered by the International Capital Market Association (ICMA). The Sustainability-Linked Financing Framework is available at: [www.hammerson.com](http://www.hammerson.com).

Hammerson has identified two key performance indicators relating to greenhouse gas emissions (GHG KPI 1 and GHG KPI 2), as more fully described in Condition 3(b) which contribute towards its 2030 Net Positive Targets as outlined above. The Company has set sustainability performance targets in respect of both key performance indicators. Both sustainability performance targets use a 2019 baseline, as this is the most recent year for which key performance indicators were not impacted by one-off reductions in carbon emissions as a result of the COVID-19 pandemic.

GHG KPI 1 Condition requires a 60% reduction in GHG KPI 1 from the GHG KPI 1 Baseline. Hammerson defines GHG KPI 1 as metric tons of carbon dioxide equivalent ("**tCO<sub>2</sub>e**"). tCO<sub>2</sub>e includes both Scope 1, Scope 2 and selected Scope 3 emissions, all set forth under the GHG Protocol.

GHG KPI 2 Condition requires a 50% reduction in GHG KPI 2 from the GHG KPI 2 Baseline. Hammerson defines GHG KPI 2 as metric tons of carbon dioxide equivalent ("**tCO<sub>2</sub>e**"). tCO<sub>2</sub>e includes Scope 3 emissions related to emissions from the tenanted portfolio that are controlled by the Group's tenants, as set forth under the GHG Protocol.

The Company may, as outlined in its Recalculation Policy, recalculate the GHG KPI 1 Baseline and the GHG KPI 2 Baseline to reflect significant or structural changes in the Group, changes in carbon emissions reporting methodology and/or other relevant factors as detailed in the Recalculation Policy. The Recalculation Policy is available at [www.hammerson.com](http://www.hammerson.com).

The Company has identified a number of initiatives to contribute towards satisfying GHG KPI 1 Condition and GHG KPI 2 Condition which include increasing the procurement of renewable energy either via power purchase agreements or on-site renewables, engagement with tenants, setting clear environmental standards for tenant fit-outs and maintaining high standards for reporting and governance at the Company.

The Company has also identified a number of risks that may impact on Hammerson's ability to satisfy GHG KPI 1 Condition and GHG KPI 2 Condition which include delays to implementation of power purchase agreements, lack of appetite from joint venture partners to provide required investment, lack of engagement from tenants and material changes in grid forecast emissions reductions.

From and including 3 June 2026, the interest rate payable on the Bonds shall be subject to an increase of 0.375 per cent. per annum in the rate of interest if either of the two sustainability



performance targets are not met, up to a total of 0.75 per cent. per annum if both sustainability performance targets are not met.

Hammerson will report annually on its performance with respect to GHG KPI 1 Condition and GHG KPI 2 Condition. Neither Hammerson's sustainability reports (including its Sustainability-Linked Financing Framework) nor any other information on Hammerson's website is incorporated by reference in this Prospectus.

The Issuer has appointed DNV Business Assurance Services UK Limited ("**DNV**") (an independent expert in assurance and risk management) to review the Sustainability-Linked Framework. DNV has evaluated the Company's Sustainability-Linked Financing Framework and has issued an independent assessment of the eligibility of the Company's Sustainability-Linked Bond Framework against DNV's SLB Eligibility Assessment Protocol which is built around the Sustainability-Linked Bond Principles 2020 as administered by ICMA and supplemented with international guidelines and standards. The independent opinion provided by DNV dated 18 May 2021 is available for viewing at: [www.hammerson.com](http://www.hammerson.com).

No assurance or representation is given by the Company or the Joint Lead Managers as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Company) which may be made available in connection with the issue of the Bonds. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in or form part of this Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Company, Joint Lead Managers or any other person to buy, sell or hold the Bonds . Any such opinion or certification is only current as of the date that opinion was initially issued and the considerations and criteria which are the basis of such an opinion or certification can change at any time. The providers of such opinions or certifications are currently not subject to any specific regulatory or other regime or oversight.

## TERMS AND CONDITIONS OF THE BONDS

*The following terms and conditions will be endorsed on the Bonds in definitive form, if issued, and (subject to the provisions thereof, some of which will modify the effect of these terms and conditions) will apply to the Global Bonds:*

The €700,000,000 1.750 per cent. Sustainability-linked Guaranteed Bonds due 2027 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 16 and forming a single series with the Bonds) of Hammerson Ireland Finance Designated Activity Company (the "**Issuer**") are constituted by a trust deed dated 3 June 2021 and made between the Issuer, Hammerson plc (the "**Company**") as guarantor and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include its successor or successors as trustee under the Trust Deed, as defined below) (the "**Trust Deed**", which expression shall, whenever the context so admits, include any other trust deed supplemental to the Trust Deed). The Trustee will act as trustee for the holders for the time being of the Bonds (the "**Bondholders**"). The Bondholders and the holders for the time being of the interest coupons (the "**Coupons**") appertaining to the Bonds (the "**Couponholders**") are entitled to the benefit of, and are bound by and deemed to have notice of, all the provisions of the Trust Deed. Payments in respect of the Bonds will be made pursuant to a paying agency agreement (the "**Paying Agency Agreement**") dated 3 June 2021 entered into between the Issuer, the Company, the Paying Agent referred to below and the Trustee. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection by Bondholders and Couponholders during normal business hours at the registered office of the Trustee, being at the date hereof at 8th Floor, 100 Bishopsgate, London EC2N 4AG, and at the specified office of the Paying Agent. Words and expressions defined in the Trust Deed shall have the same meanings when used in these Terms and Conditions.

### 1. DEFINITIONS

"**Adjusted Capital and Reserves**" means at any time the aggregate of:

- (a) the amount paid up or credited as paid up on the issued share capital of the Company; and
- (b) the amounts standing to the credit of the consolidated capital and reserves of the Group (including, but without prejudice to the generality of the foregoing, any share premium account, revaluation reserve and, to the extent that any amount is not attributable to any dividend or other distribution declared, recommended or made by any member of the Group, consolidated retained earnings);

less the aggregate of:

- (c) any amount attributable to goodwill (including goodwill arising only on consolidation) or any other intangible assets of members of the Group;
- (d) interests of persons other than members of the Group ("minority interests") to the extent that they have not already been deducted in calculating the amount referred to in paragraph (b) above; and
- (e) any amount standing to the debit of any consolidated reserve of the Group other than amounts attributable to minority interests to the extent they have not already been added back;

all as included in the Latest Consolidated Balance Sheet, adjusted:

- (i) by deducting any amount standing to the debit or adding any amount standing to the credit of the consolidated retained earnings (after excluding amounts attributable to minority interests) as shown in the unaudited consolidated interim results of the Group published since the date of the Latest Consolidated Balance Sheet to the extent not included in paragraph (b) above;
- (ii) by reflecting any variation in the amount of the issued share capital and share premium account of the Company since the date of the Latest Consolidated Balance Sheet;
- (iii) by restating any amount which has been translated from a foreign currency into sterling by reference to:
  - (A) the middle market rate of exchange as published in the Financial Times (or, if such rate is not so published, the middle market rate as derived from an equivalent source) for the purchase of and sale of such currency with or for sterling in the London Foreign Exchange Market for the day in respect of which Adjusted Capital and Reserves falls to be calculated;
  - (B) such other rate(s) of exchange as may be required in accordance with International Financial Reporting Standards applied for the purposes of preparing the Latest Consolidated Balance Sheet;
- (iv) by deducting any amount included in the Latest Consolidated Balance Sheet which arises from an upward revaluation of assets made at any time after 31 December 2020 except to the extent that such revaluation was carried out by an external professional valuer; and
- (v) as may be appropriate to take account of disposals or acquisitions of or other variations in (in each case occurring since the date of the Latest Consolidated Balance Sheet) the Company's interest in the share capital of any company which, either immediately prior to or immediately following such disposal, acquisition or variation, was a Material Subsidiary,

and so that no amount shall be included or excluded more than once.

**"Auditors"** means the auditors for the time being of the Company or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the terms of the Trust Deed, such other firm of chartered accountants as the Trustee may in writing nominate or approve for the purpose.

**"Consolidated Net Borrowings"** means at any time the aggregate amount of all obligations of members of the Group for or in respect of the principal amount of all Financial Indebtedness at such time (but excluding any such obligations owing to and beneficially owned by any other member of the Group) less the aggregate of:

- (a) amounts credited to current accounts or deposits and certificates of deposit (with a term not exceeding 12 months) at or issued by any bank, building society or other financial institution whose short term debt is rated F2 or better by Fitch Ratings Limited or A-2 or better by Standard & Poor's Ratings Services or P-2 or better by Moody's Investors Service, Inc. or is given an equivalent rating by a rating agency of equivalent international standing;
- (b) cash in hand;

- (c) the lower of book and market value (calculated, where relevant, by reference to their bid price) of gilts issued by the United Kingdom Government;
- (d) the lower of book and market value (calculated, where relevant, by reference to their bid price) of debt securities issued by the government of any of the United States of America, Canada, Australia, Spain, Germany and France; and
- (e) prime commercial paper with a maturity of less than one year issued by persons whose long term debt is rated A- by Fitch Ratings Limited or A- or better by Standard & Poor's Ratings Services or A3 or better by Moody's Investors Service, Inc. and whose short term debt is rated F-1/A-1/P-1 or better respectively, or is given an equivalent rating by a rating agency of equivalent international standing,

in each case beneficially owned by any member of the Group (and so that no amount shall be included or excluded more than once).

**"Excluded Subsidiary"** means any Subsidiary:

- (a) in respect of which neither the Company nor any Subsidiary (other than another Excluded Subsidiary) has guaranteed, given an indemnity in respect of or otherwise undertaken any legally-binding obligation to give financial support for, the Financial Indebtedness of such Subsidiary, save for Financial Indebtedness owing by such first-mentioned Subsidiary to (and beneficially owned by) another member of the Group (other than an Excluded Subsidiary); and
- (b) which has been designated as such by the Company by written notice to the Trustee,

provided that the Company may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary whereupon it shall cease to be an Excluded Subsidiary.

**"Financial Indebtedness"** shall be construed as a reference to any Indebtedness for or in respect of:

- (a) the outstanding principal amount of all moneys borrowed (with or without security) by any member of the Group;
- (b)
  - (i) in the case of any debenture, bond, note, loan stock or other similar instrument of any member of the Group not referred to in paragraph (ii) below, its outstanding principal amount;
  - (ii) in the case of any debenture, bond, note, loan stock or other similar instrument of any member of the Group issued at a discount which contains provisions for prepayment or acceleration, the outstanding nominal principal amount of that instrument calculated by reference to the amount which would, if that instrument were to be repaid or prepaid, be payable at that time;
- (c) amounts raised by acceptances or under any acceptance credit opened by a bank or other financial institution in favour of any member of the Group;
- (d) amounts raised pursuant to any issue of shares of any member of the Group which are expressed to be redeemable by the holder upon the exercise of any option at some time prior to 3 June 2027;

- (e) the amount of the capital or principal element of any finance lease or hire purchase contracts entered into by any member of the Group;
- (f) amounts raised under any other transaction which are treated (in accordance with any then current generally accepted accounting principles applicable to listed companies in the United Kingdom at that time) in the Latest Consolidated Balance Sheet as borrowings (or, in the case of such amounts raised after the date thereof, would have been so treated had they been raised on or prior to such date) or which otherwise have in all material respects the same commercial effect as borrowings of any member of the Group (but excluding the acquisition cost of any goods or services acquired by any member of the Group in the ordinary course of its trading where payment is due not more than 180 days after the time of acquisition, possession or performance); and
- (g) the amount of any Indebtedness of any person other than a member of the Group of a type referred to in sub-paragraphs (a) to (f) above inclusive which is the subject of a guarantee, an indemnity or any security given by any member of the Group,

Provided that:

- (i) any amount outstanding in a currency other than sterling is to be taken into account at its sterling equivalent calculated by reference to:
  - (A) at the middle market rate of exchange as published in the Financial Times (or, if such rate is not so published, the middle market rate as derived from an equivalent source) for the purchase of and sale of such currency with or for sterling in the London Foreign Exchange Market for the day in respect of which Financial Indebtedness falls to be calculated; or
  - (B) such other rate(s) of exchange as may be required in accordance with International Financial Reporting Standards applied for the purposes of preparing the Latest Consolidated Balance Sheet;
- (ii) for the purposes of computing the outstanding principal amount of any Financial Indebtedness in paragraphs (a) to (g) above, any interest, dividends, commissions, fees or the like shall be excluded save to the extent that they have been capitalised;
- (iii) no amount shall be included or excluded more than once; and
- (iv) in determining the amount of Financial Indebtedness referred to in paragraphs (a) to (g) above for the purposes of calculating the financial covenants under Condition 5, the amount to be taken into account will be the amount which would, in accordance with International Financial Reporting Standards used for the purposes of preparing the Latest Consolidated Balance Sheet, be treated as the principal amount outstanding.

"**Group**" means the Company and the Subsidiaries, and "member of the Group" shall be construed accordingly.

"**Indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.

"**Latest Consolidated Balance Sheet**" means, at any date, the then latest consolidated balance sheet forming part of the group accounts of the Company which has been audited and has been reported on by the Auditors.

**"Material Subsidiary"** means a Subsidiary:

- (a) the book value of whose interests in land and buildings represents 10 per cent. or more of the total book value of the interests in land and buildings of the Group. For these purposes the book value of interests in land and buildings owned by a particular Subsidiary is the value attributed to such interests as incorporated in the Latest Consolidated Balance Sheet or, in the case where the relevant Subsidiary was not a Subsidiary when the Latest Consolidated Balance Sheet was prepared, the value attributed to such interests as incorporated in the most recent audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary or, if more recent, the value attributed to such interests by an external professional valuer instructed by the Company; or
- (b) whose net rental income represents 10 per cent. or more of the total net rental income of the Group. For these purposes net rental income of a particular Subsidiary shall be its gross rents receivable during the most recent financial year of such Subsidiary less all property outgoings and ground and lease rents payable by such Subsidiary during such financial year, as incorporated in the most recent audited consolidated accounts of the Company or, in the case where the relevant Subsidiary was not a Subsidiary when the most recent audited consolidated accounts of the Company were prepared, as incorporated in the most recent audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary; or
- (c) the principal business activity of which is not the holding or development of properties for investment purposes and whose profits before tax and extraordinary items or whose net assets (in either case to the extent attributable, directly or indirectly, to the Company) calculated by reference to any of its latest three years' audited accounts (consolidated or, as the case may be, unconsolidated) represent 10 per cent. or more of the consolidated profits before tax and extraordinary items or consolidated net assets, as the case may be, of the Group, calculated by reference to the audited consolidated accounts of the Company for the same (or most closely comparable) period.

A certificate signed by two directors of the Company to the Trustee that in their opinion a Subsidiary is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error or an error which is, in the opinion of the Trustee, proven, be conclusive and binding on all parties.

**"Relevant Jurisdiction"** means:

- (a) the Republic of Ireland, or any political subdivision or any authority thereof or therein having power to tax; and
- (b) the United Kingdom or any political subdivision or any authority thereof or therein having power to tax.

**"Secured Borrowings"** means Financial Indebtedness which is secured by any mortgage, charge, assignment by way of security, pledge or other security interest over any of the assets of a member of the Group, provided that Secured Borrowings shall not include Financial Indebtedness of any Excluded Subsidiary.

**"Subsidiary"** means a body corporate which is at the relevant time a subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006, as amended from time to time.

## 2. STATUS, FORM, DENOMINATION AND TITLE

### (a) *Status, Form and Denomination of, and title to, the Bonds*

The Bonds and the Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference or priority among themselves and (subject to laws relating to creditors' rights) at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding. The Bonds are issued in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, and are issued with Coupons attached. No definitive Bonds will be issued with a denomination above €199,000.

Title to the Bonds and the Coupons will pass by delivery. The holder of each Coupon, whether or not the Coupon is attached to a Bond, shall in such capacity be subject to and bound by all the provisions set out on the relevant Bond. Except as otherwise required by law, each of the Issuer, the Company, the Trustee and the Paying Agent may deem and treat the holder of any Bond and the holder of any Coupon as the absolute owner thereof (whether or not such Bond or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft or of trust or other interest therein) for the purpose of making payment and for all other purposes.

### (b) *Status of the Guarantee of the Bonds*

The Company has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. This guarantee (the "**Guarantee**") constitutes a direct, unconditional, unsecured and unsubordinated obligation of the Company. The payment obligations of the Company under the Guarantee rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Company from time to time outstanding (subject to laws relating to creditors' rights).

## 3. INTEREST

### (a) *Interest Rate and Accrual*

- (i) Subject as provided in Condition 3(b) below, the Bonds bear interest from (and including) 3 June 2021 at the rate of 1.750 per cent. per annum (the "**Initial Interest Rate**"), payable annually in arrear on 3 June in each year (each an "**Interest Payment Date**"). The first payment of interest shall be due on 3 June 2022 and shall amount to €1,750 per €100,000 in principal amount of the Bonds.
- (ii) Each Bond shall cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of such Bond is improperly withheld or refused or unless default is otherwise made in respect of such payment. In such event, interest shall continue to accrue as provided in the Trust Deed.
- (iii) Whenever it is necessary to compute an amount of interest in respect of any Bond for a period of less than a full year, such interest shall be calculated on the basis of (i) the actual number of days in the period from and including the date (the "**Accrual Date**") on which interest begins to accrue to but excluding the date on which it falls due, divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

(b) *GHG KPI Step Up*

(i) If:

(A) a GHG KPI 1 Step Up Event occurs, the rate of interest on the Bonds shall be increased for the Final Interest Period by 0.375 per cent. per annum; and

(B) a GHG KPI 2 Step Up Event occurs, the rate of interest on the Bonds shall be increased for the Final Interest Period by 0.375 per cent. per annum.

For the avoidance of doubt, if both a GHG KPI 1 Step Up Event and a GHG KPI 2 Step Up Event occur, the rate of interest on the Bonds shall be increased for the Final Interest Period by an aggregate of 0.75 per cent. per annum.

(ii) The Company will cause (A) the occurrence of any Step Up Event, (B) the satisfaction of the GHG KPI 1 Condition and (C) the satisfaction of the GHG KPI 2 Condition, as the case may be, to be notified to the Trustee, the Paying Agent and the Noteholders as soon as reasonably practicable and in no event later than the fifth Business Day after the Step Up Notification Deadline. Such notice shall be irrevocable and, in the case of a notification of the occurrence of any Step Up Event, shall specify the rate of interest which will apply to the Bonds for the Final Interest Period.

(iii) For each Financial Year, the Company will publish on its website by no later than 15 May in the following Financial Year (i) the Sustainability Report for that Financial Year, (ii) the Assurance Statement issued by the Assurance Provider for that Financial Year and (iii) if applicable, any Baseline Assurance Statement issued by the Assurance Provider for that Financial Year. In these Terms and Conditions, any reference to the publication of any Sustainability Report, Assurance Statement or Baseline Assurance Statement shall mean publication in accordance with this paragraph.

(iv) Neither the Trustee nor the Paying Agent shall be obliged to monitor or inquire as to whether a Step Up Event has occurred or have any liability in respect thereof and the Trustee shall be entitled to rely absolutely on any notice given to it by the Company pursuant to this Condition 3 without further enquiry or liability.

(v) In these Terms and Conditions:

**"2019 Financial Year"** means the year ended 31 December 2019;

**"2025 Financial Year"** means the year ending 31 December 2025;

**"2025 Sustainability Report"** means the Sustainability Report for the 2025 Financial Year;

**"Assurance Provider"** means Deloitte LLP or such other independent, qualified provider of third party assurance or attestation services appointed by the Company to review the Company's statement of GHG KPI 1, GHG KPI 2 and any recalculation of any Baseline in any Sustainability Report;



"**Assurance Statement**" means, in respect of each Financial Year, an assurance statement issued by the Assurance Provider in respect of GHG KPI 1 and GHG KPI 2 provided in the Sustainability Report for that Financial Year;

"**Baselines**" means the GHG KPI 1 Baseline and the GHG KPI 2 Baseline, and "**Baseline**" means either of them;

"**Baseline Assurance Statement**" means, for any Financial Year in respect of which the Company has recalculated any Baseline, an assurance statement for such Financial Year issued by the Assurance Provider confirming the recalculation of such Baseline;

"**Final Interest Period**" means the period beginning on (and including) 3 June 2026 and ending on but excluding the Maturity Date;

"**Financial Year**" means each year ending 31 December;

"**GHG KPI 1**" means, for any Financial Year, in thousands of metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e) calculated using the location-based methodology, unless there is a material change in carbon emissions reporting methodology, the sum of:

- (a) direct greenhouse gas emissions from owned or controlled sources of the Group as defined by the GHG Protocol Standard (the "**GHG Scope 1 Emissions**");
- (b) indirect greenhouse gas emissions from electricity, steam, heat and cooling purchased or acquired by the Group, as defined by the GHG Protocol Standard (the "**GHG Scope 2 Emissions**"), and
- (c) other indirect greenhouse gas emissions in the value chain that are not captured in the GHG Scope 1 Emissions or the GHG Scope 2 Emissions, relating to corporate activities and emissions from the tenanted portfolio that are directly controlled by the Group, as defined by the GHG Protocol Standard (the "**Selected GHG Scope 3 Emissions**"),

in each case as calculated in good faith by the Company in respect of such Financial Year, reported by the Company in the Sustainability Report for such Financial Year and confirmed by the Assurance Provider in the Assurance Statement for such Financial Year;

"**GHG KPI 1 Baseline**" means GHG KPI 1 for the 2019 Financial Year of 13,357tCO<sub>2</sub>e, and, if applicable, recalculated in good faith by the Company in respect of any subsequent Financial Year (a "**Reporting Year**") to reflect any significant or structural changes to the Group in that Reporting Year in line with the Recalculation Policy, confirmed by the Assurance Provider in a Baseline Assurance Statement and reported by the Company in the latest Sustainability Report;

"**GHG KPI 2**" means, for any Financial Year, in thousands of metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e), calculated using the location-based methodology, unless there is a material change in carbon emissions reporting methodology, indirect greenhouse gas emissions in the value chain that are not captured in the GHG Scope 1 Emissions or the GHG Scope 2 Emissions, relating

to emissions from the tenanted portfolio that are controlled by the Group's tenants, as defined by the GHG Protocol Standard (the "**Tenant Controlled GHG Scope 3 Emissions**"), as calculated in good faith by the Company in respect of such Financial Year, reported by the Company in the Sustainability Report for such Financial Year and confirmed by the Assurance Provider in the Assurance Statement for such Financial Year;

"**GHG KPI 2 Baseline**" means GHG KPI 2 for the 2019 Financial Year of 71,742tCO<sub>2</sub>e, and, if applicable, recalculated in good faith by the Company in respect of any subsequent Financial Year (a "**Reporting Year**") to reflect any significant or structural changes to the Group in that Reporting Year in line with the Recalculation Policy, confirmed by the Assurance Provider in a Baseline Assurance Statement and reported by the Company in the latest Sustainability Report;

"**GHG KPI 1 Condition**" means the condition that:

- (a) the 2025 Sustainability Report, the Assurance Statement for the 2025 Financial Year and, if applicable, any Baseline Assurance Statement for GHG KPI 1 for the 2025 Financial Year have been published by no later than the Step Up Notification Deadline; and
- (b) GHG KPI 1 in respect of the 2025 Financial Year, as shown in the 2025 Sustainability Report represents a reduction of at least 60 per cent. compared to the GHG KPI 1 Baseline;

and if the requirements of paragraph (a) or paragraph (b) are not satisfied, the GHG KPI 1 Condition shall be deemed not to have been satisfied;

"**GHG KPI 2 Condition**" means the condition that:

- (a) the 2025 Sustainability Report, the Assurance Statement for the 2025 Financial Year and, if applicable, any Baseline Assurance Statement for GHG KPI 2 for the 2025 Financial Year have been published by no later than the Step Up Notification Deadline; and
- (b) the GHG KPI 2 in respect of the 2025 Financial Year, as shown in the 2025 Sustainability Report represents a reduction of at least 50 per cent. compared to the GHG KPI 2 Baseline;

and if the requirements of paragraph (a) or paragraph (b) are not satisfied, the GHG KPI 2 Condition shall be deemed not to have been satisfied;

"**GHG KPI 1 Step Up Event**" means the event which occurs if the GHG KPI 1 Condition is not satisfied, and a GHG KPI 1 Step Up Event shall occur on the day of publication of the 2025 Sustainability Report (if the condition in paragraph (b) of the definition of "GHG KPI 1 Condition" is not satisfied), or on the day following the Step Up Notification Deadline (if the condition in paragraph (a) of the definition of "GHG KPI 1 Condition" is not satisfied);

"**GHG KPI 2 Step Up Event**" means the event which occurs if the GHG KPI 2 Condition is not satisfied, and a GHG KPI 2 Step Up Event shall occur on the day of publication of the 2025 Sustainability Report (if the condition in paragraph (b) of the definition of "GHG KPI 2 Condition" is not satisfied), or on the day

following the Step Up Notification Deadline (if the condition in paragraph (a) of the definition of "GHG KPI 2 Condition" is not satisfied);

**"GHG Protocol Standard"** means the document titled "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition)" published by the World Business Council for Sustainable Development and the World Resources Institute (as amended and updated as at the Issue Date);

**"Issue Date"** means the date of issue of the Bonds;

**"Recalculation Policy"** means the Group's carbon footprint recalculation policy, as published on the Company's website as at the Issue Date;

**"Step Up Event"** means a GHG KPI 1 Step Up Event or a GHG KPI 2 Step Up Event;

**"Step Up Notification Deadline"** means 15 May 2026; and

**"Sustainability Report"** means, in respect of each Financial Year, a report published by the Company setting out the then current GHG KPI 1 Baseline, the then current GHG KPI 2 Baseline, the GHG KPI 1 for that Financial Year and the GHG KPI 2 for that Financial Year.

#### 4. PAYMENTS

Payments of principal and interest in respect of the Bonds shall be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Bonds or Coupons, as the case may be, at the specified office outside the United States and its possessions of any Paying Agent by transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee, subject in all cases to any fiscal or other laws and regulations applicable in the place of payment but without prejudice to the provisions of Condition 7.

Bonds must be surrendered for payment together with all unmatured Coupons, if any, appertaining thereto. Upon the date on which any Bond becomes due and repayable, all unmatured Coupons appertaining to such Bond (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

If the due date for redemption of any Bond is not an Interest Payment Date, interest accrued in respect of such Bond from (and including) the last preceding Interest Payment Date shall be paid only against presentation and surrender of such Bond.

If the due date for payment in respect of any Bond or Coupon is not a Business Day in the place where the Bond or Coupon is duly presented and, if the payment is to be made by transfer to a euro account as referred to above, is not a TARGET2 Settlement Day, the holder thereof shall not be entitled to payment of the amount due until the next following Business Day or TARGET2 Settlement Day, as the case may be, or to any further interest or other payment in respect of such delay. For the purposes of these Terms and Conditions, the expression **"Business Day"** means a day on which banks are open for business and carrying on transactions in euro in the relevant place or places and the expression **"TARGET2 Settlement Day"** means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

The name of the initial Paying Agent and its initial specified office are set out below. The Issuer and the Company reserve the right (with the prior written approval of the Trustee) from time to time to vary or terminate the appointment of any Paying Agent and to appoint additional or other

Paying Agents provided that they shall, so long as any of the Bonds are outstanding (as defined in the Trust Deed), maintain a Principal Paying Agent. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents shall be given by the Issuer to the Bondholders promptly in accordance with Condition 12.

## 5. RESTRICTIONS ON BORROWINGS

The Company shall procure that, except with the prior sanction of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, for so long as any of the Bonds remains outstanding (as defined in the Trust Deed), the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) for the time being outstanding in respect of:

- (a) Consolidated Net Borrowings shall not at any time exceed 1.75 times Adjusted Capital and Reserves; and
- (b) Secured Borrowings shall not at any time exceed an amount equal to 0.5 times the amount resulting from the deduction from Adjusted Capital and Reserves of:
  - (i) an amount equal to the share capital and reserves of any Excluded Subsidiary to the extent attributable to any other member of the Group (other than any other Excluded Subsidiary); and
  - (ii) an amount equal to the Financial Indebtedness owed by an Excluded Subsidiary to any other member of the Group (other than any other Excluded Subsidiary),

provided that the limit contained in this paragraph (b) may be exceeded if the Company procures the provision of a guarantee or security acceptable to the Trustee or such other arrangement as the Trustee determines is not materially less beneficial to the Bondholders.

## 6. REDEMPTION AND PURCHASE

- (a) Unless previously redeemed or purchased and in each case cancelled as provided below, the Issuer shall redeem the Bonds at their principal amount on 3 June 2027 (the "**Maturity Date**").
- (b) The Issuer may, having given not less than 30 nor more than 45 days' notice in writing to the Bondholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all or (as the case may be) some only of the Bonds in integral multiples of €100,000 at a price equal to the Relevant Early Redemption Amount.

In this Condition, "**Relevant Early Redemption Amount**" means:

- (i) in relation to any date fixed for redemption which falls in the period up to (and including) the Par Call Date, such amount as is equal to the higher of the following, together with interest accrued up to (but excluding) the date of redemption:
  - (1) the principal amount of the Bonds to be redeemed; and
  - (2) (A) the sum of the present values of the remaining scheduled payments of principal and the Remaining Relevant Interest on the Bonds to be redeemed, discounted to the date of redemption at the Reference Rate, minus (B) an amount equal to interest accrued from (and including) the

immediately preceding Interest Payment Date to (but excluding) the date of redemption; and

- (ii) in relation to any date fixed for redemption which falls in the period from (but excluding) the Par Call Date to (but excluding) the Maturity Date, such amount as is equal to the principal amount of the Bonds together with interest accrued to (but excluding) the date fixed for redemption.

For the purposes of this Condition 6(b):

**"Financial Adviser"** means a financial adviser selected by the Company and approved by the Trustee;

**"Par Call Date"** means the date falling three months prior to the Maturity Date;

**"Reference Bund"** means, while in issue, the German Government Bund DBR 0.250 per cent. due 15 February 2027 and thereafter such other conventional (i.e., not index linked) German Government Bund as the Financial Adviser may determine to be the most appropriate benchmark conventional German Government Bund;

**"Reference Date"** means the date which is the third Business Day in London prior to the date of deemed delivery of the notice of redemption;

**"Reference Market Maker Quotation"** means, with respect to each Reference Market Maker, the average, as determined by the Financial Adviser, of the bid and asked prices for the Reference Bund (expressed in each case as a percentage of its principal amount) quoted to the Financial Adviser at around 11.00 a.m. (Frankfurt time) on the Reference Date;

**"Reference Market Makers"** means brokers or market makers of securities such as the Reference Bund selected by the Financial Adviser;

**"Reference Price"** means (i) if five Reference Market Maker Quotations are obtained by the Financial Adviser, the average of such quotations after excluding the highest and lowest of such quotations (provided that if there are two highest quotations, only one of such highest quotations shall be excluded and if there are two lowest quotations only one of such lowest quotations shall be excluded), (ii) if fewer than five, but more than one, Reference Market Maker Quotations, are obtained by the Financial Adviser, the average of all such quotations, and (iii) if only one or no Reference Market Maker Quotations are obtained by the Financial Adviser, the amount determined in accordance with prevailing market practice in the reasonable opinion of the Financial Adviser as the middle market price of the Reference Bund on the Reference Date (expressed in each case as a percentage of its principal amount);

**"Reference Rate"** means the rate per annum (expressed as a percentage rounded to three decimal places, 0.0005 being rounded upwards) equal to the sum of (i) the equivalent yield to maturity as of the Reference Date of the Reference Bund calculated using a price for the Reference Bund (expressed as a percentage of its principal amount) equal to the Reference Price on the Reference Date and (ii) 0.40 per cent. per annum; and

**"Remaining Relevant Interest"** means:

- (a) if no Step Up Event has occurred on or prior to the day on which notice is given under this Condition 6(b), the remaining interest which would accrue on the Bonds

to be redeemed up to (but excluding) the Par Call Date at the Initial Rate of Interest; and

- (b) if any Step Up Event has occurred on or prior to the day on which notice is given under this Condition 6(b), the remaining interest which would accrue on the Bonds to be redeemed up to (but excluding) the Maturity Date at the Initial Rate of Interest for the period prior to the Final Interest Period, and at the rate which applies to the Bonds under Condition 3(b)(i) for the Final Interest Period.

The Reference Rate and the Reference Price are to be reported in writing to the Company and the Trustee by the Financial Adviser. The Reference Rate and the Reference Price, each as reported, shall, in the absence of manifest error, be binding on the Company, the Trustee and all Bondholders and Couponholders.

Any redemption of some only of the Bonds shall be on the basis of selection by drawings in accordance with a method to be approved in writing by the Trustee.

- (c) If the Issuer at any time satisfies the Trustee that, as a result of any actual or proposed change in the laws, regulations or treaties of a Relevant Jurisdiction or in the application or interpretation of such laws, regulations or treaties, on the occasion of the next payment of principal or interest in respect of the Bonds either:
  - (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 7, or
  - (ii) the Company would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts,

and in each case such obligation cannot be avoided by the Issuer or, as the case may be, the Company, taking reasonable measures available to it, the Issuer may, on the expiry of not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 12 (which notice shall be irrevocable), redeem (subject as hereinafter provided) all the Bonds, but not some only, at their principal amount together with interest accrued up to (but excluding) the date of such redemption provided that the provisions of this paragraph (c) shall not apply to any Bonds in respect of which a notice of redemption shall have previously been given by the Issuer pursuant to paragraph (b) above.

It shall be sufficient to establish the existence of the circumstances required to be established pursuant to this paragraph (c) if the Issuer, or, as the case may be, the Company shall deliver to the Trustee a certificate signed by two directors of the Issuer or, as the case may be, the Company, to the effect either that such circumstances exist or that, upon a change in such laws, regulations or treaties or the application or interpretation thereof, which at the date of such certificate is proposed and which in the opinion of such directors is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Bonds would otherwise be made, becoming so effective, such circumstances would exist.

- (d) If at any time while any of the Bonds remains outstanding a Restructuring Event is deemed to occur and within the Restructuring Period (i) (if at the time that Restructuring Event is deemed to have occurred there are Rated Securities or the Company has a corporate rating from a Rating Agency) a Rating Downgrade in respect of that Restructuring Event occurs or is deemed to occur and such Rating Downgrade has not been cured prior to the expiry of

the Restructuring Period or (ii) (if at such time there are no Rated Securities and the Company does not have a corporate rating from a Rating Agency), a Negative Rating Event in respect of that Restructuring Event is deemed to occur (such Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period and, in the case of a Rating Downgrade, not having been cured prior to the expiry of the Restructuring Period, together called a "**Put Event**"), the holder of each Bond will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice under Condition 6(b) or Condition 6(c) in respect of the Bond) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the Optional Redemption Date (as defined below) at its principal amount (the "**Optional Redemption Amount**") together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, the Trustee shall (subject in each case to being indemnified to its satisfaction), give notice (a "**Put Event Notice**") to the Bondholders in accordance with Condition 12 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6(d).

To exercise the option to require redemption or, as the case may be, purchase of a Bond under this Condition 6(d), the holder of the Bond must deliver such Bond, on any Business Day (as defined below) falling within the period (the "**Put Period**") of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Notice**") and in which the holder may specify a bank account to which payment is to be made under this Condition 6(d).

The Bonds should be delivered together with all Coupons appertaining thereto maturing after the date (the "**Optional Redemption Date**") seven days after the expiry of the Put Period. On the Optional Redemption Date, all unmatured Coupons appertaining to such Bond shall become void and no payment shall be made in respect of such Coupons. The Paying Agent to which such Bond, Put Notice and Coupons (if any) are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered. Payment in respect of any Bond so delivered will be made, if the holder duly specifies a bank account in the Put Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of these Terms and Conditions and the Trust Deed, receipts issued pursuant to this Condition 6(d) shall be treated as if they were Bonds. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Bonds on the Optional Redemption Date unless previously redeemed or purchased.

For the purposes of this Condition 6(d):

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange

and foreign currency deposits) in the place of the specified office of the Paying Agent at which the Bond is delivered.

A "**Negative Rating Event**" shall be deemed to have occurred if (i) the Company does not on or before the 21st day after the relevant Restructuring Event, seek, and thereafter use all reasonable endeavours to obtain from a Rating Agency, a rating of the Bonds or a corporate rating or at the Company's sole discretion a rating of any Relevant Debt or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Restructuring Period and as a result of such Restructuring Event obtained such a rating of at least investment grade (Baa3 (in the case of Moody's) or BBB- (in the case of Fitch)), or their respective equivalents for the time being), provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency declining to assign a rating of at least investment grade (as defined above) does not announce or publicly confirm or, having been so requested by the Company, inform the Company or the Trustee in writing that its declining to assign a rating of at least investment grade was the result, in whole or in part, of the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

"**Rated Securities**" means the Bonds so long as they shall have an effective rating from any Rating Agency and otherwise any Relevant Debt which is rated by one of the Rating Agencies; provided that if, after a Restructuring Event is deemed to occur the Bonds do not have an effective rating from a Rating Agency, there is no such rated Relevant Debt and the Company does not have a corporate rating from a Rating Agency, the Trustee may require the Company to obtain and thereafter update on an annual basis a rating of the Bonds or a corporate rating from one Rating Agency. In addition, the Company may at any time obtain and thereafter update on an annual basis a rating of the Bonds or a corporate rating from a Rating Agency, provided that, except as provided above, the Company shall not have any obligation to obtain such a rating of the Bonds or itself;

"**Rating Agency**" means Moody's Investors Service, Inc. and its successors ("**Moody's**") or Fitch Ratings Ltd and its successors ("**Fitch**") or any other rating agency of equivalent standing specified by the Company from time to time in writing to the Trustee;

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Restructuring Event if the then current rating of the Bonds or any Relevant Debt or corporate rating of the Company whether provided by a Rating Agency at the invitation of the Company or by its own volition assigned to the Rated Securities or the Company by any Rating Agency (i) is withdrawn and is not within the Restructuring Period replaced by a rating of that Rating Agency or of another Rating Agency at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or (ii) is reduced from an investment grade rating (Baa3 in the case of Moody's, BBB- in the case of Fitch, or their respective equivalents for the time being, or better) to a non-investment grade rating (Ba1 in the case of Moody's, BB+ in the case of Fitch, or their respective equivalents for the time being, or worse) or (iii) (if the relevant Rating Agency shall have already rated the Rated Securities, or if there are no Rated Securities and the Company has a corporate rating, below investment grade (as described above)) is lowered one full rating category (from Ba1 to Ba2 (in the case of Moody's) or BB+ to BB (in the case of Fitch) or such similar lowering or equivalent ratings); provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in rating shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or,



having been so requested by the Company, inform the Company or the Trustee in writing that the reduction was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

**"Relevant Announcement Date"** means the date that is the earlier of (a) the first public announcement of the relevant Restructuring Event and (b) the date of the earliest Relevant Potential Restructuring Event Announcement (if any);

**"Relevant Debt"** means any unsecured and unsubordinated debt securities of the Company (or any Subsidiary of the Company which is guaranteed on an unsecured and unsubordinated basis by the Company) having an initial maturity of five years or more;

**"Relevant Potential Restructuring Event Announcement"** means any public announcement or statement by or on behalf of the Company, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Restructuring Event where within 90 days following the date of such announcement or statement, a Restructuring Event occurs.

A **"Restructuring Event"** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Company) that any person (a **"Relevant Person"**) or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), or any persons acting on behalf of any such person(s), at any time is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006), in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Company or (B) such number of shares in the capital of the Company carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Company, provided that a Restructuring Event shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Restructuring Event were, in the opinion of the Company, substantially similar to the pre-existing shareholders of the Company; and

**"Restructuring Period"** means the period ending 180 days after the Relevant Announcement Date (or such longer period for which the Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Restructuring Event) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

The Trust Deed provides that the Trustee is under no obligation to ascertain whether a Restructuring Event, a Negative Rating Event, a Rating Downgrade or any event which could lead to the occurrence of or could constitute a Restructuring Event has occurred and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Restructuring Event, Negative Rating Event, Rating Downgrade or other such event has occurred.

- (e) The Issuer, the Company or any of the Subsidiaries may at any time purchase Bonds in integral multiples of €100,000 (provided that all unmatured Coupons appertaining to the Bonds are purchased with the Bonds and are attached thereto or surrendered therewith) in any manner and at any price.

- (f) All Bonds which are redeemed shall be cancelled together with all unmatured Coupons attached thereto or surrendered therewith and accordingly may not be reissued or resold. Bonds which are purchased by the Issuer, the Company or any of the Subsidiaries in accordance with paragraph (d) or (e) above may be held, reissued, resold or surrendered for cancellation.
- (g) Upon the expiry of any notice as is referred to in paragraph (b), (c) or (d) above the Issuer shall be bound to redeem (or, as the case may be, purchase or procure the purchase of) the Bonds to which the notice applies at their principal amount or, where applicable, the relative redemption price applicable to such redemption together with interest accrued up to (but excluding) the redemption date.

## 7. TAXATION

All payments of principal and interest by or on behalf of the Issuer or the Company in respect of the Bonds (including any purchase price payable pursuant to Condition 6(d)) shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Company, shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Bonds and Coupons after such withholding or deduction will equal the respective amounts of principal and interest which would have been receivable in respect of the Bonds or, as the case may be, Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Bond or Coupon:

- (a) held by, or on behalf of, any holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of having some connection with a Relevant Jurisdiction other than the mere holding of the Bond or Coupon; or
- (b) presented for payment by, or on behalf of, any holder if such withholding or deduction may be avoided by such holder complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption, unless it is proved that such holder is not entitled so to comply or to make such declaration or claim; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days, assuming such last day to have been a Business Day.

Notwithstanding any other provision of these Terms and Conditions, in no event will the Issuer or the Company be required to be pay any additional amounts in respect of the Bonds or Coupons for, or on account of, any withholding or deduction required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended), any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, but if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been given in accordance with Condition

12. Any reference in these Terms and Conditions to principal or interest shall be deemed also to refer to any additional amounts which may be payable under this provision or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed and any such reference to principal or principal amount shall be deemed also to refer to any sum payable on the Bonds pursuant to Condition 6(b)(i).

## **8. PRESCRIPTION**

Bonds will become void unless presented for payment within a period of 10 years, and, subject to Condition 4, Coupons will become void unless presented for payment within a period of five years, in each case from the date on which such payment first becomes due or (if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date) the date on which notice shall have been given in accordance with Condition 12 that the full amount of such money has been so received.

## **9. EVENTS OF DEFAULT**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being secured and/or indemnified and/or pre-funded to its satisfaction), give notice to the Issuer and the Company that the Bonds are, and they shall accordingly thereby forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events shall occur:

- (a) if default is made for a period of 14 days or more in the payment of any principal or interest (including any amount of purchase price payable pursuant to Condition 6(d)) in respect of the Bonds or any of them; or
- (b) if an order is made or an effective resolution passed for winding-up the Issuer, the Company or any Material Subsidiary except, in the case of a Material Subsidiary, a winding-up for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders, or a voluntary solvent winding-up in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Subsidiary to the Company or another Subsidiary; or
- (c) if the Issuer, the Company or any Material Subsidiary stops or threatens to stop payment generally or the Issuer or the Company ceases or threatens to cease to carry on all or substantially all of its business; or
- (d) if an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the undertaking or assets of the Issuer, the Company or any Material Subsidiary or if a distress, execution or any similar proceeding is levied or enforced upon or sued out against any of the chattels or property of the Issuer, the Company or any Material Subsidiary and is not discharged within 21 days or such longer period as the Trustee may agree; or
- (e) if the Issuer, the Company or any Material Subsidiary is deemed unable to pay its debts within the meaning of section 123(1)(b), (c) or (d) of the Insolvency Act 1986 (or, in respect of the Issuer only, within the meaning of section 570 (c) or (d) and/or section 509(3) (a) or (b) of the Companies Act 2014), or the Issuer, the Company or any Material

Subsidiary becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities), or the Issuer, the Company or any Material Subsidiary otherwise becomes insolvent, or the Issuer, the Company or any Material Subsidiary suspends making payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or if an administration or examinership order in relation to the Issuer, the Company or any Material Subsidiary is made; or

- (f) if any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer, the Company or any Material Subsidiary and their respective creditors generally (or any class of such creditors) is entered into or made; or
- (g) if any Indebtedness for Moneys Borrowed (as defined below) of the Issuer, the Company or any Material Subsidiary shall become or be declared due and payable prior to the date on which the same would otherwise become due and payable by reason of the occurrence of an event of default in relation thereto or if the Issuer, the Company or any Material Subsidiary defaults in the payment of any Indebtedness for Moneys Borrowed at the maturity thereof or at the expiry of any applicable grace period or if any guarantee of any Indebtedness for Moneys Borrowed given by the Issuer, the Company or any Material Subsidiary shall not be paid when due and called upon or at the expiry of any applicable grace period, save in any such case where there is a bona fide dispute as to whether payment is due; or
- (h) if default is made by the Issuer or the Company in the performance or observance of any obligation, condition or provision binding on it under the Bonds or the Trust Deed (other than any obligation for the payment of any principal or interest (or purchase price as aforesaid) in respect of the Bonds) and, except where, in the opinion of the Trustee, such default is not capable of remedy (in which case the Bonds will become due and repayable subject to, and immediately upon, the Trustee certifying and giving notice as provided in this Condition 9), such default continues for 30 days after written notice thereof by the Trustee to the Issuer and the Company requiring the same to be remedied; or
- (i) the Issuer ceases to be a Subsidiary wholly owned and controlled, directly or indirectly, by the Company; or
- (j) if the Guarantee ceases to be, or is claimed by the Issuer or the Company not to be, in full force and effect,

provided that, in the case of the happening of any of the events mentioned in paragraphs (b) to (h) inclusive above, other than the winding-up of or the appointment of an administrative or other receiver of the whole or any part of the undertaking or assets of the Issuer or the Company, the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Bondholders.

**"Indebtedness for Moneys Borrowed"** means any Indebtedness, having an aggregate outstanding principal amount equal to not less than one per cent. of Adjusted Capital and Reserves, in respect of:

- (a) moneys borrowed; and
- (b) liabilities under any bond, note, bill, debenture, loan stock or other security in each case issued for cash or in respect of acceptance credit facilities or as consideration for assets or

services (but excluding any such liabilities incurred in relation to the acquisition of goods or services in the ordinary course of trading),

translated, if denominated in a currency or currencies other than sterling, into sterling by reference to the middle market rate of exchange as published in the Financial Times (or, if such rate is not so published, the middle market rate of exchange as derived from an equivalent source) for the purchase of and sale of such currency with or for sterling in the London Foreign Exchange Market on the date on which such Indebtedness for Borrowed Money becomes or is declared due and payable, the date of default in the payment thereof or the date upon which the guarantee thereof falls due, as the case may be.

## **10. ENFORCEMENT**

The Trustee may, at any time at its discretion and without further notice, take such proceedings and/or other steps or action (including lodging an appeal in proceedings) against or in relation to the Issuer and/or the Company as it may think fit to enforce the provisions of the Trust Deed, the Bonds and the Coupons or otherwise, but it shall not be bound to take any such proceedings or to take other steps or action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding, and (b) it shall have been secured and/or indemnified and/or pre-funded to its satisfaction. No Bondholder or Couponholder shall be entitled to take any steps or action against the Issuer or the Company to enforce the performance of any of the provisions of the Trust Deed, the Bonds or the Coupons (including lodging an appeal in any proceedings) unless the Trustee, having become bound so to take any such action, steps or proceedings, is unable or fails so to do within a period of 120 days and such inability or failure shall be continuing.

## **11. REPLACEMENT OF BONDS AND COUPONS**

Should any Bond or Coupon be lost, stolen, mutilated, defaced or destroyed it may, subject to all applicable laws and stock exchange requirements, be replaced at the specified office of a Paying Agent upon payment by the claimant of the expenses, taxes and duties incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds and/or Coupons must be surrendered before replacements will be issued.

## **12. NOTICES**

All notices to the Bondholders shall be valid if published in a leading English daily newspaper (which is expected to be the Financial Times) or in such leading English language daily newspaper with a circulation in Europe as the Trustee may approve. If publication is not practicable in London, notice shall be given in such other manner as the Trustee may approve. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Bonds are for the time being listed. Such notices shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first publication. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this paragraph.

### **13. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER**

The Trust Deed contains provisions for convening meetings of Bondholders (which may be at a physical location or by way of conference call or video conference) to consider any matter affecting their interests, including modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that, at any meeting the business of which includes the modification of certain of these Terms and Conditions and certain of the provisions of the Trust Deed (including altering the currency of payment of the Bonds or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding or (ii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. An Extraordinary Resolution shall be binding on all Bondholders, whether or not they are present at the meeting, and on all Couponholders.

The Trustee may agree, without the consent of the Bondholders or Couponholders, to any modification of these Terms and Conditions or of any of the provisions of the Trust Deed or to any waiver or authorisation of any breach or proposed breach by the Issuer or the Company of the provisions of these Terms and Conditions or any of the provisions of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of Bondholders or to any modification of these Terms and Conditions or of any of the provisions of the Trust Deed which, in its opinion, is made to correct any manifest error or an error which is, in the opinion of the Trustee, proven or is of a formal, minor or technical nature and may also determine that any event, condition or act which would or might otherwise be an Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be so treated. Any such waiver, authorisation, modification and determination shall be binding on the Bondholders and the Couponholders, and notice thereof shall be given to the Bondholders unless the Trustee agrees otherwise.

### **14. SUBSTITUTION**

The Trustee may, without the consent of the Bondholders or Couponholders, agree with the Issuer and the Company to the substitution of any wholly-owned Subsidiary in place of the Issuer (or of any previous substitute under this Condition 14) as the principal debtor under the Bonds, the Coupons and the Trust Deed subject to the Trustee being of the opinion that the interests of the Bondholders are not materially prejudiced thereby and certain other conditions set out in the Trust Deed being complied with (including the Company unconditionally and irrevocably guaranteeing that Subsidiary's obligations in respect of the Bonds and the Coupons). Any such substitution shall be binding on the Bondholders and the Couponholders, and notice thereof shall be given to the Bondholders unless the Trustee agrees otherwise.

### **15. INDEMNIFICATION OF THE TRUSTEE AND ITS EXERCISE OF POWERS**

The Trust Deed contains provisions for the indemnification of and/or the provision of security to and/or the pre-funding of the Trustee and for its relief from responsibility, including provisions

relieving it from taking proceedings to enforce the provisions of the Trust Deed unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. The Trust Deed provides that the Trustee may rely on expert certificates, including where such certificates include limitations on the liability of the relevant experts.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer, the Company, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

## **16. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Bondholders to create and issue further bonds ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon), and so that the same shall be consolidated and form a single series with the Bonds so long as such further bonds are constituted by a trust deed supplemented to the Trust Deed.

## **17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Bonds or the Coupons, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. GOVERNING LAW**

The Trust Deed, the Paying Agency Agreement, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Bonds or Coupons and accordingly any legal action or proceedings arising out of or in connection with any Bonds or Coupons ("Proceedings") may be brought in such courts. Each of the Issuer and the Company irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground

that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Bonds and Coupons and the Trustee and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

The Issuer irrevocably appoints the Company as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to the Company (whether or not it is forwarded to and received by the Issuer). If for any reason the Company ceases to be able to act as such or no longer has an address in England, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Bondholders and the Trustee of such appointment. Nothing shall affect the right to serve process in any manner permitted by law.



## **SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE REPRESENTED BY THE GLOBAL BONDS**

*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Bonds and in the Global Bonds which will apply to, and in some cases modify, the Terms and Conditions of the Bonds while the Bonds are represented by the Global Bonds.*

### **1. EXCHANGE**

The Permanent Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for definitive Bonds only (i) upon the happening of any of the events defined in the Trust Deed as "Events of Default", or (ii) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available. Thereupon the holder of the Permanent Global Bond (acting on the instructions of (an) Accountholder(s) (as defined below)) may give notice to the Issuer of its intention to exchange the Permanent Global Bond for definitive Bonds on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Bond may surrender the Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Bond the Company will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Bonds (having attached to them Coupons in respect of interest which has not already been paid on the Permanent Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Bond in full, the Issuer will procure that it is cancelled.

"**Exchange Date**" means a day specified in the notice requiring exchange falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days after that on which such notice is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (ii) above, in the city in which the relevant clearing system is located.

### **2. PAYMENTS**

On and after 13 July 2021, no payment will be made on the Temporary Global Bond unless exchange for an interest in the Permanent Global Bond is improperly withheld or refused. Payments of principal, premium (if any) and interest in respect of Bonds represented by a Global Bond will, subject as set out below, be made to the bearer of such Global Bond and, if no further payment falls to be made in respect of the Bonds, surrender of such Global Bond to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purposes.

On each occasion on which a payment of principal, premium (if any) or interest is made in respect of the Global Bonds, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and, in the case of principal, the nominal amount of the Bonds recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Bond is reduced accordingly.

Payments of interest on the Temporary Global Bond (if permitted by the first sentence of this paragraph 2) will be made upon certification as to non-U.S. beneficial ownership unless such

certification has already been made. No payment will be made on the Permanent Global Bond on and after the Exchange Date unless exchange of interests in the Permanent Global Bond for definitive Bonds is improperly withheld or refused.

### **3. NOTICES**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders (as defined below) as an alternative, or in addition, to publication as required by Condition 12 provided that, so long as the Bonds are admitted to listing by the FCA and admitted to trading on the London Stock Exchange all requirements of the FCA (if any) have been complied with. Any such notice (if not also published in accordance with Condition 12) shall be deemed to have been given to the Bondholders on the Business Day (as defined in Condition 4) after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

### **4. ACCOUNTHOLDERS**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Bonds (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal, premium (if any) and interest on such Bonds, the right to which shall be vested, as against the Issuer, the Company and the Trustee, solely in the bearer of the relevant Global Bond in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Bond.

### **5. PRESCRIPTION**

Claims against the Issuer in respect of principal, premium (if any) and interest on the Bonds represented by a Global Bond will be prescribed after 10 years (in the case of principal and premium (if any)) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

### **6. CANCELLATION**

Cancellation of any Bond represented by a Global Bond and required by the Terms and Conditions of the Bonds to be cancelled following its redemption or purchase will be effected by Euroclear and Clearstream, Luxembourg making the appropriate entries in their respective records to reflect such cancellation.

## **7. CALL OPTION**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no drawing of Bonds will be required under Condition 6(b) in the event that the Issuer exercises its call option pursuant to Condition 6(b) in respect of less than the aggregate principal amount of the Bonds outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the Global Bond(s) are to be subject to such option.

## **8. PUT OPTION**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Bondholders provided for in Condition 6(d) may be exercised by an Accountholder of the relevant Global Bond giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common safekeeper for them to the Principal Paying Agent by electronic means) of the principal amount of the Bonds in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Bond to the Principal Paying Agent within the time limits set forth in that Condition.

## **9. EUROCLEAR AND CLEARSTREAM, LUXEMBOURG**

References therein to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

## **10. DENOMINATIONS**

The Bonds have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000 (up to a maximum of €199,000). It is possible that the Bonds may be traded in the clearing systems in amounts that are not integral multiples of €100,000. In such a case, should definitive Bonds be required to be issued, holders of the Bonds who, as a result of trading such amounts, hold less than €100,000 in their account in the relevant clearing system may need to purchase or sell, on or before the date of exchange of the Permanent Global Bond for definitive Bonds, a principal amount of Bonds such that their holding is at least equal to €100,000, otherwise such Bondholders may not receive all of their entitlements in definitive Bonds.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Bonds will be on-lent by the Issuer to the Company and applied by the Company for its general corporate purposes including the repayment of certain of its existing financial indebtedness.

## THE ISSUER

The Issuer was incorporated in the Republic of Ireland on 29 March 2021 (registered number 691327) and is a designated activity company limited by shares under the Companies Act 2014 (as amended) of the Republic of Ireland. The registered office of the Issuer is at Riverside One, Sir John Rogerson's Quay, Dublin 2. The telephone number of the Issuer's registered office is +353 1 829 0000.

### Share Capital and Shareholder

The Issuer is a wholly owned subsidiary of the Company and its issued share capital is EUR100, divided into 100 ordinary shares of EUR1.00 each.

### Principal Activities

The main purpose and activity of the Issuer is to provide financing facilities to the Company and any subsidiary of the Company by way of lending or otherwise financing the operations or undertaking of, or extending credit to, any such entity. The Issuer has not yet commenced its operations.

### Board of Directors

The board of directors of the Issuer comprises:

| <u>Name</u>  | <u>Function</u>   | <u>Principal outside activities</u> |
|--------------|---|-------------------------------------|
| Paul Denby   | Director of the Issuer; Group Head of Tax and Insurance for Hammerson | None                                |
| Connor Owens | Director of the Issuer; Director of Ireland for Hammerson             | None                                |

For the purposes of this document, the business address of Paul Denby is Kings Place, 90 York Way, London, N1 9GE (the registered office of the Company) and the business address of Connor Owens is Riverside One, Sir John Rogerson's Quay, Dublin 2 (the registered office of the Issuer).

No potential conflicts of interest exist between any duties of the directors mentioned above to the Company and their private interests or other duties.

## TAXATION

### (A) Irish Taxation

*The following is a summary of the Company's understanding of current law and published practice in Ireland relating to certain aspects of the taxation treatment of the payment of interest on the Bonds as at the date of this Prospectus and is subject to any change in law or practice that may occur after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all Irish tax considerations relating to the Bonds. It does not necessarily apply where income is deemed for tax purposes to be the income of any other person. It relates only to the position of persons who are the absolute beneficial owners of the Bonds. Some aspects do not apply to certain classes of taxpayer (such as collective investment schemes, financial traders or dealers or persons who are connected with the Issuer or the Company) to whom special rules may apply. The Irish tax treatment of prospective Bondholders depends on their individual circumstances. Prospective Bondholders who may be subject to tax in jurisdictions other than Ireland or who may be unsure as to their tax position should seek their own professional advice.*

#### *Payment of Interest on the Bonds*

In general, withholding tax at the standard rate of Irish income tax (currently 20 per cent.) must be deducted from Irish source yearly interest payments made by the Issuer. However, for so long as the Bonds are listed on a recognised stock exchange such as the London Stock Exchange, the Bonds will constitute "quoted Eurobonds" for Irish tax purposes. Pursuant to the provisions of section 64 of the Taxes Consolidation Act 1997 of Ireland as amended (the "TCA 97"), no withholding for or on account of Irish income tax will be required to be made from interest arising on quoted Eurobonds provided they meet the following criteria:

- (a) they are held in a clearing system that is a recognised clearing system within the meaning of section 246A of TCA 97 (Euroclear and Clearstream Luxembourg are so recognised);
- (b) the interest is paid by or through a person who is not in Ireland; or
- (c) the beneficial owner of the Bonds is not resident in Ireland and has made all necessary declarations in the prescribed form.

As the Bonds should constitute "quoted Eurobonds" and meet the above criteria, there should be no requirement to withhold Irish tax from payments made on the Bonds.

Separately, pursuant to an exemption in section 246(3)(ccc) of the TCA 97 for as long as the Issuer is a qualifying company within the meaning of section 110 of the TCA 1997, the obligation to withhold tax should not apply in respect of interest paid on the Bonds to any person who is resident for tax purposes in a relevant territory, except in a case where the interest is paid to a company in in connection with a business which that company carries on in Ireland through a branch or agency.

In addition, pursuant to an exemption in section 246(3)(h) of the TCA 97, the obligation to withhold tax does not apply in respect of, inter alia, interest payments made by any company in the ordinary course of a trade or business carried on by it to a company resident in a relevant territory under the laws of that relevant territory provided that either:

- (a) that relevant territory imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory; or

- (b) the company is exempted from the charge to Irish income tax under a double tax treaty in effect with Ireland or would be so exempted if a double tax treaty signed by Ireland was in effect.

The interest must not relate to an Irish branch or agency of the recipient.

A relevant territory for this purpose is a Member State of the European Union, other than Ireland, or not being such a Member State, a territory which has signed a double tax treaty with Ireland.

Finally, a requirement to operate Irish withholding tax on interest may be obviated or reduced pursuant to the terms of a double tax treaty in effect with Ireland.

Payments of issue discount arising on Bonds will not be subject to Irish withholding tax.

#### *Encashment tax*

If a person in Ireland pays interest on the Bonds or receives interest on behalf of a Bondholder, Irish encashment tax (currently at a rate of 25 per cent.) generally applies. This is unless it is proved, on a claim made in the required manner to the Revenue Commissioners, that the beneficial owner of the Bond that is entitled to the interest is not resident in Ireland and such interest is not deemed, under the provisions of Irish tax legislation, to be income of another person resident in Ireland. Separately, however, exemptions apply where the payment is made to certain Irish residents (e.g. approved charities, tax exempt pension schemes, securitisation companies and authorised funds) as well as any company that is or will be within the charge to corporation tax in respect of the interest.

#### *Liability of Bondholders to Irish tax*

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Interest earned or discount realised on Bonds issued by the Issuer would be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income or discount, as the case may be, would be technically liable to Irish income tax (and the universal social charge if received by an individual). Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish tax resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate (currently 20 per cent.). Therefore any withholding tax suffered should be equal to and in satisfaction of the full liability. However, individuals are liable to tax at a higher rate of tax (40 per cent.) plus the universal social charge on taxable income exceeding a certain threshold, the level of which depends on their individual circumstances.

#### *Section 198 of the TCA 97*

With regard to interest earned on the Bonds, section 198 of the TCA 97 provides an exemption from Irish income tax in certain circumstances including:

- (a) where:
  - (i) the provisions of Section 64 of the TCA 97 (quoted Eurobond exemption as described above) apply; and

- (ii) the recipient is either:
  - (A) a person who is resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland; or
  - (B) a company controlled, either directly or indirectly, by persons resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland and who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or
  - (C) a company, the principal class of whose shares are substantially and regularly traded on a stock exchange, in a country which has signed a double tax treaty with Ireland or an EU Member State (other than Ireland) or on such other stock exchange as may be approved of by the Minister for Finance;
- (b) where the Issuer is a qualifying company within the meaning of section 110 of the TCA 97 and the recipient is not a resident of Ireland and is regarded as being a resident of a relevant territory and the interest is paid out of the assets of the Issuer; and
- (c) where:
  - (i) the interest is paid by a company in the ordinary course of its trade or business; and
  - (ii) the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a country which has signed a double tax treaty with Ireland provided that either:
    - (A) that relevant territory imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory; or
    - (B) the company is exempted from the charge to Irish income tax under a double tax treaty in effect with Ireland or would be so exempted if a double tax treaty signed by Ireland was in effect.

In addition, with regard to discount arising on the Bonds, section 198 of the TCA 97 provides an exemption from Irish income tax where the Bonds are issued by a company in the ordinary course of its trade and the recipient of the discount is a person resident in an EU Member State (other than Ireland) or in a country which has signed a double tax treaty with Ireland.

For the purposes of (a), (b) and (c) above, residence is determined under the terms of the relevant double taxation agreement, if such exists, or in any other case, the law of the country in which the recipient claims to be resident. Where the interest is paid to a foreign company carrying on a trade in Ireland through a branch or agency or a permanent establishment to which interest paid by the Issuer is attributable, corporation tax is payable on the interest.

#### *Applicable Double Tax Treaty*

Many of Ireland's double tax treaties (see above) exempt interest from Irish tax when received by a resident of the other jurisdiction. Thus, a Bondholder may be entitled to exemption from Irish



income tax on interest, and in some cases, discounts, under the terms of a double tax treaty in effect between Ireland and the jurisdiction in which the Bondholder is resident.

If, however, the payments are not exempt and there is no double tax treaty between Ireland and the jurisdiction in which the Bondholder is resident, there is no mechanism by which the Revenue Commissioners can collect residual income tax. Therefore, there is a long standing practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby no action will be taken to pursue any liability to such residual Irish income tax in respect of persons who are not resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners will apply this practice in the case of the holders of Bonds, and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

#### *Capital Gains Tax*

Provided the Bonds are listed on a Stock Exchange, or the Bonds do not derive their value, or the greater part of their value from certain Irish land or mineral rights, then a Bondholder will not be subject to Irish tax on capital gains provided that such Bondholder is neither resident nor ordinarily resident in Ireland and such Bondholder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency, or a permanent establishment, to which or to whom the Bonds are attributable.

#### *Capital Acquisitions Tax*

If the Bonds are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponent or if the disponent's successor is resident or ordinarily resident in Ireland, or if any of the Bonds are regarded as property situated in Ireland (in the case of bearer Bonds, if the Bonds are physically located in Ireland), the disponent's successor may be liable to Irish capital acquisitions tax. Accordingly, if such Bonds are comprised in a gift or inheritance, the disponent's successor may be liable to Irish capital acquisitions tax, even though the disponent may not be domiciled in Ireland. For the purposes of capital acquisitions tax it is important to note that a non-domiciled person shall not be treated as resident or ordinarily resident in Ireland except where that person has been resident in Ireland for five consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

#### *Stamp Duty*

No Irish stamp duty is payable on the issue of the Bonds.

No stamp duty is payable on the transfer of the Bonds by delivery.

In the event of written transfer of Bonds no stamp duty is chargeable provided that:

- (a) the Bonds:
  - (i) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;
  - (ii) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
  - (iii) are issued for a price which is not less than 90 per cent. of their nominal value (thus certain Bonds issued at a discount may not qualify for this exemption); and
  - (iv) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any instrument or other document relating to the Bonds; or
- (b) for as long as the Issuer is a qualifying company within the meaning of section 110 of the TCA 97, the monies raised by the Issuer under the Bonds is used by the Issuer in its business as such a qualifying company.

Where the above exemptions or another exemption does not apply, the instrument of transfer is liable to stamp duty at the rate of one per cent. of the consideration paid in respect of the transfer of Bonds (or if greater, the market value of the Bonds transferring). The stamp duty must be paid in euro by the transferee (assuming an arm's length transfer) within 30 days of the date on which the transfer instrument is executed.

#### *Automatic Exchange of Information for Tax Purposes*

Council Directive 2011/ 16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/ 107/EU) ("**DAC2**") provides for the implementation among EU Member States (and certain third countries that have entered into information exchange agreements) of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the regime known as the Common Reporting Standard ("**CRS**") published by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions.

Separately, FATCA is designed to require certain US persons' direct and indirect ownership of certain non-US accounts and non-US entities to be reported by foreign financial institutions to foreign tax authorities who will then provide the information to the US tax authorities.

CRS is implemented in Ireland pursuant to the Returns of Certain Information by Reporting Financial Institutions Regulations 2015, S.I. 583 of 2015, made under Section 891F of the TCA 97.

DAC2 is implemented in Ireland pursuant to the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations of 2015, S.I. No. 609 of 2015 made under Section 891G of the TCA 97.

FATCA is implemented in Ireland pursuant to the provisions of the Ireland and US Intergovernmental Agreement and the Financial Accounts Reporting (United States of America) Regulations of 2014, S.I. 292 of 2014, made under Section 891E of the TCA 97.

Pursuant to these regulations, the Issuer is required to obtain and report to the Revenue Commissioners annually certain financial account and other information for all new and existing accountholders (other than Irish and US accountholders) in respect of Bonds issued by the Issuer (and, in certain circumstances, their controlling persons). The returns are required to be submitted by 30 June annually thereafter. The information must include amongst other things, details of the name, address, taxpayer identification number ("TIN"), place of residence and, in the case of accountholders who are individuals, the date and place of birth, together with details relating to payments made to accountholders and their holdings. This In the case of DAC2 and CRS, this information may be shared with tax authorities in other EU Member States (and in certain third countries subject to the terms of Information Exchange Agreements entered into with those countries) and jurisdictions which implement the CRS. In the case of FATCA, this information may be shared with the US tax authorities. If the Issuer fails to satisfy its FATCA obligations it may, in certain circumstances, be treated as a nonparticipating financial institution by the US tax authorities and therefore subject to a 30% withholding tax on US source income, if applicable.

## **(B) United Kingdom Taxation**

*The following is a summary of the Company's understanding of current law and published practice in the UK relating to certain aspects of the taxation treatment of the payment of interest on the Bonds as at the date of this Prospectus and is subject to any change in law or practice that may occur after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all UK tax considerations relating to the Bonds. It does not necessarily apply where income is deemed for tax purposes to be the income of any other person. It relates only to the position of persons who are the absolute beneficial owners of the Bonds. Some aspects do not apply to certain classes of taxpayer (such as collective investment schemes, financial traders or dealers or persons who are connected with the Company) to whom special rules may apply. The UK tax treatment of prospective Bondholders depends on their individual circumstances. Prospective Bondholders who may be subject to tax in jurisdictions other than the UK or who may be unsure as to their tax position should seek their own professional advice.*

### *Payment of Interest on the Bonds*

Payments of interest on the Bonds may be made without deduction of or withholding on account of UK income tax if the Bonds are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "Act"). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) of the United Kingdom Listing Authority and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds are and remain so listed, interest on the Bonds will be payable without withholding or deduction on account of UK tax.

Interest on the Bonds may also be paid without withholding or deduction on account of UK income tax where interest on the Bonds is paid to a person who belongs in the UK for UK tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner is a company within the charge to UK corporation tax as regards the payment of interest, provided that HM Revenue and Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, if the interest payable on the Bonds is deemed to have a UK source, an amount must generally be withheld from payments of interest on the Bonds on account of UK income tax at the

basic rate (currently 20%) subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HM Revenue and Customs can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

The Bonds are issued at an issue price of less than 100 per cent. of their principal amount. This discount element should not be subject to any UK withholding tax pursuant to the provisions outlined above.

#### *Payments under the Guarantee of the Bonds*

The UK withholding tax treatment of payments by the Company under the Guarantee of the Bonds which have a UK source is not certain. In particular, it is not certain that any such payments made by the Company would be eligible for the exemptions and reliefs described above. Accordingly, if the Company makes any payments under or in respect of interest on the Bonds which are regarded as having a UK source (or other amounts due under or in respect of the Bonds other than the repayment of amounts subscribed for the Bonds), such payments may be subject to UK withholding tax at 20 per cent. subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply.

#### **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer and the Guarantor) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date.

Prospective Bondholders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

#### **THE PROPOSED FINANCIAL TRANSACTIONS TAX**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax ("**FTT**") in Belgium, Germany,

Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article (5)(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Barclays Bank PLC, BNP Paribas, J.P. Morgan Securities plc, MUFG Securities EMEA plc, Bank of China Limited, London Branch, ICBC Standard Bank Plc, Mizuho International plc and Wells Fargo Securities International Limited (the "**Joint Lead Managers**") have, pursuant to a subscription agreement (the "**Subscription Agreement**") dated 1 June 2021, jointly and severally agreed to subscribe or procure subscribers for the Bonds at the issue price of 99.112 per cent. of the principal amount of the Bonds less a combined management and underwriting commission.

In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Bonds.

The Subscription Agreement may be terminated in certain standard circumstances prior to payment to the Issuer.

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Company and their affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Company or their affiliates, investor clients, or as principal to manage their exposure, their general market risk, or other trading activities.

### General

Neither the Issuer, the Company nor any of the Joint Lead Managers has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers, the Issuer or the Company that would permit a public offering of the Bonds, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

### Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

## United Kingdom

### *Prohibition of Sales to UK Retail Investors*

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

### *Other regulatory restrictions*

Each Joint Lead Manager has represented and agreed, *inter alia*, that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Company.

## Republic of Ireland

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer, sell, underwrite the issue of, or act in Ireland in respect of the Bonds, other than in conformity with:

- (a) the provisions of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the European Union (Prospectus) Regulations 2019 of Ireland and any rules and guidance issued by the Central Bank of Ireland (the "**Central Bank**") pursuant to section 1363 of the Companies Act 2014 (as amended) of Ireland (the "**Companies Act**");
- (b) the provisions of the Companies Act;
- (c) the provisions of the Central Bank Acts 1942 to 2018 of Ireland (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended) of Ireland;
- (d) the provisions of the European Union (Markets in Financial Instruments) Regulation 2017 (as amended) (the "**MiFID II Regulations**") including Regulation 5 (Requirement for

Authorisation (and certain provisions concerning MTFs and OTFs)) thereof or any codes of conduct made under the MiFiD II Regulations and the provisions of the Investor Compensation Act 1998 (as amended); and

- (e) the provisions of the Market Abuse Regulation (EU) 596/2014 (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) of Ireland and any rules and guidance issued by the Central Bank pursuant to section 1370 of the Companies Act.

### **United States**

The Bonds and the Guarantee have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States. The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

Each Joint Lead Manager has agreed that it will not offer, sell or deliver the Bonds, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the date of issue of the Bonds (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. persons, and, at or prior to confirmation of sale of the Bonds, it will have sent to each distributor, dealer or other person to which it sells Bonds during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering of such Bonds) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by U.S. Internal Revenue Code of 1986, as amended and the Treasury regulations promulgated thereunder.

### **Singapore**

Each Joint Lead Manager has acknowledged and agreed that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, the Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell the Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.



Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:
  - (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (ii) where no consideration is or will be given for the transfer;
  - (iii) where the transfer is by operation of law;
  - (iv) as specified in Section 276(7) of the SFA; or
  - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Bonds, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## GENERAL INFORMATION

- (1) The creation and issue of the Bonds has been authorised by a resolution of the Board of Directors of the Issuer dated 19 May 2021. The giving of the guarantee of the Bonds has been authorised by a resolution of the Board of Directors of the Company dated 21 April 2021 and a resolution of a committee of the Board of Directors of the Company dated 19 May 2021.
- (2) Application has been made to the FCA for the admission of the Bonds to be admitted to the Official List and to the London Stock Exchange for the Bonds to be admitted to trading on its main market. Such listing and admission to trading is expected to occur on or about 3 June 2021 subject only to the issue of the Temporary Global Bond.
- (3) The Company estimates that the total expenses related to the admission to trading of the Bonds will be approximately £5,800.
- (4) At the Issue Date, the yield on the Bonds will be 1.908 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.
- (5) The Legal Entity Identifier (LEI) code of the Issuer is 63540093EUHUMTGSHN61. The Legal Entity Identifier (LEI) code of the Company is 213800G1C9KKVVDN1A60.
- (6) The Bonds have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The ISIN for the Bonds is XS2344772426 and the Common Code is 234477242. The Financial Instrument Short Name (FISN) and the Classification of Financial Instruments (CFI) Code are as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN, as updated from time to time.
- (7) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (8) The Bonds will be issued in new global note ("NGN") form. The Bonds are intended to be held in a manner which would allow Eurosystem eligibility that is, in a manner which would allow the Bonds to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria, which is subject to change from time to time.
- (9) The Company was originally registered in 1931 as Association Cooperative Investment Trust Limited under the Industrial and Provident Societies Act 1893 and was re-registered on 17 April 1940 under the Companies Act 1929 with registered number 360632. On 28 June 1954, the Company changed its name to The Hammerson Property and Investment Trust Limited. On 12 March 1982 the Company re-registered as a public limited company under the Companies Acts 1948 to 1980. The Company's name was changed to The Hammerson Property Investment and Development Corporation Public Limited Company on 28 June 1982 and further changed to Hammerson plc on 21 March 1994. The Company presently operates under the Companies Act 2006 as amended.
- (10) There has been no significant change in the financial performance or the financial position of the Issuer since its date of incorporation. There has been no material adverse change in

the prospects of the Issuer since its date of incorporation. Except as set out under "The Hammerson Group – Recent Developments", there has been no significant change in the financial performance or the financial position of the Company or the Group since 31 December 2020. There has been no material adverse change in the prospects of the Company or the Group since 31 December 2020.

(11) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Company is aware) in the 12 months preceding the date of this Prospectus which may have, or have had during such period, a significant effect on the financial position or profitability of the Issuer, the Company or the Group.

(12) The following legends will appear on all Bonds and Coupons:

Any U.S. person who holds this obligation will be subject to limitations under the U.S. income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended.

(13) As at the date of this Prospectus, the Issuer has not prepared any financial statements, and will prepare its first audited financial statements for the period ended 31 December 2021. The Issuer has not yet appointed auditors, which is in accordance with its constitutional documents and Irish law. The Issuer will appoint auditors who are registered to carry out audit work in the Republic of Ireland by Chartered Accountants Ireland formerly known as the Institute of Chartered Accountants in the Republic of Ireland, so as to be able to meet all requirements of applicable laws in respect of the preparation of its audited financial statements. The profession in the Republic of Ireland is regulated by the Irish Auditing and Accounting Supervisory Authority (IAASA). The auditors of the Company are PricewaterhouseCoopers LLP, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. PricewaterhouseCoopers LLP has audited, without qualification, the consolidated financial statements of the Company for the financial years ended 31 December 2019 and 31 December 2020.

(14) The financial information of the Company included in this Prospectus (other than the Company's annual financial statements which are incorporated by reference in this Prospectus) does not constitute the statutory accounts of the Company within the meaning of Section 435(1) and (2) of the Companies Act 2006 for any period presented. The auditors have made a report under Chapter 3 of Part 16 of the Companies Act 2006 on the statutory accounts of the Company for each of the years ended 31 December 2019 and 31 December 2020, which reports were unqualified and did not contain any statement as is described in Sections 498(2) or (3) of the Companies Act 2006. The unqualified auditors' report on the financial statements of the Company for the year ended 31 December 2020 contained reference to both the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, and the existence of a material valuation uncertainty in respect of the Group's Irish property valuations. Statutory accounts of the Company have been delivered to the Registrar of Companies in England and Wales (the "**Registrar**") for the years ended 31 December 2019 and 31 December 2020.

(15) For the period of 12 months starting on the date on which this Prospectus is made available to the public, copies of the following documents will be available for inspection from the website of the Company ([www.hammerson.com/investors/shareholder-information/debt-investors](http://www.hammerson.com/investors/shareholder-information/debt-investors)) and at the registered office of the Principal Paying Agent:

- (a) this Prospectus (together with any supplements to this Prospectus);
- (b) the constitutional documents of the Issuer;
- (c) the Memorandum and Articles of Association of the Company;
- (d) the Trust Deed;
- (e) the Company's audited consolidated financial statements for the years ended 31 December 2019 and 31 December 2020.

For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on any website does not form part of this Prospectus.

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