

News Release

29 November 2018

Hammerson completes £236m Highcross sale

Hammerson plc (“Hammerson”) today announces that it has completed the sale of the 50% stake in Highcross shopping centre in Leicester to an Asian investor introduced by M&G Real Estate for £236m.

As previously reported at the time of exchange (5 October 2018), the sale price represents a 5% discount to December 2017 book value.

The completion of the transaction follows successful standard EU competition clearance and the arrangement of a £165.2m loan by the joint venture (Hammerson’s share £82.6m).

The five-year loan is secured on Highcross on a non-recourse basis and the lenders are Helaba (Underwriter and Arranger) and National Westminster Bank Plc. The facility is repayable in full at maturity in February 2024 and the interest cost has been fixed at less than 3%.

Hammerson will use the net proceeds from the sale to reduce drawings under its revolving credit facilities and reduce net debt. The proceeds from Hammerson’s 50% share of the loan (£82.6 million) will also be used to reduce drawings under revolving credit facilities with no impact to Group net debt.

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Highcross: continuing to drive and evolve retailer line up

Highcross has seen a significant boost in its retail line up in recent years, with space proactively taken back from House of Fraser in 2016 now accommodating a flagship Zara store alongside a full-line JD Sports, as well as providing additional restaurant and leisure space.

This month has seen the first restaurant brand to sign as part of this transformation. Independent Indian brand Tamatanga will open its third restaurant in the region and Treetop Adventure Golf is set to open in the first half of 2019. In St Peter's Square, Highcross' dedicated dining quarter, the Seattle-based Italian street pizza chain MOD Pizza, will also open in the coming weeks and replaces Chimichanga, which was subject to a CVA.

Hammerson continues to curate a refreshed retail offer for shoppers with a recent series of high quality signings from leading brands. Mercedes-Benz has this week taken the former Zara unit to deliver an experiential pop-up store, which will be a regional first.

Luxury lifestyle brand The White Company and modern vintage expert Cath Kidston have also recently opened pop-up units, taking advantage of the centre's strong customer catchment. Finally, in a Hammerson first, Typo, the Australian stationery and gift retailer, has just opened at Highcross as part of its UK expansion.

David Atkins, Chief Executive of Hammerson, commented: "We are pleased to have attracted a respected investor who shares our future vision for Highcross. The recent leasing momentum demonstrates that brands continue to open new stores, however the location has to be right, with only the best destinations making the cut.

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We don't see this changing anytime soon, and a vibrant brand line-up with the ability to ensure constant variety is fundamental to Highcross' success as a flagship venue."

"Given the high quality tenant base we were able to obtain attractive pricing on the Highcross loan and lock in low interest rates. Whilst Hammerson typically funds from the unsecured debt capital markets, this financing continues the use of secured debt on selected joint ventures."

John Duxbury, Head of Retail & Leisure, M&G Real Estate added: "We are very pleased to have worked with Hammerson on this. Whilst the retail sector might have its challenges, prime assets in the right locations will be resilient to competition from e-commerce and will provide our investors with long term prospects for income and capital appreciation. With its strong line up of retail and leisure brands, we believe Highcross has a very exciting future."

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Note: the announcement above has also been released on the SENS system of the Johannesburg Stock Exchange.

Notes to Editors

Hammerson

Hammerson own, manage and curate winning European destinations focused on flagship retail destinations and Premium Outlets. As at end of June 2018, our portfolio of high-quality retail property had a value of £10.6 billion and included 22 prime shopping centres, 15 convenient retail parks and investments in 20 premium outlet villages, through our partnership with Value Retail and the VIA Outlets

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joint venture. Key retail venues include, Bullring, Birmingham; Bicester Village, Oxfordshire; Dundrum Town Centre, Dublin; and Les Terrasses du Port, Marseille. www.hammerson.com

About M&G Prudential and M&G Investments

M&G Investments is part of M&G Prudential, a savings and investment business which was formed in August 2017 by our parent company, Prudential plc and has £351 billion of assets under management. M&G Prudential has over 7 million customers in the UK, Europe and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

M&G Prudential is set to demerge from Prudential Plc to become an independent company listed on the London Stock Exchange.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate. M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

Its £30 billion property arm, M&G Real Estate, is a leading financial solutions provider for global real estate investors, has a sector leading approach to responsible property management and is committed to continuously improving the sustainability performance of its funds.

For more information, please visit: <http://www.prudential.co.uk/businesses/mandg-prudential>