

PROSPECTUS DATED 27 JUNE 2014



**HAMMERSON plc**

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

€500,000,000

2.00 per cent. Bonds due 2022

Issue Price: 99.234 per cent.

The €500,000,000 2.00 per cent. Bonds due 2022 (the "**Bonds**") will be issued by Hammerson plc ("**Hammerson**" or the "**Company**").

Application has been made to the Financial Conduct Authority ("**FCA**") in its capacity as competent authority (the "**UK Listing Authority**") under the Financial Services and Markets Act 2000 (the "**FSMA**") for the Bonds to be admitted to listing on the Official List of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Bonds to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

An investment in Bonds involves certain risks. Prospective Investors should have regard to the factors described under the heading "Risk Factors" on page 5.

The Company has ratings of A- (long term debt) from Fitch Ratings Limited ("**Fitch**") and Baa2 (long term debt) from Moody's Investors Services Limited ("**Moody's**"). The Bonds are expected on issue to be rated A- by Fitch and Baa2 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 European Union and is registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended (the "**CRA Regulation**") on credit rating agencies and is included in the list of registered credit rating agencies published at the website of the European Securities and Markets Authority.

Interest on the Bonds is payable annually in arrear on 1 July in each year at the rate of 2.00 per cent. per annum, as described under "Terms and Conditions of the Bonds — Interest". Payments of principal of, and interest on, the Bonds will be made without withholding or deduction on account of United Kingdom taxes, to the extent described under "Terms and Conditions of the Bonds — Taxation".

The Bonds mature on 1 July 2022. The Company 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 euro swap rates 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 Company may redeem the Bonds at their principal amount together with accrued interest). The Company 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 the United Kingdom, together with interest accrued to but excluding the date of redemption. Upon the occurrence of certain events the holders of the Bonds may require the Company 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".

**Joint Bookrunners**

**Deutsche Bank**

**BNP PARIBAS**

**Mitsubishi UFJ Securities**

**The Royal Bank of Scotland**

**Lloyds Bank**

**Santander Global Banking & Markets**

This Prospectus comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU) (the "Prospectus Directive") and relevant implementing measures in the United Kingdom.

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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 and form part of the Prospectus.

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 Company, the Managers (as defined in "Subscription and Sale") or the Trustee (as defined in "Terms and Conditions of the Bonds"). 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 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 Company or the 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 Company and the Managers to inform themselves about and to observe any such restrictions.

The Bonds 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 1 July 2014 with a common safekeeper for Clearstream Banking, société anonyme ("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 10 August 2014, 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".

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 Managers, the Trustee and the Paying Agent have not separately verified the information contained in this Prospectus. Neither the 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 Company in connection with the offering of the Bonds. None of the 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 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 Managers, the Trustee or the Paying Agent undertakes to review the financial condition or affairs of 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 United Kingdom 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, THE ROYAL BANK OF SCOTLAND PLC AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING 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, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. 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 BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE BONDS. ANY STABILISING ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## TABLE OF CONTENTS

	Page
Risk Factors .....	5
Documents Incorporated by Reference.....	15
Terms and Conditions of The Bonds .....	16
Summary of Provisions Relating to the Bonds while represented by the Global Bonds .....	34
Use of Proceeds .....	37
The Hammerson Group.....	38
Taxation .....	41
Subscription and Sale.....	44
General Information.....	46

## **RISK FACTORS**

The Company believes that the following factors may affect its ability to fulfil its obligations under the Bonds. If any of the following risks actually materialise, the business, financial condition and prospects of the Company and its Subsidiaries as defined in section 1159 of the Companies Act 2006 as amended from time to time (the "**Group**"), and the Company's ability to fulfil its obligations under the Bonds, could be materially and adversely affected. The following sets out all of the principal risks which the Company believes are material to an investment in the Bonds. However, further risks which are not presently known to the Company at the date of this Prospectus, or that the Company currently deems immaterial, may also have an effect on the Group's business. All of these risk factors are contingencies which may or may not occur, and the Company is not in a position to express a view on the likelihood of any such contingency occurring.

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).

### **FACTORS THAT MAY AFFECT THE COMPANY'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS**

#### **The Company is a holding company that has no revenue generating operations of its own**

The Company is a holding company and conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in its subsidiary undertakings. It therefore depends on revenues generated by its subsidiary undertakings in order for it to be able to make payments on the Bonds.

#### **Liquidity risks and capital resources**

Liquidity risk is the possibility of being unable to meet all present and future financial obligations as they become due. To mitigate its liquidity risk and augment its capital resources, the Company currently relies on the following forms of financing: liquidity facilities (in the form of committed lines of credit from major banks) and unsecured debt.

The recent global economic downturn and serious dislocation of financial markets around the world caused a number of the world's largest financial and other institutions significant operational and financial difficulties. A repeat of such conditions could inhibit the ability of some banks to honour their respective pre-existing lending commitments and could limit the Company's ability to access new funding over the longer term. If the Company is unable to access funding available under its then existing credit facilities, or is unable to access funding through alternative arrangements, it may be unable to meet its financial obligations (including interest payments, loan repayments, operating expenses, development costs and dividends) when they fall due or to raise new funding needed to finance its operations.

Each of these sources of financing could also become unavailable to the Company, for example, if banks decline to renew existing liquidity facilities, or a reduction in its credit rating makes the cost of accessing the public and private debt markets prohibitive. Although the Company considers that the diversity of its financing helps to protect it from liquidity risk, it could find itself unable to access any or all of these sources of financing at reasonable rates or at all. Any failure by lenders to fulfil their obligations to the Company as well as the inability of the Company to access new

funding in the longer term may impact the Company's cash flow and liquidity, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

### **Covenants and restrictions in credit facilities**

The Company's debt instruments contain restrictions and covenants requiring the Company, among other things, to maintain certain financial ratios, including gearing and interest coverage ratios. If the Company were to fail to comply with any of these financial covenants (due, for example, to deterioration in financial performance or falls in asset valuations), this could result in acceleration of the Group's obligations to repay those borrowings or cancellation of those credit facilities in the longer term.

The Group could be forced to sell assets under potentially unfavourable conditions in order to provide capital to avoid a breach of a financial covenant or default under existing credit facilities. In the event of a default, secured lenders would also be able to enforce their security over some of the Group's assets. The occurrence of any of these events could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

### **Operational risks**

The Group faces operational risks from a wide range of areas, including failings or weakness in systems, processes, the supply chain, management oversight and compliance with internal or external controls. Uncontrolled losses could result in disruption, additional costs, a loss of competitive advantage, financial loss, regulatory action and damage to the Group's reputation.

The Group's approach to risk management is intended to reduce the risk of such loss. To monitor and manage risk, the Group maintains a framework of internal controls designed to provide a sound and well-controlled operational environment. The risk management procedures involve the analysis, evaluation and management of the key risks to the Group and include plans for the continuity of the Company's business in the event of unforeseen interruption. The Board, which reviews the framework and procedures regularly, has allocated responsibility for the management of each key risk to executive directors and senior executives within the Group who report on these risks to the Board. The Company conducts internal audit activities through a programme of reviews. These reviews, which are principally undertaken by a third party provider, but also on occasion by Company employees, and the implementation of recommendations arising from them, are overseen and co-ordinated by an Internal Controls and Risk Management Committee.

The Group also maintains a range of insurance policies to mitigate the financial impact of certain operational and business risks. Insurance cover is purchased to the extent and limits agreed by the Group. However, the risk remains that the Group may incur liabilities which exceed the limits of such insurance or for uninsured risks.

The Group strives to maintain appropriate levels of operational risk relative to its businesses' strategies, its competitive and regulatory environment, and the markets in which it operates. Nevertheless, notwithstanding these control measures and insurance cover, the Group remains exposed to operational risks that could negatively impact its business, results of operations, financial condition and prospects and its ability to make payments of interest and principal in respect of the Bonds.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Company or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

## **Regulatory risk**

In each of the jurisdictions in which the Group operates, it has to comply with laws, regulations and administrative policies which relate to, among other matters, listing regulations, tax, REITs, financial accounting, planning, developing, building, land use, fire, health and safety, the environment and employment. These regulations often give broad discretion to the administering authorities. Each aspect of the regulatory environment in which the Group operates is subject to change, which may be retrospective. Changes in regulations could affect operational costs, costs of property ownership, the rate of building obsolescence and the value of properties.

Changes in regulations could have an adverse effect on the Company's business, results of operations, financial condition and prospects.

## **The Company's business is dependent on economic conditions and commercial real estate markets.**

The Company's real property investments are subject to varying degrees of risk. The Company's rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for commercial real estate in an area, competition from other available space, increased operating costs and the relative attractiveness to investors generally of property of that type as an investment. Property markets tend to be cyclical and related to the condition of the economy as a whole. The Group has experienced in the past and expects to experience in the future, the negative impact of periods of economic slowdown or recession and corresponding declines in the demand for property in the markets in which it operates. The financial performance of the Company's businesses could be further adversely affected by a worsening of general economic conditions globally, but particularly in the United Kingdom and continental Europe where the Company's property assets are located.

During periods of economic slowdown or recession, the Group's tenants (including those in shopping centres and retail parks) may experience lower revenues that may result in them facing difficulty in paying their contracted rent to the Group. This can result in difficulties for the Group in collecting amounts receivable and increased late payment and non-payment of invoices issued by the Group. In some cases, payment terms may be renegotiated on terms which are less favourable to the Group and/or the tenant may vacate the premises. The failure to collect rent receivables to the anticipated schedule could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Rental revenues and property values are also affected by a number of factors including political developments, government regulations and changes in planning and tax laws and practices, interest rate levels, inflation, the availability of financing and the prospective returns from alternative investments. In particular, property values are dependent on current rental values, prospective rental growth, lease lengths, tenant creditworthiness and the valuation yield (which is, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Retail and commercial rentals and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in market rental and valuation levels.

The Group's decision to hold, buy or sell properties may not deliver the expected returns or may fail to meet value or performance expectations because of the Group's failure to anticipate the market cycle correctly. Buying or selling at the wrong point in the property cycle or in the wrong location could lead to an underperformance of the Group's portfolio.

Any decline in rental levels or market values may adversely affect the revenues and operations of the Company and accordingly its ability to meet its obligations under the Bonds.

### **Real Estate Risks**

The Company is subject to risks generally affecting interests and investments in, and ownership of, real property, including: changes in general political and economic conditions or in specific industry segments; declines in property values; changes in valuation yields due to relative attractiveness of property as an asset class; variations in supply of and demand for commercial and retail space (or commercial and retail space of a particular type); obsolescence of properties; declines in rental or occupancy rates; increases in interest rates; changes in rental terms (including the tenants' responsibility for operating expenses); fluctuations in the availability of financing for the acquisition of properties; changes in governmental rules, regulations and fiscal and other policies; risks of litigation including claims against the Company due to defects in quality relating to the development and leasing of properties; war; terrorism and acts of God (where not covered by insurance); changes to the taxation regime in relation to property, in particular, but not limited to, United Kingdom stamp duty land tax; and other factors which are beyond the control of the Company, all of which may affect rental and/or valuation levels and may adversely impact the Company's ability to make payments of interest and principal in respect of the Bonds. The Company is particularly exposed to the retail sector and the Company's income is reliant on its tenant's ability to pay rent. Future income and retail property values are driven by market rental values which are in turn sensitive to demand for retail space.

### **Taxation Risks**

The group of companies of which the Company is the principal company (for the purposes of section 606 of the Corporation Tax Act 2010) converted to real estate investment trust ("**REIT**") status on 1 January 2007.

Broadly, the effect of being a REIT is that the Company and certain of its subsidiaries (the "**Hammerson REIT Group**") can benefit from an exemption from UK corporation tax on income from its property rental business and on gains arising on disposal of investment properties that were used for the purposes of its property rental business.

Since 1 January 2007 the Hammerson REIT Group has satisfied the conditions set out in Part 12 of the Corporation Tax Act 2010 in each accounting period ended before the date of this Prospectus and has therefore maintained REIT status. Prospective investors should be aware that a number of conditions will need to continue to be satisfied in order for REIT status to be maintained in respect of the Company. In addition, certain tax liabilities may arise for the Company under the UK REIT regime, for example:

- (i) in the event that the Company does not make sufficient distributions to its shareholders;
- (ii) in the event of a breach of the profit: financing-cost ratio as described in section 543 of the Corporation Tax Act 2010; or
- (iii) if the Company makes a distribution to, or in respect of, a person who is a "holder of excessive rights" as defined in section 553 of the Corporation Tax Act 2010.

Although the Company currently intends to maintain REIT status, there is no guarantee that this will remain the case and/or that liabilities arising under the UK REIT regime may not be incurred.

In addition, from time to time changes in tax laws or regulations are enacted which may result in an increase in the Company's tax liability. If such changes occur (including in relation to its REIT



status in the United Kingdom or its SIIC (Société d'Investissement Immobilier Cotée) status in France), the Company may be required to pay additional taxes on its assets or income. These increased tax costs could adversely affect the Company's financial condition and results of operations.

### **Dependence on tenants**

The Company's ability to fulfil its obligations under the Bonds will depend on its subsidiaries continuing to receive a significant level of rent from its tenants. The Company's ability to fulfil such obligations could be affected if occupancy levels were to fall or if tenants occupying a significant proportion of the Group's estate were unable to meet their obligations.

The Group derives a significant portion of its revenue directly or indirectly from rent received from its major retail tenants, including anchor tenants. Major retail tenants generally pay a significant portion of the total rents at a property and, in some cases, contribute to the success of securing other tenants by attracting significant numbers of customers to the property. A downturn in business, bankruptcy or insolvency could force a major retail tenant to default on its rental obligations and/or vacate the premises. Such a default, in particular by one of the Group's top ten tenants, could result in a loss of rental income, void costs, an increase in bad debts, and decrease the value of the property. Moreover, such a default may prevent the Group from increasing rents or result in lease terminations by, or reductions in rent for, other tenants under the conditions of their leases.

There is a risk that the Company will not be able to re-let space when it becomes vacant as a result of existing leases terminating or becoming subject to tenant break options or for any other reasons. The Company seeks to mitigate this risk by focusing its investments on shopping centres and retail parks in prime locations. However, there can be no assurance that it will always be possible to re-let space or, if re-let, that it will be re-let on terms (including rental levels) as favourable to the Group or that new tenants will be as creditworthy as existing tenants.

### **Development Risks**

The Group uses its development programme to create new properties that target incremental return on investment. The Group's development programme involves a higher degree of risk than its standing investment properties and requires that the Group accurately assesses the development opportunity, including the return on investment, transport and other infrastructure attributes of the location, quality of specification, configuration and flexibility of accommodation, and timing and delivery of the completed property. Inaccurate assessment of a development opportunity or a decrease in tenant demand due to competition from other commercial real estate properties or adverse market conditions could result in a substantial proportion of the development remaining vacant after completion and exert pressure on the Group to provide rental incentives to tenants.

The Group's strategy for development of prime commercial real estate helps to mitigate this risk through the use of skilled third party contractors to provide construction, engineering and various other services for the properties it is developing. However, this strategy also entails risks. The Group may hire a contractor that subsequently becomes insolvent, causing cost overruns, programme delays and the acceptance of riskier contractor covenants. The risk of such insolvency increases the risk of the Group being unable to recover costs in relation to any future latent defects subject to repair covenants given by the Group to tenants, to the extent that such costs are not otherwise covered by latent defect insurance.

The Group depends on skilled third party contractors for the timely construction of its developments in accordance with international standards of quality and safety. The process of

construction may be delayed or disrupted by a number of factors, such as inclement weather or acts of nature, industrial accidents and defective building methods or materials. Any of these factors, alone or in combination, could delay or disrupt the construction process by halting the construction process or damaging materials or the development itself. In addition, the costs of construction depend primarily on the costs of materials and labour, which may be subject to significant unforeseen increases. The Group may not be able to recover cost overruns under its insurance policies or from the responsible contractor or sub-contractor or may incur holding costs.

The Group's development projects are 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 of the Company, and its directors or management.

### **Environmental Considerations**

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

Other environmental legislation concerning statutory nuisance also places liability on the owner or occupier in some circumstances instead of the person responsible for the nuisance. In the relevant legislation, the concept of "owner" includes any person with a proprietary interest in the property. The owner or occupier would be responsible where the person responsible for such nuisance cannot be found or where a nuisance is likely to occur but has not yet occurred. The owner would be responsible where the nuisance arises from any defect of a structural nature.

Owners and occupiers of property are also under a duty to locate, record, manage and (where appropriate) remove asbestos from relevant properties. Landlords are under a duty to co-operate with tenants in this regard and will have responsibility for common areas within properties and properties or parts of properties that are temporarily or permanently vacant. Failure to comply with this duty is an offence and could give rise to contingent civil liabilities in respect of personal injury arising out of exposure to asbestos.

Liability for any of these environmental risks could be significant and might adversely impact the business and operations of the Company which, in turn, might result in the Company having insufficient funds available to it to pay in full all amounts due in respect of the Bonds.

### **Foreign exchange risk**

The Company's European investments are valued in euro. The Company reports its financial results in Sterling and must translate the valuations of its European properties from euro to Sterling. The

Company's covenants in its credit facilities are also expressed in Sterling. This exposure is partially hedged by matching the value of the foreign assets with borrowings in foreign currencies. The Group also engages overseas suppliers and contractors and purchases materials from overseas, particularly in relation to its development projects. If such contracts are denominated in foreign currencies and not hedged into Sterling, or if contracts for materials and services required are to be sourced overseas and have not yet been entered into, the Group could be exposed to fluctuations in foreign currency exchange rates. To the extent that the Group does not hedge its exposure to foreign currency exchange rate fluctuations, or to the extent that such hedging is inaccurate or otherwise ineffective, the Group could be exposed to fluctuations in foreign currency exchange rates.

### **Interest rate risk**

The Group is exposed to movements in interest rates which affect the amount of interest paid on borrowings and the return on its cash investments. Interest rates on real estate loans are also affected by other factors specific to the United Kingdom and European real estate finance and equity markets, such as changes to real estate values and overall liquidity in the real estate debt and equity financial markets.

The Group has policy limits on its mix of fixed and variable rate debt funding with a view to reducing its interest rate exposure. The Company enters into derivative contracts to hedge this exposure to ensure that these policy limits are complied with. The Group has elected not to hedge account the fluctuation in value of these contracts caused by movements in market interest rates and therefore, the change in their fair value is taken to the income statement. To the extent that any of the Group's interest rate exposure remains unhedged, adverse movements in interest rates could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

### **Counterparty risks**

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 Company could lose all or part of its deposits and investments or may lose the benefit from hedges signed with such counterparties. This could then result in an increase in interest rate or currency exposure.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE BONDS**

Set out below is a brief description of certain risks relating to the Bonds generally:

### **Absence of Prior Public Markets**

The Bonds constitute a new issue of securities by the Company. Prior to the issue, there will have been no public market for the Bonds. Although an application has been made for the Bonds to be admitted to trading on the Market, there can be no assurance that an active public market for the Bonds will develop and, if such a market were to develop, none of the Managers (as defined in "Subscription and Sale") and any other person is under any obligation to maintain such a market. The liquidity and the market prices of the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Company and the Group and other factors that generally influence the market prices of securities.

## **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 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.

## **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). This is subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. 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). Fitch and Moody's are registered credit rating agencies under the CRA Regulation.

## **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 Company, in the circumstances, and subject to the Conditions, described in Condition 14 of the Terms and Conditions of the Bonds.

## **Change of Law**

The Terms and Conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

## **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.

## **Bonds subject to Optional Redemption by the Company**

The optional redemption feature of the Bonds may limit their market value. The Company 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.

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

If the Company would be obliged to increase the amounts payable in respect of the Bonds due to any change in or amendment to the laws or regulations of the United Kingdom or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Company 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.

## **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.

## **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.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, which have previously been published and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Prospectus.

- (a) the auditor's report and audited consolidated financial statements for the year ended 31 December 2012 (which appear on pages 80 to 128 of the annual report for the year ended 31 December 2012) of the Company;
- (b) the auditor's report and audited consolidated financial statements for the year ended 31 December 2013 (which appear on pages 106 to 157 of the annual report for the year ended 31 December 2013) of the Company; and
- (c) the Company's interim management statement for the period from 1 January 2014 to 22 April 2014.

Any documents or information that are themselves incorporated by reference into the documents listed in (a) to (c) 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.

Copies of documents incorporated by reference in this Prospectus can be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

## 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 €500,000,000 2.00 per cent. Bonds due 2022 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 16 and forming a single series with the Bonds) of Hammerson plc (the "**Company**") are constituted by a ninth supplemental trust deed dated 1 July 2014 (the "**Ninth Supplemental Trust Deed**") and made between the Company 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) supplemental to a trust deed dated 21 April 1998 between the same parties (the "**Principal Trust Deed**") and a first supplemental trust deed dated 29 June 1999 (the "**First Supplemental Trust Deed**"), a second supplemental trust deed dated 31 March 2000 (the "**Second Supplemental Trust Deed**"), a third supplemental trust deed dated 15 March 2001 (the "**Third Supplemental Trust Deed**"), a fourth supplemental trust deed dated 20 June 2001 (the "**Fourth Supplemental Trust Deed**"), a fifth supplemental trust deed dated 23 February 2004 (the "**Fifth Supplemental Trust Deed**"), a sixth supplemental trust deed dated 1 February 2006 (the "**Sixth Supplemental Trust Deed**"), a seventh supplemental trust deed dated 19 June 2006 (the "**Seventh Supplemental Trust Deed**"), and an eighth supplemental trust deed dated 26 September 2012 (the "**Eighth Supplemental Trust Deed**") each made between the same parties (the Principal Trust Deed, together with the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed, the Fifth Supplemental Trust Deed, the Sixth Supplemental Trust Deed, the Seventh Supplemental Trust Deed, the Eighth Supplemental Trust Deed and the Ninth Supplemental Trust Deed, being hereinafter referred to as the "**Trust Deed**", which expression shall, whenever the context so admits, include any other trust deed supplemental to the Principal 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 1 July 2014 entered into between 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 Fifth Floor, 100 Wood Street, London EC2V 7EX, 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 2013 except to the extent that such revaluation was carried out by an independent 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 A-1 or better by Standard & Poor's Ratings Services or P-1 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- 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 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 1 July 2022;
- (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 independent 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.

"**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**

The Bonds and the Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Company 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 Company 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 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.

## **3. INTEREST**

The Bonds bear interest from (and including) 1 July 2014 at the rate of 2.00 per cent. per annum, payable annually in arrear on 1 July in each year (each an "**Interest Payment Date**"). The first payment of interest shall be due on 1 July 2015 and shall amount to €20.00 per €1,000 in principal amount of the Bonds.

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.

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.

## **4. PAYMENTS**

Payments of principal and interest in respect of the Bonds shall be made against 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 thereto but without prejudice to the provisions of Condition 7.

Bonds must be surrendered for payment together with all unmatured Coupons, if any, appertaining thereto, failing which the face amount of any missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the face amount of such missing unmatured Coupons which the sum of principal so paid bears to the total principal amount due) shall be

deducted from the sum due for payment. Each amount of principal so deducted shall be paid in the manner mentioned above against surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Bond (whether or not the Coupon would otherwise have become void pursuant to Condition 8) or, if later, five years from the date on which the Coupon would have become due, but not thereafter.

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 TARGET 2 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 Company reserves 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 it shall, so long as any of the Bonds are outstanding (as defined in the Trust Deed), maintain (i) a Principal Paying Agent; and (ii) a Paying Agent (which may be the Principal Paying Agent) in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/ EC or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents shall be given by the Company 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, 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 provides a guarantee or other security acceptable to the Trustee.

## 6. REDEMPTION AND PURCHASE

- (a) Unless previously redeemed or purchased and in each case cancelled as provided below, the Company shall redeem the Bonds at their principal amount on 1 July 2022 (the "**Maturity Date**").
- (b) The Company 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 date falling three months prior to the Maturity 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; and
  - (2) that price (the "**Redemption Price**"), as reported in writing to the Company and the Trustee by a financial adviser selected by the Company and approved by the Trustee and calculated in accordance with prevailing market practice in the reasonable opinion of such financial adviser, expressed as a percentage rounded to three decimal places (0.0005 being rounded upwards), at which the gross redemption yield on the Bonds, if they were to be purchased at such price on the Relevant Record Date (as defined below), is equal to the Reference Rate on that date prevailing at 10.00 a.m. (London time) on the Relevant Record Date. For the purposes of this paragraph (b), "**Relevant Record Date**" means the date which is the third Business Day in London prior to the due date of redemption and "**Reference Rate**" means the mid-market euro interest rate swap rate (on an annual 30/360 fixed rate day count basis in exchange for semi-annual EURIBOR on an Act/360 day count basis) from the Relevant Record Date to 1 July 2022 (exclusive of credit charges). The Reference Rate is to be reported in writing to the Company and the Trustee by a financial adviser selected by the Company and approved by the Trustee in writing and calculated by that financial adviser with the advice of three brokers and/or euro swap market makers and/or such other person or persons operating in the euro swap market as the Trustee may approve. The Redemption Price and the Reference Rate, each as reported, shall, in the absence of manifest error, be binding on the Company, the Trustee and all Bondholders and Couponholders;
- (ii) in relation to any date fixed for redemption which falls in the period from but excluding the date falling three months prior to the Maturity 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.

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 Company at any time satisfies the Trustee that, as a result of any actual or proposed change in the laws, regulations or treaties of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, 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, the Company would be required to pay additional amounts as provided or referred to in Condition 7, the Company 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 Company 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 Company shall deliver to the Trustee a certificate of a lawyer or accountant acceptable to the Trustee, in a form satisfactory to the Trustee, 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 lawyer or accountant 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 Company gives notice under Condition 6(b) or Condition 6(c) in respect of the Bond) to require the Company to redeem or, at the Company'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 Company becoming aware that a Put Event has occurred, the Company 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-quarter 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, failing which the face amount of any missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the face amount of such missing unmatured Coupons which the sum of principal so paid bears to the total principal amount due) shall be deducted from the sum due for payment. Each amount of principal so deducted shall be paid in the manner mentioned in Condition 4 against surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Bond (whether or not the Coupon would otherwise have become void pursuant to Condition 8) or, if later, five years from the date on which the Coupon would have become due, but not thereafter. 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 Company shall redeem or, at the option of the Company, 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, the Company 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 not be deemed 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 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 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 Company shall be bound to redeem 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 the Company in respect of the Bonds 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 the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, 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 presented for payment:

- (a) 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 the United Kingdom other than the mere holding of the Bond or Coupon; or
- (b) 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) 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; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

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)(ii).

## **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 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 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 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 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 Company or any Material Subsidiary stops or threatens to stop payment generally or ceases or threatens to cease to carry on its business or a substantial part of its business (except, in the case of a Material Subsidiary, a cessation or threatened cessation for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee, or 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
- (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 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 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 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 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 Company or any Material Subsidiary otherwise becomes insolvent, or 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 order in relation to 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 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 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 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 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 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 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 Company requiring the same to be remedied,

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 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**

At any time after the Bonds shall have become due and repayable, the Trustee may, 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 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 other steps or action 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 (i) take any steps or action against the Company to enforce the performance of any of the provisions of the Trust Deed, the Bonds or the Coupons or (ii) take any other proceedings

(including lodging an appeal in any proceedings) in respect of or concerning the Company in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and such 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 Company 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 Company 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 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. An Extraordinary Resolution passed at any meeting of Bondholders 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 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 shall not be so treated.

#### **14. SUBSTITUTION**

The Trustee may, without the consent of the Bondholders or Couponholders, agree with the Company to the substitution of any wholly-owned Subsidiary in place of the Company (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 will not be 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).

#### **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 payment unless indemnified and/or secured and/or pre-funded to its satisfaction.

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 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 Company shall be at liberty from time to time without the consent of the Bondholders to create and issue further bonds or notes 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 or notes of any series (including the Bonds), or upon such terms as to interest, redemption and otherwise as the Company may at the time of the issue thereof determine. Any further bonds or notes forming a single series with the outstanding bonds or notes of any series (including the Bonds) which have been constituted by the Trust Deed or any trust deed which is supplemental thereto shall, and any other further bonds or notes may (with the consent of the Trustee), be constituted by a trust deed supplemental to the Principal Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of bonds or notes of other series in certain circumstances where the Trustee so decides.



**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.

## **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 Company 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 Ninth Supplemental Trust Deed. On exchange of the Permanent Global Bond in full, the Company 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 10 August 2014, 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 against presentation for endorsement 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 Company shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg. 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 UK Listing Authority and admitted to trading on the London Stock Exchange all requirements of the UK Listing Authority 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 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 Company 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 Company 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 of the issue of the Bonds will be used for general corporate purposes.

## THE HAMMERSON GROUP

The Company is one of Europe's leading property companies with a portfolio of assets in the United Kingdom and France. Its Real Estate Investment Trust ("REIT") status in the United Kingdom and its Société d'Investissement Immobilier Cotée ("SIIC") status in France enables its qualifying activities to operate largely on a tax-exempt basis in relation to rental income and gains on disposals of properties. Through its principal subsidiaries, the Company's portfolio principally comprised prime shopping centres in the United Kingdom and France and conveniently located retail parks. Hammerson is an investor in and manager and developer of prime regional shopping centres and out-of-town retail parks in the United Kingdom and France.

The Company's continuing property portfolio was valued at £5.9 billion at 31 December 2013, providing approximately 1.7 million square metres of retail space and included 20 shopping centres and 22 retail parks. At the end of December 2013, 72% of the continuing portfolio by value was located in the United Kingdom, and the remainder in France. Developments comprised 8% of the total. A number of the Company's United Kingdom and French property investments and developments are held in joint ventures with other investors, normally in the form of limited partnerships. Furthermore, several of the Company's French properties are held through co-ownership structures.

For the 12 months ended 31 December 2013, gross rental income from the continuing property portfolio was £321.2 million (as compared to £297.6 million in the 12 months ended 31 December 2012) and profit before tax was £326.3 million (as compared to a profit before tax of £93.5 million in the 12 months ended 31 December 2012). As at 31 December 2013, equity shareholders' funds were £4,059.9 million (as compared to £3,851.2 million for the 12 months ended 31 December 2012). The Company's total borrowings at 31 December 2013 amounted to £2,309.0 million and cash and deposits were £56.7 million.

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 10 Grosvenor Street, London W1K 4BJ, England and its telephone number is 020 7887 1000. Hammerson's ordinary shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange plc's main market for listed securities.

Hammerson is primarily a holding company and its property activities are carried out through its principal subsidiary companies which are set out below.

### Principal Subsidiary Companies

All principal subsidiary companies are engaged in property investment, management, development or trading. The principal subsidiary companies are set out below, all of which (unless otherwise stated) are 100 per cent. owned subsidiaries of Hammerson plc. Subsidiaries are incorporated/registered and operating in the following countries:

#### *UK*

Hammerson International Holdings Ltd  
Hammerson UK Properties plc  
Grantchester Holdings Ltd  
Hammerson Oracle Investments Ltd  
Hammerson Operations Ltd  
Hammerson Group Management Ltd

#### *France*

Hammerson SAS  
Hammerson Holding France SAS  
Hammerson Centre Commercial Italie SAS  
Société Civile de Développement du Centre  
Commercial de la Place des Halles SDPH (64.5  
per cent. owned)

Hammerson (Leicester) Ltd  
 West Quay Shopping Centre Ltd  
 Hammerson (Bristol Investments) Ltd  
 Hammerson (Brent Cross) Ltd  
 Hammerson Bull Ring Ltd  
 Hammerson Peterborough (No. 1) Ltd  
 Hammerson (Cramlington 1) Ltd  
 Union Square Developments Ltd  
 Hammerson (Value Retail Investments) Ltd  
 Hammerson Bull Ring (Jersey) Ltd  
 Hammerson Croyden Investments Ltd  
 Hammerson (Silverburn) Ltd  
 Hammerson (Victoria Quarter) Ltd  
 Hammerson Whitgift Investments Ltd

*The Netherlands*  
 Hammerson Europe BV

### **Board of Directors of the Company**

The Board of Directors of Hammerson comprises:

<b>Name</b>	<b>Function</b>	<b>Principal outside activities</b>
David Tyler	Chairman	Chairman of J Sainsbury plc, non-executive director of Burberry plc
David John Atkins	Chief Executive	Chairman of the European Public Real Estate Association, director and junior vice president of the British Council of Shopping Centres, member of the policy committee of the British Property Federation and the advisory committee of the British Council of Shopping Centres, director and trustee of the Reading Real Estate Foundation
Peter William Beaumont Cole BSC MRICS	Chief Investment Officer	None
Nicholas Timon Drakesmith	Chief Financial Officer	Non-executive director of Value Retail plc, chairman of the British Property Federation's Finance Committee
Jean-Philippe Mouton	Executive Director	None
Gwyneth Victoria Burr	Non-Executive Director	Member of the board, remuneration committee and chairman of nominations committee of Sainsbury's Bank plc, non-executive director of the Financial Ombudsman Service and of Wembley Stadium
Terrence Duddy	Non-Executive Director	None

Jacques Espinasse	Non-Executive Director	Non-executive director and chairman of the audit committee of AXA (Holdings) Belgium and AXA Belgium, non-executive director and member of the audit and remuneration committees of LBPAM and SES, chairman and chief executive officer of the Foundation JED-Belgique
Judith Mary Gibbons	Non-Executive Director	Non-executive director of Guardian Media Group plc, Michael Kors Holdings Limited and Virgin Money Giving and chairman of Refresh Mobile Limited
Anthony Watson CBE	Non-Executive Director and Senior Independent Director	Non-executive director of Vodafone Group plc and senior independent director of Lloyds Banking Group plc and Witan Investment Trust plc, member of the Norges Bank Investment Management corporate governance advisory board, member of the Association of Corporate Treasurer's advisory board, Chairman of Lincoln's Inn Investment Committee and director of The Queen's University of Belfast foundation board

For the purposes of this document, the business address of each of the Directors is 10 Grosvenor Street, London W1K 4BJ, 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.



## TAXATION

### 1. United Kingdom Taxation

*The following is a summary of the Company's understanding of current law and published practice in the United Kingdom 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 United Kingdom 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 United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances. Prospective Bondholders who may be subject to tax in jurisdictions other than the United Kingdom 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 United Kingdom income tax provided that the Bonds 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 remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom income tax where interest on the Bonds is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Company 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 United Kingdom 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, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20%). 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 Company 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 United Kingdom withholding tax pursuant to the provisions outlined above, but may be subject to reporting requirements outlined below.

HM Revenue and Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the holders of the Bonds, persons who make, receive or are entitled to receive payments derived from the Bonds and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

## **2. EU Savings Directive**

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). In April 2013, the Luxembourg government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the "**Amending Directive**") amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Company nor any Paying Agent (as defined in the Terms and Conditions of the Bonds) nor any other person would be obliged to pay additional amounts with respect to any Bonds as a result of the imposition of such withholding tax. The Company is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive or any law implementing or complying with, or introduced in order to conform to, such Directive.

## **3. The Proposed Financial Transactions Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

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. 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.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Bonds.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. 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

Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, Banco Santander, S.A., BNP Paribas, Lloyds Bank plc and Mitsubishi UFJ Securities International plc (the "**Managers**") have, pursuant to a subscription agreement (the "**Subscription Agreement**") dated 27 June 2014, jointly and severally agreed to subscribe or procure subscribers for the Bonds at the issue price of 99.234 per cent. of the principal amount of the Bonds less a combined management and underwriting commission. The Subscription Agreement may be terminated in certain standard circumstances prior to payment to the Company.

Certain of the 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 to the Company and its affiliates in the ordinary course of business.

No action has been taken by the Company or any Manager which would or is intended to permit a public offer of Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Bonds in any country or jurisdiction where action for that purpose is required and neither this Prospectus nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction, except under circumstances which will, to the best of its knowledge and belief, result in compliance with applicable laws and regulations.

Each 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 United Kingdom; 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 Company.

The Bonds 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 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.

Each 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 requirements of 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. tax regulations. Terms used in this paragraph have the meanings given to them by U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

## GENERAL INFORMATION

- (1) The creation and issue of the Bonds has been authorised by a resolution of a committee of the Board of Directors of the Company dated 20 June 2014.
- (2) Application has been made to the UK Listing Authority 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 the Market. Such listing and admission to trading is expected to occur on or about 1 July 2014 subject only to the issue of the Temporary Global Bond. The Company estimates that the total expenses related to the admission to trading of the Bonds will be approximately £4,200.
- (3) At the Closing Date, the yield on the Bonds will be 2.105 per cent. per annum. The yield is calculated at the Closing Date on the basis of the issue price. It is not an indication of future yield.
- (4) The Bonds have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The ISIN for the Bonds is XS1081656180 and the Common Code is 108165618.
- (5) 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.
- (6) The Bonds will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Bonds in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystem"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Bonds in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used. 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.
- (7) 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 17th April, 1940 under the Companies Act 1929 with registered number 360632. On 28th June, 1954, the Company changed its name to The Hammerson Property and Investment Trust Limited. On 12th 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 28th June, 1982 and further changed to Hammerson plc on 21st March, 1994. The Company presently operates under the Companies Act 2006 as amended.
- (8) There has been no significant change in the financial or trading position of the Company or the Group since 31 December 2013. There has been no material adverse change in the prospects of the Company or the Group since 31 December 2013.

- (9) Neither the Company nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months preceding the date of the Prospectus which may have, or have had during such period a significant effect on the financial position or profitability of the Company or the Group.
- (10) 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". Under these limitations, if a Bond or Coupon is paid, sold or otherwise disposed of in a transaction that results in a taxable gain or loss for U.S. federal income tax purposes, the gain will be treated as ordinary income and not as capital gain, and no deduction will be allowable in respect of the loss.
- (11) The auditors of the Company are Deloitte LLP, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Deloitte LLP has audited, without qualification, the consolidated financial statements of the Company for the financial years ended 31 December 2012 and 31 December 2013.
- (12) The financial information 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 2012 and 31 December 2013, which reports were unqualified and did not contain any statement as is described in Sections 498(2) or (3) of the Companies Act 2006. Statutory accounts of the Company have been delivered to the Registrar of Companies in England and Wales for each of the years ended 31 December 2012 and 31 December 2013.
- (13) Copies of the following documents will be available for inspection during usual business hours at the specified office of the Principal Paying Agent and at the registered office of the Company:
- (a) this Prospectus;
  - (b) the Memorandum and Articles of Association of the Company;
  - (c) the Paying Agency Agreement, the Principal Trust Deed and the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed and the Fifth Supplemental Trust Deed, the Sixth Supplemental Trust Deed, the Seventh Supplemental Trust Deed, the Eighth Supplemental Trust Deed and the Ninth Supplemental Trust Deed;
  - (d) the Company's audited consolidated financial statements for the years ended 31 December 2012 and 31 December 2013.

**REGISTERED OFFICE OF HAMMERSON**

10 Grosvenor Street  
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**TRUSTEE FOR THE BONDHOLDERS**

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*To the Managers and the Trustee*

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