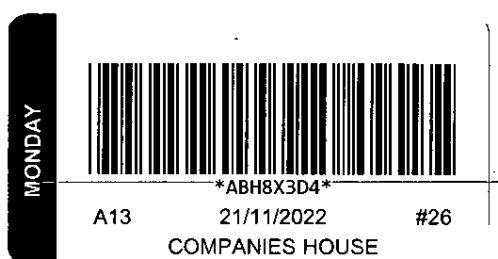


Registered Number: 00574728

HAMMERSON GROUP MANAGEMENT LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

Year ended 31 December 2021



HAMMERSON GROUP MANAGEMENT LIMITED

DIRECTORS' REPORT

Year ended 31 December 2021

Principal activities and future developments

The principal activities of Hammerson Group Management Limited (the "Company") are the management and administration of the property investment and development activities of Hammerson plc and its subsidiaries in the United Kingdom ("UK") and Ireland, together with co-ordination and provision of other business services for Hammerson plc and its group entities both in the UK and overseas. The Company operates a branch in Ireland the results from which are included within these financial statements. Directors do not anticipate any significant change in the principal activities in the foreseeable future.

Further information relating to the business, its key risks, and future prospects is provided in the Strategic Report on page 4.

Results and dividends

The loss for the year after tax was £7,352,000 (2020: profit £7,159,000). The Directors do not recommend the payment of a dividend for the year (2020: £nil).

As at 31 December 2021, the Company had net current assets of £38,480,000 (2020: £60,082,000) and net assets of £52,958,000 (2020: £38,681,000).

Directors

- (a) Mr R.G. Shaw was a Director of the Company throughout the year and was in office at the date of approval of this report.
- (b) Mr G. Peureux, Ms R-R. Gagné, Mr H.H. Raja, and Mr H. Badham were appointed as Directors of the Company on 9 April 2021, 26 April 2021, 26 April 2021 and 11 November 2021 respectively and were in office at the date of approval of this report.
- (c) Mr J.A. Lenton and Mr M.R. Bourgeois were Directors of the Company at the beginning of the year and resigned as Directors of the Company on 26 April 2021 and 11 November 2021 respectively.
- (d) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (e) No Director has any interests in contracts entered into by the Company.

Secretary

Hammerson Company Secretarial Limited was Secretary of the Company throughout the year.

Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2021 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

Indemnity

The Company's ultimate parent company, Hammerson plc, has put in place qualifying third party indemnity provisions for the benefit of the Company's Directors which were in place throughout the year, and which remain in place at the date of this report.

HAMMERSON GROUP MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2021

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Employee engagement

Communication

Covid-19 has had a significant impact on our people. To support colleagues during this challenging period, an extensive internal engagement programme was launched which involved regular communications from business leaders on strategy and key milestones. We also prepared support material for our leaders to help them and their teams and produced regular video updates to help colleagues understand the human impact of Covid-19 as well as stay connected.

Our Group Employee Forum ("GEF"), established in May 2019, continues to play a key role, enhancing the two-way dialogue between the Company and the Hammerson plc Board with colleagues, offering a structured environment for the Board to listen to feedback from colleagues and allowing issues to be highlighted and resolved.

Training and Development

Talented and motivated colleagues are vital to the success of the business. We have a comprehensive induction programme for new joiners, an online portal for all colleagues which contains a suite of training materials and offer the opportunity to attend external training where appropriate.

Discussions are held with Hammerson plc's Executive Directors and senior management on matters of career development and succession planning. Personal development plans are encouraged and supported to map career development for colleagues within the business.

HAMMERSON GROUP MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2021

Employee engagement (continued)

Diversity and Inclusion

While we have made significant progress on diversity and inclusion ("D&I"), the inequalities in our societies have never been more apparent, so we continue to strive to do more as we recognise its importance to colleagues and the business. An ongoing part of this journey is educating ourselves on the experiences of others. For many years, we have delivered a series of D&I events, which continued during 2021 and into 2022 with a programme of in-person and virtual sessions.

We continue to welcome and fully consider all applications irrespective of gender, race, ethnicity, religion, age, sexual orientation, or disability. Support also exists for employees who become disabled to continue in their employment or to be retrained for other suitable roles.

Share schemes

A variety of all-employee and discretionary share schemes are in operation across the Hammerson Group. See note 12 for further details.

By order of the Board



R.G. Shaw

Director

2 November 2022

HAMMERSON GROUP MANAGEMENT LIMITED

STRATEGIC REPORT

Year ended 31 December 2021

Review of the business

Performance during the year

During the year, the Company was engaged to administer and support the property activities of Hammerson plc and its group entities in the United Kingdom, France, and Ireland. The Company made an operating loss of £2,922,000 (2020: profit £6,333,000).

The Company will continue to administer and support the property activities of Hammerson plc and its group entities. Hammerson plc has interests in several property-owning subsidiary undertakings and joint ventures, which were significantly affected by the Covid-19 pandemic. However, when operating restrictions were lifted in Q2 2021, people were able to get out and footfall levels increased significantly compared with 2020, although have yet to return to pre-pandemic levels.

Net rental income in respect of these properties also began to recover as rent collection levels improved and resulted in the release of the brought forward impairment provisions against trade receivables and unamortised tenant incentives.

Future prospects

All Covid-19 restrictions were lifted in Q2 2021, with occupiers able to operate without constraints. Coupled with the successful roll-out of a vaccination programme, customer activity, trading conditions, rent collections and market sentiment have improved. A slow but steady recovery of Hammerson plc's property performance is anticipated over the course of 2022, with leasing volumes and collections returning to pre-pandemic levels from 2023.

However, whilst the improved trading environment is positive for the wider Hammerson group, the Company's income and expenses are not directly dependent on the operating performance of the Hammerson group and hence the Directors do not anticipate any significant change in the Company's principal activity in the foreseeable future.

Key Performance Indicators

The Directors consider the following measures to be the key performance indicators ("KPI's") for the Company: fee income and (loss)/profit on ordinary activities before taxation.

During 2021 the Company recognised fee income of £56,977,000 (2020: £55,501,000). The increase in fee income reflects an increase in net operating expenses incurred by the Company which was partly recharged to fellow group companies. The loss on ordinary activities before taxation was £3,446,000 (2020: profit £7,092,000). The loss was due to higher net operating expenses as explained above.

Principal risks

The key risk facing Hammerson plc relates to the Covid-19 pandemic and its impact on the operations of its group entities. As the Company incurs costs on behalf of fellow group companies and recharges these companies on a cost-plus margin basis, it is not anticipated that the Covid-19 pandemic or external and economic conditions will have a significant impact on the Company.

A more comprehensive discussion of risks, risk management and KPIs is included in the 2021 Annual Report of Hammerson plc, which does not form part of this report and are available at the registered office (see note 16).

Signed on behalf of the Board of Directors



R.G. Shaw

Director

2 November 2022

HAMMERSON GROUP MANAGEMENT LIMITED

INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	1(h)	56,977	55,501
Other operating expenses (net)	2(a)	<u>(59,899)</u>	<u>(49,168)</u>
Operating (loss)/profit		(2,922)	6,333
Net finance (costs)/income	4	<u>(524)</u>	<u>759</u>
(Loss)/Profit on ordinary activities before tax		(3,446)	7,092
Tax (charge)/credit	5(a)	<u>(3,906)</u>	<u>67</u>
(Loss)/Profit for the year		<u>(7,352)</u>	<u>7,159</u>

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 £'000	2020 £'000
(Loss)/Profit for the year	(7,352)	7,159
Items that may not subsequently be recycled through the income statement		
Net actuarial gains/(losses) on pension schemes (note 14(c))	<u>18,842</u>	<u>(13,273)</u>
Total comprehensive income/(expense) for the year	<u>11,490</u>	<u>(6,114)</u>

All amounts relate to continuing activities.

HAMMERSON GROUP MANAGEMENT LIMITED

BALANCE SHEET

As at 31 December 2021

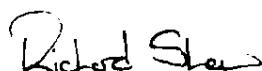
	Note	2021 £'000	2020 £'000
Non-current assets			
Fixtures, fittings, and equipment	6	1,067	1,740
Right-of-use assets	7(a)	3,467	5,511
Pension assets	14(c)	16,823	-
Total non-current assets		21,357	7,251
Current assets			
Receivables	8	52,691	73,998
Current liabilities			
Payables	9	(14,211)	(13,916)
Net current assets		38,480	60,082
Total assets less current liabilities		59,837	67,333
Non-current liabilities			
Payables	10	(1,755)	(4,215)
Pension liability	14(c)	(1,225)	(24,437)
Deferred tax	5(c)	(3,899)	-
Total non-current liabilities		(6,879)	(28,652)
Net assets		52,958	38,681
Capital and reserves			
Called up share capital	11	17,000	17,000
Other reserves	13	5,653	5,157
Retained earnings	13	30,305	16,524
Total equity		52,958	38,681

For the year ended 31 December 2021, the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities in respect of audit exemption:

- the members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with s476 of the Companies Act 2006
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were authorised for issue by the Board of Directors on 2 November 2022 and were signed on its behalf.



R.G. Shaw

Director

Registered Number: 00574728

HAMMERSON GROUP MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2021

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020	17,000	7,384	20,100	44,484
Share-based employee remuneration (note 2(b))				
- performance related bonus payable in shares	-	(42)	-	(42)
- other employee share-based remuneration	-	1,975	-	1,975
Total share-based employee remuneration	-	1,933	-	1,933
Cost of shares awarded to employees	-	(1,745)	-	(1,745)
Transfer on award of own shares to employees	-	(2,415)	2,415	-
Proceeds on award of shares to employees	-	-	123	123
Net actuarial losses on pension schemes	-	-	(13,273)	(13,273)
Profit for the year	-	-	7,159	7,159
At 31 December 2020	17,000	5,157	16,524	38,681
Share-based employee remuneration (note 2(b))				
- performance related bonus payable in shares	-	977	-	977
- other employee share-based remuneration	-	2,046	-	2,046
Total share-based employee remuneration	-	3,023	-	3,023
Cost of shares awarded to employees	-	(321)	-	(321)
Transfer on award of own shares to employees	-	(2,206)	2,206	-
Proceeds on award of shares to employees	-	-	85	85
Net actuarial gains on pension schemes	-	-	18,842	18,842
Loss for the year	-	-	(7,352)	(7,352)
At 31 December 2021	17,000	5,653	30,305	52,958

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding year, unless otherwise stated.

(a) Basis of accounting

There were no new accounting standards, amendments, or interpretations, which were effective for the Company for the first time during the financial year which have had a material impact on the Company's financial statements for the year ended 31 December 2021.

Basis of preparation

Hammerson Group Management Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is Kings Place, 90 York Way, London N1 9GE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(l).

Disclosure exemptions adopted

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments; Disclosures';
- paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- the requirements in paragraph 38 of IAS1, 'Presentation of financial statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7, 'Statement of cash flows';
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

(b) Going concern

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency

Transactions in foreign currencies are translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date. The principal relevant rates used for currency translations are as follows:

		2021	2020
Year-end rate (<i>balance sheet</i>)	£1 = EUR	1.191	1.117
Average rate (<i>income statement</i>)	£1 = EUR	1.165	1.108

(d) Fixed assets

Fixtures, fittings, and equipment are stated at cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life, which is generally between three and five years, or in the case of leasehold improvements the lease term.

(e) Employee benefits

Pension costs

For defined benefit schemes the amounts charged to the income statement are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The net interest cost is shown as a net amount within net finance costs. Actuarial gains and losses are recognised immediately in other comprehensive income.

The main defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented on the face of the balance sheet.

Separate from the main scheme, a single retired member has an unapproved unfunded arrangement. The relevant liabilities are calculated using consistent methodology and the same assumptions as that of the main scheme. A valuation is undertaken at each balance sheet date. The resulting defined benefit liability, net of the related deferred tax, is combined with the relevant figure of the main scheme.

Obligations for contributions to defined contribution pension plans are charged to the income statement as incurred.

Share-based employee remuneration

Share-based employee remuneration is determined with reference to the fair value of the equity instruments at the date at which they are granted and charged to the income statement within other operating expenses (see note 2(b)) over the vesting period on a straight-line basis. The fair value of share options is calculated using the binomial option pricing model and is dependent on factors including the exercise price, expected volatility, option life and risk-free interest rate. The fair value of the market-based element of the Long-Term Incentive Plans ('LTIP') is calculated using the Monte Carlo Model and is dependent on factors including the expected volatility, vesting period and risk-free interest rate.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

(f) Government grants

Government assistance is recognised in the income statement on a systematic basis over the periods in which the Company recognises as an expense, the related costs for which the grants are intended to compensate. Where government assistance has been received in relation to specific costs the government assistance is recognised as other income.

(g) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

(h) Revenue

Revenue represents fee income charged, or chargeable to, group entities for the provision of management and other services and is recognised on an accruals basis.

(i) Net finance costs

Net finance costs include interest payable on borrowings, interest costs on pension schemes, foreign exchange movements and interest on other leases, net of interest receivable from related party undertakings and interest receivable on funds invested.

(j) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

(k) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at the transaction price (including transaction costs). Financial assets, including intercompany loans, are subsequently carried at amortised cost using the effective interest method, less loss allowance. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expires.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2021

1. ACCOUNTING POLICIES (CONTINUED)

(l) Critical accounting policies and estimation uncertainties

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. The Company's critical judgements and areas of estimation uncertainty are as follows:

(a) Pension schemes:

The Company operates two defined benefit pension schemes. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date by a qualified external actuary. The Directors ensure they are satisfied that the calculations and estimations in relation to the pension scheme are appropriate for the financial statements. Details of the Company's pension schemes are included in note 14.

(b) Share-based remuneration:

The Company operates several share plans under which certain employees receive remuneration in shares of the Company's ultimate parent company, Hammerson plc. The accounting for share-based employee remuneration is complex and is explained in note 1(e) above. The Directors must ensure that they are satisfied that fair value calculations and recognition bases are appropriate for the financial statements.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **Year ended 31 December 2021**

2. OTHER OPERATING EXPENSES (NET)

	2021	2020
	£'000	£'000
(a) Other operating expenses (net):		
Auditors' remuneration: Fees payable to Company's auditors for the audit of the Company's annual financial statements	-	9
Depreciation - fixtures, fitting, and equipment (note 6)	817	1,012
Depreciation - right-of-use assets (note 7)	2,035	2,037
Staff costs (note 2(b))	35,802	30,699
Payment for loss of office	157	356
(Decrease)/Increase in impairment provision against amounts due from fellow group undertakings (note 8)	(848)	848
Impairment provision against other receivables (note 8)	(346)	373
Business transformation costs (exceptional) ¹	6,928	-
Other operating costs	16,304	15,208
Other operating income	(950)	(951)
Government grant ²	-	(423)
	59,899	49,168

(1) Of the £6,928,000 business transformation costs incurred in 2021, £2,508,000 related to redundancy payments to employees, with the balance relating to consultancy costs; (2) The government grant includes the government support received in 2020 of £423,000 relating to the Coronavirus Job Retention Scheme.

	2021	2020
	£'000	£'000
(b) Staff costs (including Directors):		
Wages and salaries	22,956	22,317
Performance-related bonuses:		
- payable in cash	3,948	1,183
- payable in shares*	977	(42)
	4,925	1,141
Other share-based remuneration	2,046	1,975
Social security	3,926	3,219
Net pension expense (note 14(a))	1,949	2,047
	35,802	30,699

*The credit arising in 2020 of £42,000 relates to an overprovision in previous years.

	2021	2020
	Number	Number
(c) The average monthly number of employees (including Executive Directors) was:		
Administrative staff	242	254

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2021

3. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2021 £'000	2020 £'000
Directors' remuneration		
Emoluments	<u>4,095</u>	<u>1,602</u>

Directors' emoluments relate to services performed for the Group as a whole, which are not apportioned directly to Hammerson plc subsidiaries. During the year ended 31 December 2021 no payments were made to Directors for expenses other than those incurred wholly and directly in the course of their employment.

	2021 Number	2020 Number
The number of Directors who:		
Were members of a defined benefit pension scheme during the year*	<u>1</u>	<u>2</u>

*During 2021 only Mr R.G. Shaw was a member of the defined benefit pension scheme.

	2021 £'000	2020 £'000
Remuneration of the highest paid Director:		
Emoluments	<u>1,462</u>	<u>673</u>

The highest paid Director in the current financial year was Ms R-R. Gagné.

4. NET FINANCE COSTS/(INCOME)

	2021 £'000	2020 £'000
Net interest costs on pension scheme (note 14(c))	179	471
Foreign exchange translation loss	742	-
Interest on other leases (note 7)	96	116
Bank and other interest payable	<u>7</u>	<u>6</u>
Finance costs	1,024	593
Interest receivable on amounts owed by ultimate parent company	(500)	(822)
Foreign exchange translation gain	<u>-</u>	<u>(530)</u>
	<u>524</u>	<u>(759)</u>

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2021

5. TAXATION

(a) Tax charge

	2021 £'000	2020 £'000
Current tax charge/(credit)	7	(67)
Deferred tax charge	3,899	-
Total tax charge/(credit)	<u>3,906</u>	<u>(67)</u>

(b) Factors affecting total tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax for the year, of 19% (2020: 19%). The differences are reconciled below:

	2021 £'000	2020 £'000
(Loss)/Profit on ordinary activities before tax	<u>(3,446)</u>	<u>7,092</u>
(Loss)/Profit at UK corporation tax rate of 19% (2020: 19%)	<u>(655)</u>	<u>1,347</u>
Effect of:		
- Disallowable expenses	16	35
- Timing differences	410	(3,295)
- Group relief	4,128	1,913
- Overseas tax (Ireland branch profits)	<u>7</u>	<u>(67)</u>
Total tax charge/(credit)	<u>3,906</u>	<u>(67)</u>

(c) Deferred tax

At 31 December 2021, the Company had a deferred tax liability of £3,899,000 (2020: unrecognised asset of £4,643,000) relating to timing differences on pensions.

6. FIXTURES, FITTINGS, AND EQUIPMENT

	Cost £'000	Accumulated Depreciation £'000	Net book value £'000
At 1 January 2020	10,802	(8,246)	2,556
Additions	196	-	196
Charge for the year	<u>-</u>	<u>(1,012)</u>	<u>(1,012)</u>
At 31 December 2020	10,998	(9,258)	1,740
Additions	148	-	148
Disposals	(369)	369	-
Charge for the year	-	(817)	(817)
Exchange	<u>(21)</u>	<u>17</u>	<u>(4)</u>
At 31 December 2021	<u>10,756</u>	<u>(9,689)</u>	<u>1,067</u>

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2021

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Movements in the year:

	Right-of-use assets £'000	Lease liabilities £'000
At 1 January 2020	7,538	(7,628)
Rents payable	-	2,135
Depreciation (other operating costs)	(2,037)	-
Interest on other leases (note 4)	-	(116)
Exchange	10	(10)
At 31 December 2020	5,511	(5,619)
Rents payable	-	2,137
Depreciation (other operating costs)	(2,035)	-
Interest on other leases (note 4)	-	(96)
Exchange	(9)	9
At 31 December 2021	3,467	(3,569)

(b) Maturity analysis of lease liabilities:

	2021 £'000	2020 £'000
Due within one year (note 9)	(2,140)	(2,042)
Due after more than one year (note 10)	(1,429)	(3,577)
	(3,569)	(5,619)

8. RECEIVABLES: CURRENT ASSETS

	2021 £'000	2020 £'000
Amounts owed by ultimate parent company	21,135	44,696
Amounts owed by fellow group undertakings	23,235	19,712
Other receivables and prepayments	8,321	9,590
	52,691	73,998

All amounts shown under receivables fall due for payment within one year and are repayable on demand. The amounts owed are unsecured. Amounts owed by the ultimate parent company are interest bearing at variable rates which have historically been based on LIBOR. With effect from 1 January 2022, LIBOR was replaced with SONIA (Sterling Overnight Index Average). Amounts owed by fellow group undertakings are non-interest bearing.

During 2021 the loss allowance provision against amounts owed by fellow group undertakings of £848,000 recognised during 2020 was reversed following the settlement of the outstanding amounts owed. This resulted in a credit to other operating expenses (net) of £848,000 during the year (2020: charge of £848,000).

Other receivables are shown after deducting a loss allowance provision of £18,000 (2020: £373,000).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2021

9. PAYABLES: CURRENT LIABILITIES

	2021 £'000	2020 £'000
Lease liabilities (note 7)	2,140	2,042
Other payables	1,361	5,552
Accruals	10,165	5,757
Amounts owed to fellow group undertakings	545	565
	<u>14,211</u>	<u>13,916</u>

Amounts owed to fellow group undertakings are repayable on demand and are non-interest bearing. All amounts are unsecured.

10. PAYABLES: NON-CURRENT LIABILITIES

	2021 £'000	2020 £'000
Lease liabilities (note 7)	1,429	3,577
Other payables and accruals	326	638
	<u>1,755</u>	<u>4,215</u>

11. CALLED UP SHARE CAPITAL

	2021 £'000	2020 £'000
Authorised:		
20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid:		
17,000,000 ordinary shares of £1 each	<u>17,000</u>	<u>17,000</u>

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

12. SHARE-BASED EMPLOYEE REMUNERATION

Staff throughout Hammerson plc, including Executive Directors, participate in a performance-related bonus plan. Hammerson plc also operates several share plans under which employees, including Executive Directors, are eligible to participate. Details of these plans, including general terms and conditions and method of entitlement (e.g. whether in cash or equity) are set out in the publicly available 2021 Annual Report of the Company's ultimate parent company.

At 31 December 2021, Hammerson plc had four share schemes in operation. The number and weighted average exercise price of share options which remain outstanding in respect of the Savings-Related Share Option Scheme are shown in the tables below, together with details of expiry periods and range of exercise price. The number of ordinary shares of Hammerson plc which remain outstanding in respect of the Restricted Share Plan, Restricted Share Scheme and Long-Term Incentive Plan are shown, together with their year of grant.

	Savings-Related Share Option Scheme	Restricted Share Plan	Restricted Share Scheme ¹	Long-Term Incentive Plan
2021				
Share option				
- Number	3,129,477	-	-	-
- Year of expiry	2022-2026	-	-	-
- Weighted average exercise price	n/a ²	-	-	-
- Exercise price (pence)	28.0–214.6	-	-	-
Ordinary shares of 5p each				
- Number	-	16,570,535	9,890,367	1,210,375
- Year of grant	-	2019-2021	2020-2021	2018-2019
2020				
Share option				
- Number	1,270,053	-	-	-
- Year of expiry	2021-2025	-	-	-
- Weighted average exercise price	n/a ²	-	-	-
- Exercise price (pence)	76.2–214.6	-	-	-
Ordinary shares of 5p each				
- Number	-	13,772,868	7,511,007	3,376,305
- Year of grant	-	2018-2020	2020	2017-2019

(1) In 2020, the Restricted Share Scheme replaced the Long-Term Incentive Plan, and the latter, although closed to new awards, will continue until the end of the 2019 award's vesting period in 2024.; (2) The 'exercise price' row represents the range of possible exercise prices for the options outstanding at 31 December 2021. During the year no options under the Savings-Related Share Option Scheme were exercised and as a result there was no average weighted exercise price.;

13. RESERVES

The following describes the nature and purpose of each reserve within equity:

<u>Reserve</u>	<u>Description and purpose</u>
Other reserves	The cumulative amount of share-based payments recognised by the Company in return for services provided by its employees
Retained earnings	Cumulative profits and losses less any dividends paid

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

14. PENSION LIABILITY

- (a) The Company operates a UK funded approved Group Personal Pension Plan and an Irish pension scheme which are both defined contribution pension schemes. The Company's total cost for the year relating to these schemes was £1,949,000 (2020: £2,047,000).

In addition, the Company operates two defined benefit pension schemes: an approved funded arrangement, the Hammerson Group Management Limited Pension & Life Assurance Scheme ('the Scheme') and an unapproved unfunded arrangement.

The Scheme was closed to new entrants on 31 December 2002 and was closed to future accrual for all participating employees on 30 June 2014. The Company is expected to make contributions totalling £14,900,000 to the Scheme during 2022.

- (b) FRS 101 disclosures:

The FRS 101 calculations have been carried out by an independent qualified external actuary and relate to the Scheme.

- (c) Changes in present value of defined benefit pension schemes:

	Obligations £'000	Assets £'000	Net £'000
At 1 January 2021	(122,456)	98,019	(24,437)
Amounts recognised in the income statement			
- interest (cost)/income (note 4)	(1,532)	1,353	(179)
Amounts recognised in equity			
- actuarial experience gains	2,723	11,025	13,748
- actuarial losses from changes in financial assumptions	4,111	-	4,111
- actuarial losses from changes in demographic assumptions	983	-	983
	7,817	11,025	18,842
Contribution from employer	-	21,314	21,314
Benefits	9,205	(9,147)	58
At 31 December 2021	(106,966)	122,564	15,598
Analysed as:			
Present Value of the Scheme	(105,741)	122,564	16,823
Present Value of the unfunded scheme	(1,225)	-	(1,225)
	(106,966)	122,564	15,598
Reported as:			
Non-current assets			16,283
Non-current liabilities			(1,225)
			15,598

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2021

14. PENSION LIABILITY (CONTINUED)

(c) Changes in present value of defined benefit pension schemes (continued):

	Obligations £'000	Assets £'000	Net £'000
At 1 January 2020	(113,820)	79,901	(33,919)
Amounts recognised in the income statement			
- interest (cost)/income (note 4)	(2,295)	1,824	(471)
Amounts recognised in equity			
- actuarial experience gains	1,180	2,272	3,452
- actuarial losses from changes in financial assumptions	(16,356)	-	(16,356)
- actuarial losses from changes in demographic assumptions	(369)	-	(369)
	(15,545)	2,272	(13,273)
Contribution from employer	-	23,170	23,170
Benefits	9,204	(9,148)	56
	(122,456)	98,019	(24,437)
At 31 December 2020			
Analysed as:			
Present Value of the Scheme	(121,133)	98,019	(23,114)
Present Value of the unfunded scheme	(1,323)	-	(1,323)
	(122,456)	98,019	(24,437)
Reported as:			
Non-current liabilities			(24,437)

(d) Principal actuarial assumptions used for defined benefit schemes:

	2021 %	2020 %
Discount rate on Scheme liabilities	2.0	1.3
Increase in retail price index	3.3	2.8
Increase in pensions in payment	3.3	2.8
	Years	Years
Life expectancy from age 60 for Scheme members:		
- Male aged 60 at 31 December	27.4	27.6
- Male aged 40 at 31 December	28.9	29.1

As at 31 December 2021, 99% (2020: 87%) of the defined benefit pension scheme assets were invested in diversified growth funds, the remainder of the assets were held in cash or other net current assets.

(e) Sensitivities to changes in assumptions and conditions:

(Decrease)/Increase in net balance sheet liability of the Scheme at 31 December	2021 £m	2020 £m
Discount rate +0.1%	(1.8)	(1.9)
Price inflation +0.1%	1.7	1.9
Long-term improvements in longevity 1.5% per annum	1.1	1.2
Asset value falls 5%	6.1	4.9

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

15. ADVANCES, CREDIT AND GUARANTEES

The Company did not grant any credits, advances, or guarantees of any kind to its Directors during the year.

Up until January 2021, Hammerson UK Properties Limited (formerly Hammerson UK Properties plc), a fellow group undertaking continued to provide a guarantee on behalf of the Company in respect of the Company's obligations in respect of the Hammerson Group Management Limited Pension & Life Assurance Scheme (the "Scheme"). In January 2021, this guarantee was transferred to the ultimate parent company, Hammerson plc. Further details of the Scheme are set out in note 14 and in the Annual Report of Hammerson plc.

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2021, the Company's ultimate and immediate parent company and controlling party was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements.

The consolidated financial statements of the ultimate parent company, Hammerson plc, are available from that company's registered office, Kings Place, 90 York Way, London N1 9GE.