

**Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 4 March 2016**

**Completed acquisition by Hammerson Plc of the Grand Central Shopping Centre Business (the Transaction)**

We refer to your emails dated 21 and 30 March 2016 requesting that the CMA consents to derogations to the Initial Enforcement Order of 4 March 2016 (the Initial Order). The terms defined in the Initial Order have the same meaning in this letter unless otherwise specified.

Under the Initial Order, save for written consent by the CMA, Hammerson Plc and Hammerson UK Properties Plc and Grand Central Limited Partnership are required to hold separate the Hammerson business from the Grand Central business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference. After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Hammerson Plc, Hammerson UK Properties Plc and Grand Central Limited Partnership (referred to as Hammerson for the purpose of the below) may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 5(a) and 5(l) of the Initial Order**

On the basis of representations made by Hammerson, the CMA understands that Hammerson is required to provide some direction and oversight over [X], the pre-existing and current property and asset manager of the Grand Central business, as [X].

In light of this and in order to ensure the continuity and viability of the Grand Central business, [X] and [X] are permitted to:

- (a) oversee [X] management of the Grand Central business in accordance with the Grand Central business plan (as discussed at paragraph 2 below) and only to the extent required to ensure the continued prudent and effective management of Grand Central;

(b) provide operational directions to [REDACTED] in respect of the management of the Grand Central business in respect of only the following matters, in accordance with the Grand Central business plan (as discussed at paragraph 2 below) and only to the extent required to ensure the continued prudent and effective management of Grand Central:

- a. [REDACTED];
- b. [REDACTED];
- c. [REDACTED];
- d. [REDACTED];
- e. [REDACTED];
- f. [REDACTED];
- g. [REDACTED]; and
- h. [REDACTED], provided that;
  - i. Grand Central is maintained as a going concern in accordance with paragraph 5(b) of the Initial Order;
  - ii. [REDACTED] and [REDACTED] do not unreasonably refuse to approve funding and distribution requests; and
  - iii. On each occasion [REDACTED] and [REDACTED] refuse such funding and distribution requests a report is sent to the CMA giving brief details of the type of funding/cash distribution, amount and reason for this decision; and

(c) seek and obtain professional advice from third parties as they consider necessary for the proper discharge of these functions; and

(d) receive all information required in respect of the management and performance of the Grand Central business in order to carry out these functions,

subject to [REDACTED] and [REDACTED] signing a confidentiality agreement in a form approved by the CMA and appropriate safeguards and IT firewalls as agreed with the CMA being put in place.

## **2. Paragraph 5(b) of the Initial Order**

On the basis of representations made by Hammerson, the CMA understands that [REDACTED]. In order to ensure the continuity and viability of the Grand Central business,

Hammerson is permitted to develop and issue a business plan for the Grand Central business as agreed with the CMA and to direct [X] to manage the Grand Central business in accordance with that plan (as set out in paragraph 1 above).

### **3. Paragraphs 5(a) and 5(g) of the Initial Order**

In order to ensure the continuity and viability of the Grand Central business, Hammerson is permitted to formally appoint [X] as asset and property manager of the Grand Central business on the basis of Property and Asset Management Agreements in a form agreed with the CMA.

### **4. Paragraph 5(l) of the Initial Order**

In order to ensure the continuity and viability of the Grand Central business, Hammerson is permitted to carry out the following actions:

(a) The following Hammerson employees, together with administrative and IT staff, are permitted to receive (and, where necessary, interrogate and clarify) certain financial and operational information from [X] in respect of the Grand Central business which is strictly necessary and solely for reporting, forecasting, monitoring and corporate accounting purposes in order to comply with statutory and regulatory obligations:

- [X];
- [X];
- [X];
- [X];
- [X];
- [X];
- [X];
- [X];
- [X];

subject to the named individuals above signing a confidentiality agreement in a form approved by the CMA.

(b) As a consequence of and for the reasons set out in paragraph 4(a), Hammerson is permitted to hold accounting information in respect of the Grand Central

business on its general ledger system, [REDACTED], with access limited to the above-mentioned persons;

- (c) As a consequence of and for the reasons set out in paragraph 4(a), Hammerson is permitted to include the Grand Central business within its Group consolidation and reporting system, [REDACTED], with access limited to the above-mentioned persons;
- (d) [REDACTED] and [REDACTED] are additionally permitted to access detailed valuation information on the Grand Central business, as provided by Hammerson's external valuers ([REDACTED]) subject to, as above, signing a confidentiality agreement in a form approved by the CMA ;
- (e) Hammerson is permitted to include high-level information on the operational and financial performance of the Grand Central business within the Group's monthly finance report and financial results within the Group quarterly management accounts which are circulated to the Group's Executive Committee and the Board of Hammerson plc; and
- (f) [REDACTED], [REDACTED] and [REDACTED] are permitted to conduct the post-completion monetary reconciliation [REDACTED] and to receive such information in respect of the Grand Central business as is required for the exercise subject to these named individuals signing a confidentiality agreement in a form approved by the CMA.

## **5. Paragraph 5(e) of the Initial Order**

In order to ensure the continuity and viability of the Grand Central business, Hammerson is permitted to:

- (a) grant leases to prospective tenants of units at Grand Central who are already party to an uncompleted Agreement for Lease with Birmingham City Council; and
- (b) make any payments associated with the take up of leases to those prospective tenants where such payments have already been agreed between Birmingham City Council and those tenants.