



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

File #: O2022-1215, Version: 1

OFFICE OF THE MAYOR

CITY OF CHICAGO

LORI E. LIGHTFOOT

MAYOR

April 27, 2022

TO THE HONORABLE, THE CITY COUNCIL OF THE
CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Aviation, I transmit herewith an ordinance authorizing the execution of concession agreements for services at O'Hare International Airport.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government as defined in Article VII, §6(a) of the Illinois Constitution, and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City owns and operates Chicago O'Hare International Airport ("Airport") and possesses the power and authority to lease its premises and facilities and to grant other rights and privileges with respect thereto; and

WHEREAS, the Airport provides its employees, airport-tenants' employees, air carrier passengers, and members of the public with many amenities, such as shopping, dining, and other service needs; and

WHEREAS, to provide first-class service and a broad variety of quality concessions to passengers and employees and business opportunities for airport concessions disadvantaged business enterprises, the City issued a request for proposals that included five (5) packages totaling eight (8) locations to provide additional food, beverage, and retail offerings in Terminal 3 and Terminal 5 of the Airport; and

WHEREAS, the City desires to enter into lease and license agreements (each an "Agreement") with each of Host International, Inc.; MRG Chicago, LLC; and Chicago Hospitality Partners, LLC (each a "Concessionaire"), for the respective Concessionaire to operate one or more food and beverage or specialty retail and travel essential concessions at the Airport substantially in the form of agreements attached hereto as Exhibits A-1 through A-3, respectively; and

WHEREAS, to enhance customer service by providing passengers and employees the ability to order food, beverages, and retail items directly for pickup or delivery through the use of an electronic platform, (the City issued a request for proposals for electronic self-ordering and delivery services for concessions at the Airport; and

WHEREAS, the City desires to enter into a license agreement with Grab Chicago JV LLC, to provide a mobile, remote self-ordering, and on-demand delivery service for concessions through its web ordering platform at the Airport substantially in the form of the agreement attached hereto as Exhibit A-4; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION I. The above recitals are incorporated by reference as if fully set forth herein.

SECTION 2. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner of the Chicago Department of Aviation ("Commissioner"), an agreement with each Concessionaire in substantially the form attached hereto as Exhibit A-1 through 3, respectively.

SECTION 3. The Mayor or the Mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner, an agreement with Grab Chicago JV LLC, in substantially the form attached hereto as Exhibit A-4.

SECTION 4. The Commissioner and such other City officials and employees as may be required are authorized to take such actions and execute such other documents as may be necessary or desirable to implement the objectives of this ordinance.

SECTION 5. This ordinance shall take effect immediately upon its passage and approval.

EXHIBIT A-1

CONCESSION LEASE AND LICENSE AGREEMENT

BETWEEN

THE CITY OF CHICAGO (CHICAGO DEPARTMENT OF AVIATION)

AND

Host International, Inc. AT
LORI E. LIGHTFOOT MAYOR

JAMIE L. RHEE COMMISSIONER
CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE OF CONTENTS

	Page
<u>SIGNATURE PAGE</u> <i>Signature Page</i>	
<u>ARTICLE 1 CITY APPROVAL</u>	<u>2</u>
<u>ARTICLE 2 INCORPORATION OF BACKGROUND AND EXHIBITS</u>	<u>2</u>
1 Incorporation of Background	2
2 Incorporation of Exhibits	2
<u>ARTICLE 3 DEFINITIONS</u>	<u>2</u>
1 Interpretation and Conventions	2
2 Definitions	3
<u>ARTICLE 4 LICENSE, LEASE AND TENANT'S OPERATIONS</u>	<u>10</u>
1 Concession License and Lease	10
2 No Subleases, Assignments or Other Uses	11
3 Products and Value Pricing	11

4	General Requirements for Operation of Concessions	13
5	Hours of Operation	15
6	Personnel	166
7	Operation and Maintenance	188
8	Utilities	21
9	Refuse Handling	21
10	Promotion	222
11	Distribution and Storage; Deliveries	233
12	Certain Rights Reserved By the City	23

ARTICLE 5 LEASED SPACE AND IMPROVEMENTS **25**

1	Leased Space	25
2	Title to Property in the Leased Space	288
3	Shell and Core	288
4	Tenant's Improvement Obligations	28
5	Work Requirements	299
6	Damage or Destruction of Improvements	33
7	City Resident Construction Worker Employment Requirement	35
8	Licensing of General Contractor	377
9	Prevailing Wages	377
10	Subcontractor Certifications	377
11	MBE/WBE Compliance	37

ARTICLE 6 TERM OF AGREEMENT **388**

1	Term	388
2	Holding Over	38
3	Return of the Leased Space and Removal of Improvements	38
4	Termination Due to Change in Airport Operations	39
5	Eminent Domain	39
6	Early Termination	40

ARTICLE 7 RENT AND FEES **40**

1	Rent Payable	40
2	Time of Payments	42
3	Material Underpayment or Late Payment	433
4	Reports	43
5	Books, Records and Audits	44
6	Revenue Control	466
7	Lien	46

ARTICLE 8 INSURANCE, INDEMNITY AND SECURITY **46**

1	Insurance	46
---	-----------	----

2	Indemnification	477
3	Security	47

ARTICLE 9 DEFAULT, REMEDIES AND TERMINATION **499**

1	Events of Default	499
2	Remedies	511
3	Commissioner's Right to Perform Tenant's Obligations	533
4	Effect of Default and Remedies	544

ARTICLE 10 SPECIAL CONDITIONS **555**

1	Warranties and Representations	555
2	Business Documents, Disclosure of Ownership Interests and Maintenance of Existence	588
2		588
3	Licenses and Permits	58
4	Confidentiality	599
5	Subcontracts and Assignments	599
6	Compliance with Laws	622
7	Airport Security	677
8	Non-Discrimination	699
9	Airport Concession Disadvantaged Business Enterprises (ACDBEs)	744
10	No Exclusive Rights	744
11	Airport Landing Area	744

12	No Obstructions	744
13	Avigation Easement	755
14	National Emergency	755
15	2014 Hiring Prohibitions	755

ARTICLE 11 GENERAL CONDITIONS **766**

1	Entire Agreement	766
2	Counterparts	766
3	Amendments	766
4	Severability	766
5	Covenants in Subcontracts	777
6	Governing Law	777
7	Notices	777
8	Successors and Assigns; No Third-Party Beneficiaries	788
9	Subordination	798
10	Conflict	799
11	Offset by Tenant	79
12	Waiver; Remedies	799
13	Authority of Commissioner	809
14	Estoppel Certificate	809

15	No Personal Liability	80
16	Limitation of City's Liability	80
17	Joint and Several Liability	80
18	Non-Recordation	80
19	Survival	80
20	Force Majeure	80

SIGNATURE PAGE

SIGNED:

CITY OF CHICAGO

By:

Date:

Commissioner of Aviation

APPROVED AS TO FORM AND LEGALITY:

Senior Counsel

By: *flbs{ IhirrhAfaniAtX_s fas..*

Paul Mamalian President

Its:

(TENANT)

Date:

[Notary]

[Title] State of
County of

Sworn to and subscribed before me on the £1 day of Apri l , 2J>2>Z-

Notary Public's Signature ^ _ .. Q - - My Commission Expires rXpfl I. tl t>Of 3

Signature Page

-ft

JOAN e.'tieNhA^TT Notary Pi{blic£Mary.land;. Montgb'merv'. Cpunty ..l B My Commte^rt^Ewllf^LsQ %/,h

April ft&^faa f,:t -. 11 J? a "5 -

CONCESSION LEASE AND LICENSE AGREEMENT

This Concession Lease and License Agreement ("Agreement") is entered into as of _____, 20____ ("Effective Date"). The Agreement is by and between Host International, Inc. a Delaware corporation ("Tenant"), and the City of Chicago, a municipal corporation and home rule unit of local government under the Constitution of the State of Illinois ("City"), acting through its Chicago Department of Aviation ("CDA" or "Department").

BACKGROUND

The City owns and, through CDA, operates Chicago O'Hare International Airport ("O'Hare" or the "Airport"). O'Hare includes terminals 1, 2, 3, 5, a multimodal facility and a transportation center (collectively, the "Terminals"). The City has determined that certain portions of the Terminals will be used for food, beverage and retail concessions designed to serve the needs of Airport patrons and employees and desires to operate its concession program at the Terminals to strive to meet the needs and desires of Airport users by providing first-class food, beverage, retail and service facilities.

The City issued a Request for Proposals ("RFP") on April 23, 2021 for food and beverage, specialty retail, and travel essentials concession to be located at the Airport in Terminal 3 and 5, and Tenant responded with a proposal to operate a concession featuring Bistro Burger, Bar and Coffee in Terminal 5. The City desires to grant Tenant, and Tenant desires to accept, a license to operate such a concession and a lease to operate the concession at the Terminal location(s) identified in this Agreement, all under the terms and conditions of this Agreement.

The City and Tenant acknowledge that the continued operation of the Airport as a safe, convenient and attractive facility is vital to the economic health and welfare of the City of Chicago, and that the City's right to supervise performance under this Agreement by Tenant is a valuable right incapable of quantification.

NOW, THEREFORE, the City and Tenant agree as follows:

1

ARTICLE 1 CITY APPROVAL

This Agreement is subject to approval by the City Council of the City of Chicago. The City is not bound by the terms of this Agreement until such time as it has been approved by the City Council and has been duly executed by the Mayor of Chicago or the Mayor's proxy. As provided in Section 11.13, where the approval or consent of the City is required under this Agreement, unless expressly provided otherwise in this Agreement, it means approval or consent of the Commissioner, the Commissioner's authorized representative or such other person as may be duly authorized by the City Council. As provided in Section 11.3, unless expressly provided otherwise in this Agreement, any amendment of this Agreement will require execution by the Mayor or the Mayors proxy. As further provided in Section 11.3, any substantial amendment of the terms of this Agreement will require approval by the City Council.

ARTICLE 2 INCORPORATION OF BACKGROUND AND EXHIBITS

Exhibit 1 Exhibit 2 Exhibit 3 Exhibit 4 Exhibit 5 Exhibit 6 Exhibit 7 Exhibit 8 Exhibit 9 Exhibit 10 Exhibit 11 Exhibit 12 Exhibit 13

1 Incorporation of Background. The background set forth above is incorporated by reference as if fully set forth here.

2 Incorporation of Exhibits. The following exhibits are incorporated into and made a part of this Agreement:

Leased Space(s) and Confirmation(s) of DBO Rent
Development Plan
City's Shell and Core Obligations, if any Products and Price List Form of Letter of Credit Insurance Requirements
ACDBE Special Conditions and Related Forms MBE\WBE Special Conditions and Related Forms Design and
Construction Standard Operating Procedures-Concessions Economic Disclosure Statements and Affidavits Airport
Concessions Program Handbook Liquidated Damages

ARTICLE 3 DEFINITIONS 3.1 Interpretation and

Conventions.

A. The term "include" in all of its forms, means "include, without limitation," unless the context clearly states otherwise.

- B. The term "person" includes firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.
- C. Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies of this Agreement are solely for convenience of reference and do not constitute a part of this Agreement, nor do they affect its meaning, construction or effect.
- D. Words in the singular include the plural and vice versa. Words of the masculine, feminine or neuter gender include correlative words of the other genders. Wherever an article, section, subsection, paragraph, sentence, exhibit, appendix, or attachment is referred to, the reference is to this Agreement, unless the context clearly indicates otherwise.
- E. Where the approval or consent of Tenant is required under this Agreement, it means the approval or consent of the Tenant's authorized representative. To be binding on the City, all approvals or consents must be in writing and signed by the appropriate City representative.
- F. Whenever time for completion or performance is listed as "days", if the number of days is 30 or more, it means calendar days, and if the number of days is less than 30, it means business days per the City of Chicago calendar.

3.2 Definitions

In addition to terms defined elsewhere in this Agreement, the following words and phrases, when capitalized, have the following meanings:

"Additional Rent" has the meaning set forth in Section 7.1.

"Additional Space" means Retail Space or Storage Space that is added to Leased Space after the Effective Date pursuant to Section 5.1 but does not include Relocation Space. Additional Space, if any that is offered to Tenant is solely at the discretion of the Commissioner. Tenant has absolutely no right or entitlement to be offered any Additional Space, and the concept of Additional Space is solely for the benefit of the Airport's concession program.

"Affiliate", except where otherwise defined, means any individual, corporation, partnership, trustee, administrator, executor or other legal entity that directly or indirectly owns or controls, or is directly or indirectly owned or controlled by, or is under common ownership or control with Tenant.

"Airport Concession Disadvantaged Business Enterprise" or "ACDBE" means an entity meeting the definition of airport concession disadvantaged business enterprise, as

defined in U.S. Department of Transportation Regulations Title 49, Code of Federal Regulations, Part 23, as amended from time to time, and certified as such in the State of Illinois in accordance with those regulations.

"Airport Concession Program Handbook" means the handbook developed by the CDA to govern the uniform operation of the concessions' programs at the Airports. The Airport Concession Program Handbook is available on the CDA website and may be amended from time to time by the Department. Any amendment of the Airport Concession Program Handbook by the Department during the Term of this Agreement will be binding on Tenant without need for amendment of this Agreement- provided that the amendment of Airport Concession Program Handbook does not conflict with the other terms and conditions of this Agreement.

"Airport Transit System" means the automated transit rail system that serves terminals and parking structures.

"Base Rent" means the fee payable by Tenant for the Lease, equal to the amount as set forth on Exhibit 2.

"Chief Procurement Officer" means the head of the Department of Procurement Services of the City and any City officer or employee authorized to act on the Chief Procurement Officer's behalf.

"Commissioner" means the head of the Department and any City officer or employee authorized to act on the Commissioner's behalf. City contractors and consultants, including the Concession Management Representative, have no authority to grant approvals or consents required to be granted by the Commissioner under this Agreement, except where the Concession Management Representative is expressly authorized to do so.

"Common Areas" means those areas of the Terminals that are not leased, licensed, or otherwise designated or made available by the Department for exclusive or preferential use by specific party or parties.

"Comptroller" means the head of the Department of Finance of the City and any City officer or employee authorized to act on the Comptroller's behalf.

"Concession" means Tenant's business of offering the Products identified in Exhibit 5 for sale at retail to the public at the Airport pursuant to this Agreement.

"Concession Management Representative" or "CMR" means the entity retained by the City to assist in overseeing Concessions, including the construction of Improvements, at the Airport.

"Construction Documents" means the drawings and specifications for the construction of Improvements, approved by the Commissioner pursuant to Section 5.5.

4

"Date of Beneficial Occupancy" or "DBO" means, as to each Retail Space, the latest to occur of (A), (B) or (C) as follows:

- A. the date that is 180 days after the Delivery Date of the Retail Space in question;
- B. the date that is 180 days after the building permit for the Improvements for the Retail Space in question is issued; provided that the Tenant has demonstrated to the satisfaction of the Commissioner that Tenant

timely submitted design drawings in accordance with Section 5.5 hereof and promptly applied for, and diligently pursued the issuance of, such building permit; or

- C. the date set forth in the Development Plan for the commencement of retail sales in the Retail Space in question; provided, however, that the date set forth in the Development Plan for commencement of retail sales shall be extended one day for each day Tenant has demonstrated to the satisfaction of the Commissioner that Tenant was delayed due to force majeure pursuant to Section I 1.20 or delays otherwise beyond Tenant's control. Under no circumstance can this date exceed 60 days beyond the date established in A. above.

Notwithstanding the foregoing, if Tenant completes the Improvements in any Retail Space and commences retail sales in such Retail Space before the DBO determined in accordance with the foregoing, the DBO for that Retail Space is the date that retail sales commence.

The DBO for each Retail Space shall be confirmed in writing by the parties, and such written "Confirmation(s) of DBO" shall thereafter be attached to Exhibit 1 of this Agreement without need for a formal amendment of this Agreement.

The Date of Beneficial Occupancy for any Storage Space is the Delivery Date for that Storage Space.

"Default Rate" means 12% per annum.

"Delivery Date" means the date upon which the City gives Tenant possession of the Retail Space or Storage Space in question, which such date the City shall set forth in writing.

"Department" means the Chicago Department of Aviation, also known as CDA.

"Design and Construction Standard Operating Procedures- Concessions Projects" or "C-SOP" means those certain design standards and policies prepared by the Department for the Concession areas at the Airport, as amended by the Department from time to time.

"Development Plan" means, as further described in Section 5.5, the Tenant's conceptual plans, budget and other design specifications for construction of its Improvements and its schedule for commencement of retail sales in each Retail Space. The Development Plan is attached hereto as Exhibit 3. The Development Plan may be updated from time to time

5

without the need to amend the Agreement.

"Distribution Fee" means the amount, if any, payable pursuant to Section 4.11 for the Tenant's use of a centralized distribution and storage facility.

"Environmental Laws" means collectively, all applicable federal, state and local environmental, safety or health laws and ordinances and rules or applicable common law, including the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. §651 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. §5101 et seq.), the Resource Conservation and Recovery Act (42 U.S.C.

§6901 et seq.). the Toxic Substances Control Act of 1976, as amended (15 U.S.C. §2601 et seq.). the Clean Air Act (42

U.S.C. §7401 et seq.), the Clean Water Act (33 U.S.C. §1251 et seq.), the Safe Drinking Water Act (42 U.S.C. §300(f) et seq.) as any of the foregoing may later be amended from time to time; any rule or regulation pursuant to them, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order or directive addressing environmental, health or safety issues of or by the federal government, or any state or other political subdivision of it, or any agency, court or body of the federal government, or any state or other political subdivision of it, exercising executive, legislative, judicial, regulatory or administrative functions.

"Event of Default" has the meaning set forth in Article 9.

"Food Court Common Area" means the space immediately adjacent to specific Retail Spaces where shared seating is provided to the public.

"Gross Revenues" or "gross receipts" means the total amount in dollars at the actual sales price of all receipts, whether for cash or on credit, that are derived from business conducted in, on or from the Leased Space, all mail or telephone orders received or filled at or from the Leased Space, all deposits not refunded to purchasers, all orders taken in and from the Leased Space, including catalog and on-line sales whether or not the orders are filled elsewhere, and receipts or sales by Tenant and any other person or persons doing business in or from the Leased Space, including receipts from promotions, advertising, and income derived from retail display advertising or any other use of the Leased Space by Tenant. Gross Revenues do not, however, include the following:

- A. any sums collected and paid out by Tenant for any sales, retail excise, use, privilege, or retailers occupation taxes now or later imposed by any duly constituted governmental authority;
- B. the amount of any cash or credit refund made upon any sale, but only if the original sale was made in or from the Leased Space and included in Gross Revenue;

6

- C. bona fide transfers of Products to or from the Leased Space to any other stores or warehouses of Tenant;
- D. sales of Tenant's fixtures and store equipment not in the ordinary course of Tenant's business;
- E. returns to shippers, suppliers or manufacturers;
- F. bulk sales of Products inventory not sold to the public and not in the ordinary course of business;
- G. receipts from the sale of grease or other scrap material resulting from Tenant's operations at the Leased Space;
- H. payments made to Tenant by subtenants for services provided by Tenant for the operation of the Leased Space; for the avoidance of doubt, this provision shall not relieve Tenant from its full obligation to pay to City the agreed Percentage Fee on all Gross Revenues of subtenants or rents paid by subtenants to Tenant;
- I. the amount of any tips paid or given by customers to employees of Tenant; and
- J. insurance proceeds received from the settlement of claims for loss of or damages to Improvements, Products, fixtures, trade fixtures and other Tenant personal property other than the proceeds of business interruption insurance.

A "sale" is deemed to have been consummated for purposes of this Agreement, and the entire amount of the sales price must be included in Gross Revenues, at the time that: (i) the transaction is initially reflected in the books or records of Tenant; or (ii) Tenant receives all or any portion of the sales price; or (iii) the applicable goods or services are delivered to the customer, whichever occurs first.

"Imposition" means real estate taxes, permit fees, license fees, and any other fee or charge not specified in this Agreement but otherwise payable by Tenant pursuant to a statute, ordinance, or regulation in order for Tenant to operate the Concession at the Airport.

"Improvements" means the improvements to be made to the Leased Space by Tenant that add or maintain value to the Leased Space, including fixtures and trade fixtures (but excluding trademarked or proprietary trade fixtures) and any other enhancements of a permanent or temporary nature made to the Leased Space, other than the Shell and Core, so that the Leased Space can be used for Concession operations. The Improvements must be described, along with a budget of Improvement Costs and depicted conceptually in the Development Plan and must conform to Tenant's response to the RFP.

"Improvement Costs" means the total amount paid by Tenant for categories of labor, services, materials and supplies used in the design, development, installation and construction

7

of the Improvements. The minimum Improvement Costs must not be less than 95% of the budgeted Improvement Costs included in the approved Development Plan. Tenant's actual, reasonable Improvement Costs will be memorialized in the written Confirmation of DBO that will be attached to Exhibit 1 upon approval by the Commissioner. Whenever this Agreement refers to amortization of Improvement Costs for a Leased Space, such amortization will be calculated on a monthly straight-line basis over the term of the Agreement from the DBO of the Leased Space in question, and the amount being amortized will be the actual Improvement Costs for that Leased Space as memorialized in the Confirmation of DBO for that Leased Space.

"In-Line Site" means a Retail Space, other than a Kiosk, that may be permanent or temporary, typically operated as a walk-up, quick serve facility often with other Retail Spaces directly adjacent or in-line to the left or right or both.

"Kiosk" means a Retail Space that is a non-mobile, free-standing, permanent or temporary facility that is not affixed to the Terminals, whether completely free-standing or located against a wall.

"Lease" means the lease granted by the City to the Tenant in Section 4.1 to use and occupy the Leased Space in order to conduct and operate the Concession pursuant to the License.

"Leased Space" means the total Retail Space and Storage Space leased to Tenant under this Agreement, identified in Exhibit 1, which may be amended from time to time as space may be added to, deleted from, or relocated during the Term in accordance with the provisions of this Agreement. Leased Space shall be used for operation of the Concession and for no other purpose unless otherwise approved in writing by the Commissioner.

"Lease Year" means

- A. for the initial Lease Year of this Agreement, a period beginning on the first Date of Beneficial Occupancy of any Retail Space and ending on December 31 of that calendar year, and

- B. for the balance of the Term, each successive calendar year, but including only that portion of the calendar year prior to the date on which the Term expires, or . the Agreement is otherwise terminated.

"License" means the privilege granted to Tenant under this Agreement to operate the Concession at the Airport.

"License Fee" means the fee payable by Tenant for the License, equal to the greater of the "Percentage Fee" or "Minimum Annual Guarantee" as set forth in Section 7.1 and Exhibit 2.

8

"Marketing Fee" means the Tenant's contribution for promotions at the Airport, as set forth in Section 4.10.B.

"Minimum Annual Guarantee" or "MAG" means the minimum amount payable each Lease Year for the License Fee. If this Agreement covers more than one Retail Space, Exhibit 2 must prorate the MAG for the Agreement among the various Retail Spaces in proportion to their anticipated Gross Revenue volumes. The MAG for each Retail Space will commence upon the DBO for that Retail Space.

"Percentage Fee" means the product of the Percentage Fee Rate and Gross Revenues.

"Percentage Fee Rate(s)" has the meaning set forth in Exhibit 2.

"Products" means the convenience merchandise, food and beverage menu items, Chicago oriented gift items, vending items and related merchandise that Tenant is permitted to sell in its Retail Space and maintain in inventory in its Storage Space under the terms of this Agreement, as set forth by category or item in Exhibit 5. As set forth in Article 4, Tenant was selected by the City specifically to sell the Products identified in Exhibit 5 and is not permitted to sell any items or types of items not identified in Exhibit 5 or conduct any other business from the Leased Space unless otherwise agreed in writing by the Commissioner.

"Relocation Space" means space to which Tenant must relocate a Retail Space or Storage Space at the request of the Commissioner pursuant to Section 5.1.

"Rent" means all amounts payable by Tenant in connection with this Agreement, including but not limited to Base Rent, License Fees, Additional Rent and any liquidated damages specified in the Agreement for non-compliance with the City's requirements for Concession operations.

"Retail Space" means a Leased Space used by Tenant for the sale at retail of Products, including any Additional Space or Relocation Space used for that purpose.

"Shell and Core" means those improvements to the Leased Space to be completed by the City as specified in Exhibit 4 and, with respect to Additional Space or Relocation Space, as may be agreed in writing by the Commissioner.

"Storage Space" means a Leased Space used by Tenant for storage of Products inventory to support a Retail Space. No Products may be sold to the public from Storage Space.

"Subcontractor" means all entities providing services and materials to Tenant necessary for its Concession operations or for the construction, repair, and maintenance of the Leased Space and Improvements. The term "Subcontractor" also includes subconsultants of any tier, subcontractors of any tier, suppliers and materialmen, whether or

not in privity with Tenant.

9

"Subcontracts" means all oral or written agreements with Subcontractors.

"Sustainable Airport Manual" or "SAM" means the manual developed by the CDA regarding environmentally sustainable practices in the construction and operation of the Airports. The manual is available on the CDA website and may be updated from time to time by the CDA. Any amendment of the SAM by the Department during the Term of this Agreement will be binding on Tenant without need for amendment of this Agreement, provided that the amendment of SAM does not conflict with the other terms and conditions of this Agreement.

"Term" means the period of time beginning on the Effective Date and ending at 11:59 p.m. on the tenth anniversary of the DBO of the Retail Space to open for business, excluding any Retail Space that is Additional Space or Relocation Space.

"Third Party Use Agreement" has the meaning set forth in Section 4.4(1).

"Use Agreements" means those certain airport use and facility lease agreements between the City and the airlines operating out of the Airport regarding the use and operation of the Airport, as amended or executed from time to time.

"Value Pricing" has the meaning set forth in Section 4.3.

"Work" means everything necessary for the design, engineering, construction and installation of the Improvements; when referring to restoration of Improvements after Major Damage, it means everything necessary for the replacement, repair, rebuilding, or restoration of the Improvements.

ARTICLE 4 LICENSE, LEASE AND TENANT'S OPERATIONS

4.1 Concession License and Lease. As of the Effective Date, the City grants Tenant a License to operate a Concession at the Airport and, upon delivery of the Leased Space or portion thereof, a Lease to operate the Concession from the Leased Space so delivered. Tenant accepts the License and Lease from the City and assumes the duties of Tenant provided in this Agreement and in the Airport Concession Program Handbook. TENANT ACKNOWLEDGES AND AGREES THAT ALL AMOUNTS PAYABLE TO THE CITY UNDER THIS AGREEMENT CONSTITUTE RENT AND THAT THIS AGREEMENT CREATES A TAXABLE LEASEHOLD UNDER THE ILLINOIS PROPERTY TAX CODE, 35 ILCS 200/1 et seq. Tenant understands and agrees that both its License to operate a Concession and its right to occupy the Leased Space will terminate upon the expiration or earlier termination of this Agreement. If Tenant complies with the terms of this Agreement, Tenant will have the right of ingress to and egress from the Leased Space, for Tenant, its officers, employees, agents, Subcontractors, vendors, suppliers, and invitees, subject, however, to all statutes, ordinances, rules and regulations from time to time enacted or established by the City, the FAA, the TSA or any other governmental agency or authority having jurisdiction. Tenant must not conduct its Concession operations in a manner that, in the judgment of the

Commissioner:

- A. interferes or might interfere with the reasonable use by others of Common Areas or the leased or licensed space of other tenants or licensees at the Airport;
- B. hinders or might hinder TSA, Airport security, police, fire-fighting or other emergency personnel in the discharge of their duties;
- C. would, or would be likely to, constitute a hazardous condition at the Airport;
- D. would, or would be likely to, increase the premiums for insurance policies maintained by the City, unless the operations are not otherwise prohibited under this Agreement and Tenant pays the increase in insurance premiums occasioned by the operations; or
- E. would involve any illegal purposes.

2 No Subleases, Assignments or Other Uses. Tenant understands and agrees that the Lease and the License granted under this Agreement are interdependent and that the locations of the Retail Spaces were determined by the City so that the Concession operated by Tenant is an element of an overall concession program and, as such, complements and does not conflict with other concessions in the vicinity of the Retail Space(s). Accordingly, Tenant acknowledges that the principal purpose of this Agreement is to provide Tenant a License to operate its Concession, without right of sublease or assignment, from the Leased Space and that any attempted sublease, assignment or other use of the Leased Space without the written consent of the City in accordance with the terms of this Agreement is absolutely prohibited and is an Event of Default.

3 Products and Value Pricing.

A. Exhibit 5 to this Agreement constitutes the listing, by general category or specific item, of all Products that Tenant is allowed to sell from each Retail Space and the prices to be charged to the public. Those items of Products that Exhibit 5 indicates are mandatory, if any, must be offered for sale to the public by the Tenant as a part of the Airport's overall concession program. If Exhibit 5 is stated in general terms, upon request, Tenant must within 5 days provide the Commissioner with a complete list of all Products and prices. The City's execution of this Agreement constitutes its approval of the sale of the products, services, and pricing as reflected on Exhibit 5 on the Effective Date. Any changes to Exhibit 5 are subject to the Commissioner's prior written approval. Upon such approval, Exhibit 5 may be amended without need for formal amendment of this Agreement pursuant to Section 11.3.

B. Tenant must stock a sufficient amount of each item comprising its Products within the Retail Space so as to maximize Gross Revenues, subject to and consistent with Tenant's and the City's desire to accommodate the convenience and needs of the Airport's

patrons. The Products must be new, fresh and of top quality. Tenant must store Products inventory in excess of the amount needed to stock displays out of sight of customers before restocking a display.

C. Value Pricing. The City has established a Value Pricing policy for all Tenants at the Airport. The policy generally requires Tenants to charge a price for a product or service at the Airport as the same price charged for the same

product or service at similar stores in the City (each hereinafter referred to as a "Benchmark Store"). Benchmark Stores will be proposed by the Tenant subject to approval by the City. The following locations and areas shall be excluded when establishing Benchmark Stores: hotel restaurants or kiosks, bus and train transportation centers, entertainment centers, arenas, theaters, convention centers or similar venues. Benchmark Store exclusions may change throughout the Term as determined necessary by the City. If the Tenant or its subtenants currently operate the exact other locations in the City of Chicago, then these locations may be designated Benchmark Stores. Otherwise, Benchmark Stores will be selected based on stores that are comparable to the proposed concept. Notwithstanding the aforementioned exclusions, in the case of a news and gift store where Tenant or its subtenant currently operate a same-brand location in the City of Chicago, in a transportation center, and that location has its own customer walk-up street access, the City may consider allowing Tenant to propose that location as a Benchmark Store. In such a case, the Value Pricing policy prohibits mark-up of pricing higher than that of the applicable Benchmark Store because that store already is in a transportation center.

Other Pricing Policy. The Commissioner may adopt other reasonable pricing policies, with which Tenant and subtenants shall comply, to restrict overcharging and price gouging by subtenants due to their dominant market position and any exclusive rights granted, but in no event shall the Commissioner require prices lower than the established Value Pricing.

Tenant must submit to the CMR, within 30 days after the end of each Lease Year, or as requested from time to time by the Commissioner or CMR, a pricing report demonstrating compliance by Tenant with the Value Price requirements. Any prices that the Commissioner or CMR determines to be inconsistent with the Value Price requirements must be adjusted accordingly. At any time, and from time to time, the Commissioner or CMR may review the prices of the Products then being offered for sale by Tenant and require adjustments in prices of the Products or particular items in order to comply with the Value Price requirement. Following the CMR's written notice to Tenant, Tenant shall promptly adjust the price of the Products or particular items, as applicable. Failure to comply within five days will constitute an Event of Default.

Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after the five-day cure period, the Commissioner will assess Tenant, as liquidated damages and not as a penalty, in amounts as outlined in Exhibit 13.

D. At any time, the Commissioner or the CMR may review the quality of the Products then being offered for sale by Tenant and require reasonable improvements in quality of the Products or particular items or may require elimination of particular items that the Commissioner determines to raise safety or security issues. Following the Commissioner's written notice to Tenant, Tenant shall within 5 days rectify or modify the quality of the Products or particular items or eliminate the particular items, as applicable. Failure to comply within five days will constitute an Event of Default. Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after the five-day cure period, the Commissioner will assess Tenant, as liquidated damages and not as a penalty, an amount as outlined in Exhibit 13.

4.4 General Requirements for Operation of Concessions. Tenant has the authority to manage and administer the Concession in the Leased Space, subject to the rights of the City under the law, in equity, and under this Agreement to direct Tenant in order to ensure that the Airport operates in the most effective and efficient way possible and to supervise the Tenant's performance. Tenant covenants to take all commercially reasonable measures to maintain, develop, facilitate and increase the business of the Concession so as to maximize Gross Revenues. Failure to operate the concession as included in the Development Plan, attached as Exhibit 3, constitutes an Event of Default. Tenant further covenants that

neither it nor any Affiliate of Tenant will divert or cause or allow to be diverted any business from the Leased Space to other locations not at the Airport that are operated by Tenant or any Affiliate of Tenant. A material condition of this Agreement is that Tenant must operate the Concession operations in accordance with the Airport Concession Program Handbook, the Sustainable Airport Manual, and the following general requirements:

A. Unless otherwise approved by the Commissioner in writing, Tenant must conduct business in its Retail Space only in the Tenant's trade names, Butcher & the Burger and Sparrow Coffee that which is identified in its response to the RFP or other trade name approved by the Commissioner.

B. Due to the nature of the concession, Tenant is not authorized to install and operate any coin, card, token or otherwise activated vending machines as part of the Tenant's Development Plan unless otherwise approved by the Commissioner.

C. Tenant must conduct its Concession operations in a first-class, businesslike, efficient, courteous, and accommodating manner consistent with the "Physical Inspection Standards" that appear in Appendix 1 of the Airport Concession Program Handbook. The Commissioner or the CMR has the right to make reasonable objections to the appearance and condition of the Leased Space if they do not comply with the Physical Inspection Standards. Tenant must discontinue or remedy any non-compliant practice, appearance or condition within five days following receipt of a written notice by the Commissioner or CMR (or immediately upon receipt of such a notice if the Commissioner or CMR deems non-compliance hazardous or illegal). Tenant's failure to timely cure the non-compliance as required by the Commissioner

13

or CMR would cause the City damages including, among other things, loss of goodwill, which would be difficult or impossible to prove or quantify. Accordingly, if Tenant fails to timely cure non-compliance, then, in addition to all other remedies the City may have at law, in equity or under this Agreement, and beginning on the first day after expiry of the five-day cure period, Tenant must pay the City, as liquidated damages in connection with the loss of good will among visitors to the Terminals, and not as a penalty, as outlined in Exhibit 13 per Retail Space for each non-compliant practice, appearance or condition specified in the notice that remains uncured after the cure period.

D. Tenant must neither commit nor allow any nuisance, noise or waste in the Leased Space or annoy, disturb or be offensive to others in the Terminals. Tenant must employ all reasonable means to prevent or eliminate unusual, nauseating or objectionable smoke, gases, vapors or odors from emanating from the Leased Space. Tenant must employ all reasonable means to eliminate vibrations and to maintain the lowest possible sound level in the operation of the Concession.

E. Tenant must offer payment systems that are widely accepted in the industry for the sale of all Products. Tenant must offer a receipt, which may be virtual, with each purchase. Failure to comply with this Section will constitute an Event of Default. Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, if Tenant is found to prohibit the acceptance of the above payment option, the City may assess, as liquidated damages and not as a penalty for non-compliance as further defined in Exhibit 13.

F. Tenant's Concession must be and remain compliant with Payment Card Industry Security Standards ("PCI Standards") at all times as the PCI Standards are in effect at such time. Any breach of compliance with PCI Standards in effect and related to the Concession, at such time, must be reported to the City within 24 hours of the Tenant's knowledge of such event.

Tenant's failure to be in compliance with the PCI Standards with respect to its Concession on numerous occurrences (more than one) shall be an Event of Default under this Agreement.

G. Tenant must not place or install any racks, stands, or trade fixtures directly on or over the boundaries of its Leased Space. Tenant must not use any space outside the Leased Space for sale, storage or any other undertaking, other than in connection with deliveries made in a prompt, timely and efficient manner.

H. In its capacity as Tenant under this Agreement, and not as an agent of the City, Tenant must manage the Concession operations and the Leased Space in accordance with this Agreement, in furtherance of which Tenant must, among other things:

- (i) use reasonable efforts to remedy problems and issues raised by Airport patrons

14

with respect to the operation of the Leased Space;

ii) answer in writing all written customer complaints within 72 hours after receipt, furnishing a copy of the complaint and the answer to the Commissioner within that period; and,

iii) furnish the Commissioner within 72 hours after their receipt copies of all written notices received by Tenant from any governmental authority or any Subcontractor with respect to any part of the Leased Space or any Subcontract.

If Tenant fails to timely respond to customer correspondence or governmental notices and furnish the requisite copies to the Commissioner, Tenant acknowledges that the City may suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess liquidated damages against Tenant, and not as a penalty: as outlined in Exhibit 13. Tenant's failure to perform either (A) or (B) for a period of 30 days or more will be grounds for the City declaring an Event of Default pursuant to Article IX, in which event Tenant will have no longer than 10 days to cure the Event of Default.

I. Tenant, or Tenant's subtenant approved pursuant to Section 4.2, shall at all times operate the Concession. To the extent Tenant utilizes a third party to operate the Concession, Tenant shall, at all times during the Term: (i) be licensed or permitted by such third party to operate the concession, (ii) provide the City with copies of any agreements or other evidence the City may reasonably request demonstrating such arrangement ("Third Party Use Agreements"), (iii) comply in all material respects with the terms and conditions of Third Party Use Agreements, unless Tenant's compliance with such terms and conditions would cause Tenant to breach its obligations hereunder, (iv) not be in default under any Third Party Use Agreement, (v) notify the City in writing immediately upon notification by any party to a Third Party Use Agreement of Tenant's breach under such or termination of any Third Party Use Agreements. Failure to comply with this Section 4.4(1) shall be an Event of Default under this Agreement.

4.5 Hours of Operation.

A. Tenant must begin conducting its Concession operations in each Retail Space on the Date of Beneficial Occupancy applicable to that Retail Space and continue them uninterrupted after that date during all required hours of operation. The Retail Space shall be open, at a minimum, from 5:30 a.m. until 10:30 p.m. daily, to serve the public seven (7) days per week and three hundred sixty-five (365) days per year. Concession may close periodically for

restocking, cleaning and routine maintenance. Closure times must be during daily periods of lowest passenger traffic volumes at the Airport. In no event shall the hours of operation be curtailed to an extent that the service contemplated under this Lease shall be diminished. Except as otherwise stated herein, the hours of service shall be determined in light of changing public demands and Airport's flight schedules. The Retail Space must be open, as stated above, unless otherwise approved by the Commissioner or CMR in writing. The Tenant is required to allow access to the Retail Space, 24 hours per day, 365 days per year.

15

B. Except as otherwise permitted under this Agreement, if Tenant fails to operate its Concession from any portion of the Retail Space during all times that Tenant is required to do so under this Agreement and the failure continues for more than three days after the City gives Tenant notice, it is an Event of Default. In addition, Tenant acknowledges that failure to provide Concession services to the public would cause the City substantial damages, a portion of which may be ascertainable but another portion of which, related to loss of goodwill due to the public's inability to obtain the Products, the provision of which is one of the key purposes of this Agreement, might be difficult or impossible to prove or quantify. Accordingly, in addition to other remedies available to the City for an Event of Default, Tenant must pay the City as liquidated damages (and not as a penalty) in connection with such loss of goodwill the amounts as outlined in Exhibit 13 per Retail Space, beginning as of the time that the City first notifies Tenant that it is not operating the Concession in accordance with the time requirements of this Agreement. The obligation to make payments of liquidated damages will continue until the earliest of: (i) the time that the affected portion of the Retail Space re-opens for business; (ii) the date that this Agreement expires or is terminated with respect to the affected portion of the Retail Space; and (iii) the date that the Commissioner receives possession of the affected portion of the Retail Space.

4.6 Personnel.

A. Staff.

i) Tenant must maintain a full time, fully trained staff during the Term of this Agreement having sufficient size, expertise and experience to operate the Concession. Tenant must maintain an adequate sales force so as to maximize Gross Revenues and use the utmost skill and diligence in the conduct of its Concession operations. A staff member for each concession location must be physically available during all hours of operation.

ii) All employees of Tenant must at all times be clean, courteous, neat in appearance and helpful to the public, whether or not on duty. While on duty, Tenant's employees must wear Airport identification badges (and any other form (s) of identification that may be required by the Commissioner or CMR from time to time) and are required to wear uniforms in good taste, the color and style of which Tenant selects. Tenant may make the arrangements with its own employees as it considers appropriate regarding the purchase and maintenance of standard uniforms. The City is entitled at any time to direct Tenant to require any of its employees not properly attired to immediately conform to the requirements of this Section or leave the Leased Space. Tenant must not permit its employees to use any portion of the Terminal Common Spaces, including the public washrooms located there, for the changing of clothes or the storage of their personal effects, nor may Tenant permit its employees to loiter in the Common Areas of the Terminals, including but not limited to the Food Court Common Area.

iii) Tenant and its personnel must at all times participate and cooperate fully in all quality assurance programs that may be instituted by the Commissioner or CMR from time to time. Tenant must cause its personnel to attend all customer service training meetings and

participate in such other programs as may be required by the Commissioner or CMR. An appropriate officer or management representative of Tenant must meet with the Commissioner or CMR as requested by the Commissioner or CMR to discuss matters relating to this Agreement, including merchandising and marketing plans. In addition, at the request of the Commissioner or CMR, an appropriate officer or management representative of Tenant must attend other meetings with the City, airlines, other users of the Terminals, or any other parties designated by the Commissioner or CMR.

iv) The Commissioner reserves the right to object to any of the personnel responsible for the day-to-day operation of the Concession. Upon receipt of such objection, Tenant must use its best efforts to resolve the cause for Commissioner's objection or replace the objectionable personnel with personnel satisfactory to the Commissioner.

v) In the event that Tenant was not the existing tenant in the Leased Space prior to the Effective Date, Tenant and its subtenants, if any, will work cooperatively in attempting to retain existing concession employees working in the Leased Space. This will be accomplished by giving the existing concession employees working in the Lease Space prior to the Effective Date preferential interviews for jobs in the Leased Space during the term of this Agreement.

vi) Tenant acknowledges that failure to comply with the provisions of this Section 4.6(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

B. General Manager. Tenant must designate a General Manager experienced in management and supervision who has sufficient authority and responsibility to administer and manage the Concession. The General Manager (or authorized representative) must be immediately available to the Department whenever any of the Retail Spaces are open. The base of operations of the General Manager must be at the Airport, and the General Manager must spend substantially all of his or her working hours at the Airport, unless the Commissioner approves in writing another arrangement. The General Manager is subject to removal at the direction of the Commissioner if the Commissioner reasonably determines, in the Commissioner's sole discretion that the General Manager is not performing up to standards consistent with the fulfillment of Tenant's obligations after providing Tenant notice.

C. Salaries. Salaries of all employees of Tenant and its Subcontractors performing services or Work under this Agreement must be paid unconditionally and not less often than once a month without deduction or rebate on any account, except only for those payroll deductions that are mandated by law or permitted by the applicable regulations issued by the United States Secretary of Labor under the "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; 18 U.S.C. § 874, and 40 U.S.C. § 276c). Tenant must comply with all applicable "Anti-Kickback" regulations and must insert appropriate provisions in all Subcontracts covering Work under this Agreement to ensure compliance of all Subcontractors

with those regulations and with the other requirements of this subsection and is responsible for the submission of affidavits required under them, except as the United States Secretary of Labor may specifically provide for variations of, or exemptions from, the requirements of them.

4.7 Operation and Maintenance.

A. The City, at its sole cost and expense, will keep in good repair the Common Areas, including the roof, structures, foundations and central mechanical, plumbing and electrical systems in the Airport providing heating, ventilation, cooling, water, sewage and electrical service to the terminals, concourses, and other structures at the Airport related to the Concession. The City will provide, without separate charge to Tenant, heating, ventilating and cooling of the Common Areas. The Commissioner reserves the right to interrupt temporarily the heating, air cooling, ventilation, plumbing or electrical services furnished to the Common Areas, the Terminals or the Airport as a whole to make emergency repairs or for other reasonable purposes, and the Commissioner will restore the services as soon as reasonably possible. The City has no responsibility or liability for failure to supply heat, air cooling, ventilation, plumbing, electrical or any other service to the Leased Space, the Common Areas, the Terminal or the Airport, when prevented from doing so by laws, orders or regulations of any federal, state or local governmental requirement (including any requirement of any agency or department of the City) or as a result of the making of repairs or replacements, fire or other casualty, strikes, failure of the utility provider to provide service or due to any other matter not within the City's reasonable control. Tenant must provide all cleaning and janitorial services to the Leased Space. Tenant must clean, maintain and repair (including replacements, where necessary) the Leased Space and Improvements in first-class condition and repair during the entire Term.

i) Tenant is responsible for pest control within the Leased Space by contracting with a professional pest control service to provide service on a regular basis or as needed, or at the Commissioner's election, the City or CMR may provide or contract for the pest control and charge Tenant a reasonable charge for the service. If the Commissioner so requires, Tenant must coordinate all pest control service with the City's or CMR's pest control contractor. Tenant must furnish the Commissioner and CMR a copy of its pest control contract and service records upon request.

ii) Tenant must, at its own expense, keep the exhaust system, including all risers, piping and fans used in connection with the exhaust systems, whether located in or outside of the Leased Space, and all other pipes or ducts used by Tenant, including black iron duct, in good repair and so as to meet the highest standards of cleanliness, health, and safety, in a manner consistent with the operation of a first-class Concession and in accordance with all applicable laws, codes and regulations of any governmental authority having jurisdiction. Tenant must not permit any grease to be discharged into the City's plumbing lines. If fixtures or equipment are installed in or attached to roof vents or other openings in the structure or to ducts that connect with the openings, Tenant must keep the ducts, vents and openings free from the accumulation of grease, dirt and other exhaust matter and must furnish and service any filters or other equipment necessary to prevent such accumulation. Tenant must keep the exhaust fan in good

condition and repair so as to provide at least the air flow velocities required by applicable codes and regulations. Without limiting the foregoing, Tenant must clean black iron duct twice yearly, or more often as may be required by any local governmental codes, regulations or officials, insurance requirements or applicable industry standards, whichever is more restrictive.

Tenant must maintain all fire detection and fire suppression systems and mechanisms in accordance with all applicable laws, codes and the requirements of all applicable policies of insurance and insurance inspectors and of the City. Tenant must not cause or permit any damage to insulation and fire protection materials surrounding the black iron duct. In addition to Tenant's obligation to maintain utility lines in the Leased Space as set forth in Section 4.8. below, Tenant must install and maintain in good working order and in accordance with the rules and regulations of all insurers and applicable laws, codes, and regulations of any governmental authority, all fire extinguishing systems in the Leased

Space.

Upon request, Tenant must provide CMR with monthly repair and maintenance reports detailing all repair and maintenance undertaken with respect to its Leased Space. In the event that such repair and maintenance reports indicate that Tenant is not complying with its repair and maintenance obligations, it shall be an Event of Default. In addition to any other remedies available to the City, if Tenant fails to undertake required repair or maintenance within 5 days after receiving notice from the Commissioner (or such shorter time as may be required due to health or safety reasons) the City may undertake the required repair or maintenance through a City contractor or its own forces and charge Tenant the reasonable cost thereof as Additional Rent.

(iii) To the extent any City ordinance imposes a stricter standard than the requirements of this section, the stricter standard must govern. With respect to a Leased Space that has been designated to be relocated, if any. Tenant's obligations with respect to repair and maintenance will continue until such time as Tenant has completed the Improvements in the Relocation Space to which the affected Leased Space is being relocated.

iv) Any damage to property of the Airport or property of other tenants arising out of Tenant's failure to perform its maintenance obligations is expressly deemed a "Loss" subject to Tenant's indemnification obligations under Section 8.2.

v) Tenant acknowledges that failure to comply with the provisions of this Section 4.7(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

B. Food Court Common Areas.

To the extent that any of Tenant's Retail Space is located adjacent to a Food Court Common Area, the following provisions apply to such Retail Space:

19

i) Tenant has the non-exclusive right to use the Food Court Common Area, in common with other tenants and their customers, on the terms and conditions established by the City and as may be revised during the Term at the City's sole discretion. That use does not include the right to wait on customers in the Food Court Common Area. The City reserves the right to establish and enforce the policies for the Food Court Common Area and tenants whose customers use the Food Court Common Area that the City determines are in the best interest of the overall operation of the Food Court Common Area, so that the City may properly and efficiently operate and manage it as a whole. Tenant must comply with these policies.

ii) Tenant must at all times in operating its business in the Retail Space abide by all rules and regulations applicable to tenants whose customers use the Food Court Common Area including those relating to: (a) the health and sanitary conditions of the Retail Space, the Food Court Common Area and the employees of Tenant; (b) standards and quality of Products, services, and merchandising as determined by the City; (c) customer relations; and (d) other matters

as the City determines applicable with respect to the operation of the Food Court Common Area and the business conducted by Tenant and all other tenants whose customers use the Food Court Common Area.

iii) The City will be responsible for the operation, repair and maintenance of the Food Court Common Area. Food Court CAM Costs include all costs incurred by the City in the repair and maintenance of the Food Court Common Area, including corridors and seating areas, and include, but are not limited to costs of: painting; cleaning; trash and grease removal; operation, maintenance and repair and replacement of all lighting, electrical, plumbing, HVAC and other mechanical and utility systems; cleaning and retrieval of trays; water, power, gas and sewerage charges; wages and salaries (including employee benefits, unemployment, Social Security and Medicare, and any other payroll taxes) for employees performing operation, maintenance and repair of the Food Court Common Area; materials, equipment, supplies and services purchased for operation, maintenance and repair of Food Court Common Area; required permits and licenses; reasonable straight-line depreciation of movable equipment (including tables and chairs) used in the operation, maintenance or repair of the Food Court Common Area; rental of any equipment used in the operation, maintenance or repair of the Food Court Common Area; and all other direct costs and expenses properly chargeable to the operation, maintenance or repair of the Food Court Common Area. Neither the City nor any company, firm or individual operating, maintaining, managing or supervising the Food Court Common Area, nor any of their respective agents or employees, are or will be liable to Tenant or to any of Tenant's employees, agents, customers or invitees or anyone claiming through or under Tenant, for any damage, injuries, losses expenses, claims or causes of action because of any interruption or discontinuance at any time for any reason in furnishing services relating to operation, maintenance and repair of the Food Court Common Area, nor will any such interruption or discontinuance be deemed a disturbance of Tenant's use or possession of the Leased Space or any part of it; nor will any such interruption or discontinuance relieve Tenant from full performance of Tenant's obligations under this Agreement. Tenant is responsible for providing seating and chairs for Food Court Common Area directly adjacent to Tenant's Leased Space.

8 Utilities.

A. Tenant must pay for all utilities furnished to the Leased Space, to the extent separately metered. All utilities must be separately metered for usage within a Leased Space except to the extent that the Commissioner agrees otherwise in writing. Notwithstanding the foregoing, in the event that water/sewage is not separately metered, the City may charge Tenant for water/sewage based on a reasonable estimate of usage given the nature of the Concession.

B. In addition to payment for utility service. Tenant must maintain utility lines to the Leased Space as follows:

(i) where the utility lines, including gas, electrical, telephone, hot and cold water,

fire sprinkler, gas, and sewer serve both the Leased Space and other areas of the Terminals,

Tenant is only obligated to maintain those branch lines and facilities that exclusively serve the

Leased Space; and

ii) where such utility lines are entirely for the exclusive service of the Leased Space, Tenant is obligated to maintain the utility lines from the Leased Space up to the main entry point of the utility to the Terminal(s). Alternatively, the City may, at the Commissioner's sole discretion, maintain such utility lines and charge Tenant the reasonable cost of

the maintenance.

iii) Tenant must maintain all electrical cables, conduits, wiring, fire alarm systems, electrical panels and associated equipment located within and serving the Leased Space.

9 Refuse Handling.

A. Tenant, at its own cost and expense, must provide for the handling of all refuse, including trash, garbage, recycling and other waste created by its Concession operations and for their disposal at a centrally located collection area within the Airport designated by the Commissioner from time to time. Within its Leased Space, Tenant must provide a complete and proper arrangement for the adequate sanitary handling and disposal of trash, garbage, recycling and other refuse resulting from its Concession operations. Tenant must provide and use suitable covered metal receptacles for all trash, garbage, recycling and other refuse in accessible locations within the boundaries of each Leased Space. Piling of boxes, cartons, barrels or other similar items in an unsightly or unsafe manner on or about the Leased Space or the Common Areas is forbidden. The Commissioner reserves the right, from time to time, to establish time periods or schedules during which Tenant must remove refuse from the Leased Space.

B. Tenant must comply with all present and future laws, orders and regulations and any rules and regulations promulgated by the Commissioner regarding the separation, sorting and recycling of garbage, refuse and trash, including but not limited to those policies, rules and regulations incorporated in the Airport Concessions Program Handbook and the Sustainable Airport Manual. Tenant must separate and appropriately dispose of recyclable and non-recyclable waste, including organic materials. Recyclable waste includes newspaper, unsoiled paper

21

products, cardboard, plastic, aluminum and glass. Tenant is encouraged to use service goods made from recycled and recyclable materials. All recyclable waste will be disposed at the direction of the CDA. The CDA may also require sorting and disposal of compostable/organic wastes, including food scraps and soiled paper products. Tenants must therefore also provide for the separation of pre-consumer compostable\organic waste for composting. Tenants are expected to fully comply with CDA's waste recovery program by sorting, to the maximum extent possible, recyclable and compostable waste from that which will be sent to landfill.

C. Tenant acknowledges that any failure to comply with the provisions of this Section 4.9 may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

4.10 Promotion.

A. Signs and Advertising. Tenant may, at its own expense and subject to obtaining any necessary permits, install and operate necessary and appropriate identification signs in and on the Retail Space for its promotional use (identifying the Concession operations at the Retail Space in question or the Products sold there). All such signage (especially all signage visible from the Common Areas) must be in compliance with signage and other applicable criteria adopted by the Commissioner or other City agencies from time to time and subject to the prior written approval of the Commissioner as to the number, size, height, location and design (as applicable). Tenant must not install, affix, or display any signage outside the Retail Space except as permitted by the Department. Without the prior written consent of the Commissioner, Tenant and its Subcontractors must not distribute any advertising, promotional or informational pamphlets, circulars, brochures or similar materials at the Airport except within the Retail Space and except as are related to Tenant's Concession. Tenant acknowledges that any failure to comply with this Section 4.10(A) may cause the

City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

B. Marketing and Advertising Fund. The Department operates a marketing fund ("Fund") for the purpose of financing a program for advertising and promoting Concessions at the Airport. The Program may include advertising, media placements, special events, promotional events, brochures, videos and catalogs, mystery shops, market research and surveys, customer service training etc., as appropriate. The Program will be funded by contributions from the Tenant and other tenants at the Airport. Tenant will contribute an amount of one-half of one percent (0.5%) of Gross Revenues per Lease Year to the Fund. All contributions to the Fund may only be expended for the promotion of concessions and marketing-related staff activities at the Airport and for no other purposes. Tenant shall make its contributions to the Fund monthly in arrears concurrently with its Rent payment under this Agreement.

22

The City may, but is not required to, contribute to the Fund. Tenant has no ownership or beneficial interest whatsoever in the Fund or any unspent moneys therein.

11 **Distribution and Storage; Deliveries.**

A. It is necessary, due to the number of Concession tenants in the Airport, that the Commissioner protect the Common Areas and the Terminal curb front for the flow of airline passengers. Therefore, Concession deliveries must be made only within the times and at the locations authorized by the Commissioner or the Commissioner's designated representative and otherwise in accordance with the terms of this Agreement. All deliveries that require access to the aircraft operations area ("AOA") must be made by vehicles and drivers qualified and permitted to drive over AOA roadways.

B. O'Hare. There is currently no central distribution and storage facility at O'Hare; however, the City intends to implement such a facility during the Term of this Agreement. Thereafter, at the option of the Commissioner, after first giving reasonable notice to Tenant, the Commissioner may require Tenant to arrange for all deliveries to the central distribution and storage facility, except where delivery to a third party is prohibited by law, such as delivery of liquor, or as otherwise approved by the Commissioner in writing. At the Commissioner's sole discretion, the central distribution and storage facility, if implemented, may be operated by a third-party contractor selected or approved by the Commissioner. If the central distribution and storage facility is implemented, Tenant must pay the City, or the third-party operator, Tenant's proportional share of the cost for deliveries to and distribution from the facility ("Distribution Fee") as determined by the Commissioner. Such Distribution Fee will be intended to cover the costs of delivery as well as development, utility, operation and maintenance costs and other costs associated with the opening and/or operation of the central distribution and storage facility and is considered to be Additional Rent.

C. Tenant acknowledges that the City will not be responsible for and will have no liability related to the operation of (or the failure to operate) the central distribution and storage facility at either Airport, including lost profits, consequential damages or any other losses or damages whatsoever.

12 **Certain Rights Reserved By the City.**

A. Except as expressly provided otherwise in this Agreement: the City has the rights set forth below, each of which the City may exercise with notice to Tenant and without liability to Tenant for damage or injury to property, person or business on account of exercising them: the City's exercise of any such rights is not deemed to constitute a breach of

this Agreement or a disturbance of Tenant's use or possession of or Lease to the Leased Space; the City's exercise does not give rise to any claim, including for set-off or abatement of Rent; the City's exercise also does not relieve Tenant of any obligation to pay all Rent when due. The rights include the rights to:

23

i) Install, affix and maintain any and all signs on the exterior and on the interior of the Terminals;

ii) Decorate or to make repairs, inspections, alterations, additions, or improvements, whether structural or otherwise, in and about the Terminals, or any part of them, and for such purposes to enter upon the Leased Space, and during the continuance of any of the work, to temporarily close doors, entryways, public space and corridors in the Terminals, and to interrupt or temporarily suspend services or use of facilities, all without affecting any of Tenant's obligations under this Agreement, so long as the Leased Space is reasonably accessible and usable;

iii) Upon request, require Tenant to furnish the Department with copies of door keys for the entry doors of the Leased Space, where applicable, and to retain them at all times, and to use in appropriate instances, keys, including master keys and passkeys, to all doors within and into the Leased Space, but the keys will at all times be kept under adequate and appropriate security by the Department. Tenant must not change any locks, nor affix locks on doors without the prior written consent of the Commissioner. Notwithstanding the provisions for the Department's access to the Leased Space, Tenant releases the City from all responsibility arising out of theft, robbery, pilferage and personal assault unless the same results from the City's gross negligence or willful misconduct. Upon the expiration of the Term of this Agreement or Tenant's right to possession of the Leased Space, Tenant must return all keys to the Concession Management Representative and must disclose the combination of any safes, cabinets or vaults left in the Leased Space;

iv) Approve the weight, size and location of safes, vaults and other heavy equipment and articles in and about the Leased Space and the Terminals so as not to exceed the legal load per square foot designated by the structural engineers for the Airport, and to require all such items and furniture and similar items to be moved into or out of the Terminals and the Leased Space only at the times and in the manner as the Commissioner directs in writing. Tenant must not install or operate machinery, or any mechanical devices of a nature not directly related to Tenant's ordinary use of the Leased Space without the prior written consent of the Commissioner. Movements of Tenant property into or out of the Terminals or the Leased Space and within the Terminals are entirely at the risk and responsibility of Tenant, and the Commissioner reserves the right to require permits before allowing any property to be moved into or out of the Terminals or the Leased Space;

(v) , Establish controls for the purpose of regulating all property and packages, both personal and otherwise, to be moved into or out of the Terminals and the Leased Space;

(vi) Regulate delivery and service of supplies and the usage of the apron area, loading docks, receiving areas and freight elevators and designate the times within which, and the locations at which, deliveries may be made to or by Tenant;

(vii) Show the Leased Space to prospective Tenants and subtenants at reasonable

times and, if vacated or abandoned, prepare the Leased Space for re-occupancy;

viii) Erect, use and maintain pipes, ducts, wiring and conduits, and appurtenances to them, in and through the Leased Space at reasonable locations;

ix) Enter the Leased Space for the purpose of periodic inspection for fire protection, maintenance and compliance with the terms of this Agreement, including but not limited to the Airport Concession Handbook, and exercise any rights granted to City or retained by City in this Agreement; except in the case of emergency, however, the right must be exercised upon reasonable prior notice to Tenant and with an opportunity for Tenant to have an employee or agent present;

x) Grant to any person the right to conduct any business or render any service in or to the Terminals or the Airport.

xi) Promulgate from time-to-time rules and regulations regarding the operations at

xi) the Airport; and ¹,

xii) Maintain newspaper vending machines at any location in the Airport.

B. If Tenant is required to perform any sprinkler Work, City reserves the right to perform the Work and charge the Tenant for the cost of the sprinkler Work and specify charges as Additional Rent under the Agreement or to approve Tenant's proposed sprinkler contractor, at the Commissioner's sole option. If any sprinkler work requires a temporary shut-down and/or drainage of the sprinkler system or portion thereof in the Terminal, Tenant must pay an up-front fee of \$500 per occurrence in the form of a certified check or money order.

ARTICLE 5 LEASED SPACE AND IMPROVEMENTS

5.1 Leased Space. As provided in Section 4.1, the City grants Tenant the right to use the Leased Space identified in Exhibit 1, or portions thereof, from the date of delivery of each portion of the Leased Space through the remainder of the Term of this Agreement for the operation of the Concession, except as otherwise provided for herein. Exhibit 1 may be amended by agreement of the Tenant and the Commissioner from time to time to reflect changes in Leased Space, including but not limited to any Additional Space or Relocation Space. As of the Effective Date, all square footage identified in Exhibit 1 is approximate, and is subject to final correction in accordance with field measurements to be taken after completion of the Improvements. All such measurements relating to the Leased Space will be made to and from the 'Mease lines' as identified on Exhibit 1. Tenant must confine all of its Concession operations to its Leased Space. Any conduct of Concession operations outside of Tenant's Leased Space is an Event of Default.

A. Retail Space. The Leased Space includes the Retail Space identified in Exhibit 1. Retail Space is to be used for the sale of Products at retail to the public.

B. Storage Space. The Leased Space includes the Storage Space, if any, identified in Exhibit 1. Storage Space is to be used to store inventory and supplies for use in the Retail Space. It may be used for other purposes relating to the Concession with the consent of the Commissioner, but not as a point of retail sale of Products. If the Commissioner determines that Tenant is using Storage Space for purposes unrelated to the Concession, the Commissioner may unilaterally delete the Storage Space from the Leased Space. If the Commissioner determines that the size of the Storage Space exceeds the needs of the Tenant, the Commissioner may unilaterally reduce the size of the Storage Space.

C. Additional Space.

(i) During the Term, the Commissioner may from time to time, at the Commissioner's sole discretion, make Additional Space available in the Terminals for Tenant's Concession operations. In such event, the Commissioner will send written notice to Tenant to advise Tenant of the following:

- a. size and location of the Additional Space being offered, if any;
- b. whether the Additional Space is being offered as Retail Space or Storage Space; and
- c. the City's Shell and Core obligations and Tenant's Improvement obligations for the Additional Space.

Within 30 days after receiving the notice from the Commissioner, Tenant must notify the Commissioner if it accepts or rejects the Additional Space and, if the Additional Space is Retail Space, the proposed Improvements and the amount by which Tenant proposes to increase its Minimum Annual Guarantee to reflect the anticipated increase in Gross Revenues from the Additional Space. Upon notification from Tenant to the Commissioner that Tenant accepts the Additional Space and, if the Additional Space is Retail Space, acceptance by the Commissioner of the proposed Improvements and increase in the Minimum Annual Guarantee, the square footage will be added to the Retail Space or Storage Space, as applicable, under this Agreement and Exhibits 1 and 2 modified accordingly. Upon notification from Tenant to the Commissioner that it rejects the Additional Space or if Tenant fails to notify the Commissioner within 30 days that it accepts the Additional Space, the offer will terminate, and the Commissioner may offer the Additional Space to others.

ii) Nothing in (i) above requires the Commissioner to offer any Additional Space to Tenant or limits or restricts the Commissioner's or the City's right to enter into any Concession agreement with any third party for such space. Additional Space, if any, offered to Tenant is solely for the benefit of the Airport to enhance Airport revenues, and whether or not to offer such Additional Space to Tenant is at the Commissioner's sole and absolute discretion. TENANT HAS NO RIGHT TO BE OFFERED ANY ADDITIONAL SPACE.

iii) The maximum aggregate amount of Retail Space that may be offered to Tenant as Additional Space is 2,000 sq. ft.

D. Relocation Space. The Commissioner may at any time during the Term require Tenant to relocate all or portion of the Leased Space to another location within the Airport and

terminate the Lease with respect to the Leased Space being vacated when, in the sole discretion of the Commissioner, the relocation is necessary for other Airport purposes or is in the best interest of the City. In such an event:

i) The Commissioner will notify Tenant in writing within a reasonable period of time prior to the relocation of all or part of the Leased Space. Such notice will be not less than 90 days in advance of the relocation but, in any event, notice is not required more than 180 days in advance.

ii) If a Retail Space is being relocated and the Relocation Space has, in Tenant's reasonable business judgment, diminished size, visibility, and/or exposure to passenger traffic in comparison to the Retail Space being vacated, Tenant may so notify the Commissioner in writing no later than 15 days after Tenant receives the Commissioner's notice. Such notice must detail with reasonable specificity why Tenant believes that the Relocation Space is not comparable to the Retail Space being vacated and the projected adverse impact on Tenant's sales. Tenant and Commissioner may thereafter negotiate an adjustment in the Percentage Fee and/or the Minimum Annual Guarantee for the Relocation Space to reflect the differences in size, visibility, and/or passenger traffic. If the Tenant and Commissioner fail to agree on such an adjustment or if Tenant otherwise rejects the Relocation Space, then the Lease for the Retail Space being vacated will terminate on the date for the relocation set forth in the Commissioner's notice, and the Minimum Annual Guarantee as of such date will be adjusted in proportion to the percentage of Tenant's Gross Revenues from prior Lease Year that were generated at the Retail Space being vacated. Further, if the Lease of the Retail Space being vacated is terminated, Tenant is entitled to a credit, equal to the unamortized portion of Tenant's actual Improvement Costs for the Retail Space being vacated (but excluding any Improvement Costs for Tenant personal property or any portion of the Improvements that can be moved and used by Tenant elsewhere), against Rent due and owing to the City from Tenant until the full amount of the credit has been applied against Rent.

iii) Except when Tenant rejects Relocation Space pursuant to (ii) above, the City is responsible for costs incurred in the relocation or replication of the Improvements in the Leased Space being vacated, including the cost of moving Tenant's equipment and inventory and the cost of constructing replacement Improvements comparable to the condition of the Improvements in the Leased Space being vacated as of the date of relocation, to the extent comparable Improvements do not already exist in the Relocation Space. In the case of a relocation, Tenant must promptly vacate the portion of the Leased Space required to be vacated and as to which this Agreement is being terminated and return the portion of the Leased Space in as good or better condition as existed as of the date that the City gave Tenant possession of the Leased Space being vacated, unless the Commissioner otherwise agrees in writing. The City will endeavor not to require Tenant to move from the Leased Space being vacated to the Relocation Space before Work on Improvements in the Relocation Space is completed, but the Leased Space being vacated may be needed for other Airport purposes prior to the completion of Improvements in the Relocation Space. Because the City is replacing Improvements in kind, Tenant is not entitled to any credit for unamortized Improvement Costs for the Leased Space being vacated, and the unamortized Improvement Costs for the Leased Space being vacated will

27

deemed to be the unamortized Improvement Costs for the Relocation Space and continue to be amortized on the same schedule as the original Leased Space.

2 Title to Property in the Leased Space. Tenant shall retain title and ownership to all Products and other Tenant personal property and proprietary trade fixtures in the Leased Space, except in the event of deemed abandonment, as provided in Section 6.3. The City owns all other property in the Leased Space, including the Shell and Core and, upon completion. Tenant Improvements.

3 Shell and Core. The City is responsible for providing Shell and Core, if any are specified in Exhibit 4, for the Leased Space. The City makes no warranty, either express or implied, as to the design or condition of the Leased Space, including the Shell and Core, or the suitability of the Leased Space, including the Shell and Core, for the Tenant's purposes or needs. The City is not responsible for any patent or latent defect, and Tenant must not, under any circumstances, withhold any amounts payable to the City under this Agreement on account of any defect in the Leased Space, including the Shell and Core; if feasible, however, the City will assign to Tenant any warranties obtained from the City's contractor for the Shell and Core and/or the right to enforce City's rights under its contract for the Shell and Core. After the City delivers the Shell and Core to Tenant, Tenant must immediately notify the Commissioner of any defects in the Shell and Core.

4 Tenant's Improvement Obligations.

A. Retail Space and Storage Space. Unless otherwise agreed in writing by the Commissioner, Tenant must complete, or cause to be completed, the Improvements as described in the Development Plan. Improvements shall be at Tenant's sole cost and expense and must be completed on or before the Date of Beneficial Occupancy set forth for each portion of the Leased Space in accordance with the schedule set forth in the Development Plan, subject to Section 11.20, "Force Majeure". Failure to achieve DBO for the Improvements in accordance with the schedule in the Development Plan will result in liquidated damages pursuant to Section 5.5(J).

B. Additional Space. Tenant must complete or cause to be completed, at Tenant's sole cost and expense, the Improvements for each Additional Space approved by the Commissioner by the proposed Date of Beneficial Occupancy applicable to each such Additional Space, at a total investment in Improvement Costs for each permanent Additional Space of at least 95% of the budget approved by the Commissioner.

C. Temporary Relocation Space and Additional Space. The Commissioner may require Tenant to operate the Concession, prior to the Date of Beneficial Occupancy applicable to any Relocation Space and Additional Space, from a temporary Relocation Space, at City's sole cost and expense. If approved by the Commissioner, Tenant may use temporary or used fixtures, trade fixtures and equipment and is not required to install Improvements except to the extent necessary to make the temporary Relocation Space or Additional Space useable.

D. Improvement Costs. Only Improvement Costs of the types set forth in the budget in the Development Plan are deemed to be validly incurred Improvement Costs for purposes of this Agreement. Tenant must provide the Commissioner with a statement certified by Tenant,

setting forth the aggregate amount of the Improvement Costs expended by Tenant for each Leased Space, with such detail as may be reasonably requested by the Commissioner. The certified statement must be submitted at the same time as the "as-built" drawings for the Leased Space. Tenant must make available to the Commissioner, at the Commissioner's request, receipted invoices for labor and materials covering all Improvement Costs. The Commissioner has the right to audit the Improvement Costs. If there is a discrepancy of 5% or more, the cost of the audit must be paid promptly by Tenant upon request. If the Tenant's actual Improvement Costs for any portion of the Leased Space are less than 95% of the amount set forth in the Development Plan for said portion of the Leased Space, Tenant must, within 30 days after the date of completion of the Work or the Date of Beneficial Occupancy, whichever is earlier, pay the City the difference between 95% of the amount set forth in the Development Plan and the actual Improvement Cost for said portion of the Leased Space. The actual Improvement Costs, as approved by the Commissioner, will be memorialized in the confirmation of DBO for the Leased Space in question and attached to Exhibit 1.

5.5 Work Requirements.

A. TIME IS OF THE ESSENCE IN THE PERFORMANCE OF WORK UNDER THIS AGREEMENT.

B. Compliance with Standards. Tenant must comply in its design, construction, use, occupancy and operation of the Leased Space, at its own cost, with:

i) all regulations and directives now or later promulgated by the United States Federal Aviation Administration ("FAA") or Transportation Security Administration ("TSA") pertaining to airport security, as such regulations and directives may be amended or modified from time to time during the Term of this Agreement;

ii) all federal, State of Illinois, and City laws, rules, regulations and ordinances, including all building, zoning and health codes and all Environmental Laws; and

(iii) the Design and Construction Standard Operating Procedures- Concessions

Projects ("C-SOP") C-SOP, the Airport Concession Program Handbook, and the Sustainable Airport Manual.

Tenant must complete or cause to be completed all Improvements in accordance with all rules, regulations and standards, including the C-SOP, and the approved Construction Documents (as defined below) for any Improvements. If there is a conflict between work requirements stated in this Agreement and those set forth in the C-SOP, the Commissioner has the sole discretion to determine which prevails. No construction must take place until the Commissioner has approved the Construction Documents.

Tenant must provide for any supplemental heating, cooling and exhaust facilities that Tenant may require to properly heat, cool, ventilate and exhaust air in the Leased Space. All such supplemental facilities must be designed and installed in accordance with the C-SOP and applicable building codes and must be approved by the Commissioner prior to installation. If at any time the Tenant's supplemental heating, cooling and exhaust facilities fail to comply with the design and operational standards set forth in the C-SOP, Tenant must, on notice from

29

the City, cause repairs to be made so that Tenant is in compliance with this requirement.

In addition to the requirements set forth in the C-SOP, Tenant acknowledges the City's goal to incorporate environmentally sustainable design in building, infrastructure, and tenant improvements at the Airport. Accordingly, Tenant agrees to use best efforts to incorporate sustainable design practices in the development and build out of the Leased Space, to engage a LEED® (Leadership in Energy and Environmental Design) accredited professional on its architectural team, to create an operational plan that incorporates sustainable practices in all aspects of the daily operation of the Leased Space, and to comply to the extent that it is commercially reasonable to the requirements of the Sustainable Airport Manual.

C Development Plan. Tenant's Development Plan, as approved by the Commissioner, is attached hereto as Exhibit 3. It describes and depicts the Tenant's thematic concept for the Retail Space (including storefront design images, as appropriate), floor plan(s) of the Retail Space, its plan and schedule for implementing the Improvements and commencing Concession operations in the Leased Space, temporary facilities that may be necessary to meet the requirements of this Agreement, and its other submission requirements as set forth in the C-SOP. The Development Plan must include the anticipated Date of Beneficial Occupancy of each Retail Space, the budgeted Improvement Costs for each Retail Space, and the dates by which City must complete the Shell and Core and the Delivery Date necessary in order to achieve the anticipated DBO for each Retail Space.

D. 30, 60, 90 and 100 Percent Design Phase. Tenant must submit to the Commissioner its proposed 30, 60, 90, 100 Percent design drawings and specifications prepared as required under the C-SOP. The C-SOP outlines the timing and expectations for submissions at each percentage of the design phase. The C-SOP also provides the timing of the review by the Commissioner. Tenant must adhere to the time required to respond to the Commissioner's comments as outlined in the C-SOP. If Tenant fails to provide acceptable designs, after 5 attempts, an Event of Default can be declared by the Commissioner.

E. Start of Construction. For each portion of the Leased Space, within 10 days after the latest of occur of: 1) the date the City delivers to Tenant possession of said portion of the Leased Space, 2) the date Tenant has obtained applicable building permits for said portion of the Leased Space, and 3) the date of commencement of construction set forth in the Development Plan, Tenant must begin construction of the Improvements under and consistent with the approved Construction Documents, in a diligent, first-class and workmanlike manner. Commissioner may require Tenant and its Subcontractors to meet with the Department's construction manager and Concessions Management Representative prior to starting construction. Among other requirements, the Improvements:

- i) Must conform with all architectural, fire, safety, zoning and electrical codes and all federal, State, City and other local laws, regulations and ordinances pertaining to them, including the ADA, and all Airport standards, procedures and regulations.
- ii) Must be free and clear of any mechanics' or materialmen's liens or similar liens or encumbrances.
- iii) Except as otherwise provided in this Agreement, must be completed entirely at

Tenant's cost and expense and in accordance with the requirements of this Agreement including, but not limited to, the requirements and procedures set forth in the C-SOP.

(iv) Upon the request of the Commissioner, Tenant must purchase and install a security camera and connect the camera feed into a junction box at a location to be determined by the Commissioner. Tenant will permit the Commissioner to connect the security camera to the Airport security system.

Approval of the Construction Documents by the Commissioner does not constitute the Commissioner's or the City's representation or warranty as to their conformity with any architectural, fire, safety, zoning, electrical or building code, and responsibility therefore at all times remains with Tenant. Tenant must not permit its design and construction Subcontractors to make any modifications to base building systems without prior written consent of the Commissioner.

F. Change Order Review. Tenant must cause all Work to be performed in a first class, good and workmanlike manner and in accordance with the Construction Documents. Tenant may request in writing that change orders relating to the Work be responded to by the City, and the City will so respond within 10 days, unless a response within 10 days is unreasonable in the circumstances, in which case the response period will be as reasonably determined by the City but in no event longer than 20 days. At all times during the Work, Tenant must have on file with the Commissioner and on the construction site for inspection by the Commissioner, a copy of the approved Construction Documents. Tenant must immediately begin to reconstruct or replace and diligently pursue to completion, at its sole cost and expense, before or after completion of the Work, any Work that is not performed in accordance with the Construction Documents as approved by the Commissioner.

G. Inspection of Improvements in Progress. The Department has the right to enter upon the Leased Space for the purposes of inspecting and recording the Improvements in progress, ensuring that Tenant's construction complies with the Construction Documents, and rejecting any such construction that does not so conform.

H. Notice of Substantial Completion and Inspection. At least 10 days prior to anticipated substantial completion of the construction of a Leased Space, Tenant must deliver to the Commissioner a "notice of substantial completion" in order for the Commissioner to schedule a representative to inspect the Improvements. On the date specified in the notice of substantial completion, the Department will perform a final inspection of the Improvements for compliance with the Construction Documents for the Improvements, and will, not later than 10 days after inspection, provide a punch list to Tenant describing in sufficient detail any discrepancies between the Improvements and the Construction Documents. Tenant must cause all discrepancies (other than those approved by the Commissioner as variances) to be reconstructed, replaced or repaired in substantial accordance with the Construction Documents. Within 10 days after the date of substantial completion and prior to commencing Concession operations in Leased Space, Tenant must provide, as evidence of the substantial completion of the Work, copies of any and all Certificates of Occupancy and other approvals, if any, necessary for Tenant to occupy the portion of the Leased Space for its intended use. Tenant

shall not commence Concession operations in the Leased Space until such documents have been received by the Commissioner and until authorized to do so by the Commissioner.

I. Timeliness - Punch Lists; Opening for Business. Tenant acknowledges that if it fails to comply with Construction Document requirements (including all tasks necessary to satisfy them, such as, but not limited to, applying at the earliest possible time for and diligently pursuing all necessary building permits), the delay may cause the City to suffer substantial damages, including loss of goodwill, that might be difficult to ascertain or prove. For that reason, but subject to extensions that may be approved by the Commissioner, or day-to-day extensions for delays caused by a force majeure event pursuant to Section 11.20, if Tenant has not caused the Improvements to be substantially completed in accordance with the Construction Documents and Retail Space to be open to the public for business not later than the scheduled Date of Beneficial Occupancy in the Development Plan:

i) Tenant must pay the City liquidated damages at the rate of \$250 per day for each day from and after the Date of Beneficial Occupancy, until the date on which the Retail Space actually opens to the public for business; and

ii) Tenant must cooperate with the Commissioner in providing the interim Concession operations from kiosks or other temporary locations, as the Commissioner may reasonably require, to serve the patrons of the Terminals until the applicable Improvements have been completed and the Retail Space is open to the public for business; and

iii) if, for any reason, Tenant fails to substantially complete the Improvements in accordance with the approved Construction Documents relating to them and open the Retail Space to the public for business within 30 days after the Date of Beneficial Occupancy, the failure is an Event of Default, and the City has the right to exercise any and all remedies under this Agreement, at law or in equity; and further,

iv) if Tenant is permitted to open for business in accordance with the schedule in the Construction Documents but any punch list items are not completed within 30 days following the date on which Tenant opens to the public for business, the Commissioner will assess liquidated damages against Tenant at the rate of \$250 per day per punch list item not timely completed; and

v) if Tenant is permitted to open for business but any punch list items are not completed within 60 days following the date on which Tenant opens to the public for business, the City reserves the right, at the Commissioner's sole discretion, to either:

- a. complete the punch list Work at the City's cost and bill the Tenant for this Work, in which case the charges are considered Additional Rent; or
- b. close the affected Retail Space until all outstanding punch list items are completed.

J. Post-construction Documentation. Tenant must submit a complete set of "as-built" drawings and documentation as outlined in the C-SOP to the Commissioner within 30 days after the date the Commissioner authorizes Tenant to begin Concession operations in the

Leased Space. The as-built drawings and documentation are and become the property of the City, except to the extent of any intellectual property reflecting Tenant's trademarks, trade names or trade dress contained in them.

K. Mechanics' Liens. Tenant must not permit any mechanics' lien for labor or materials furnished or alleged to have been furnished to it to attach to any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement in any way relating to any work performed by or at the direction of Tenant. Upon making payments to Subcontractors, Tenant must obtain from each Subcontractor a waiver of mechanics' liens against any portion of the

Leased Space, the Airport, Tenant's leasehold interest, or this Agreement arising out of any Work done by the Subcontractor and each and every of the Subcontractor's materialmen and workmen. If, nonetheless, any such mechanics' lien is filed upon any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement, Tenant must indemnify, protect, defend and save harmless the City against any loss, liability or expense whatsoever by reason of the mechanic's lien and must promptly and diligently proceed with or defend, at its own expense, the action or proceedings as may be necessary to remove the lien. Tenant must deliver notice to the Commissioner of any such lien or claim within 15 days after Tenant has knowledge of it. Tenant may permit the mechanics to remain undischarged and unsatisfied during the period of the contest and appeal; provided that, upon request by the Commissioner, Tenant must post a bond with the City equal to 150% of the amount of the lien. If the lien is stayed and the stay later expires or if by nonpayment of any lien any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement will be, or is claimed to be, subject to loss or forfeiture, then Tenant must immediately pay and cause to be satisfied and discharged the lien. If Tenant fails to do so, the Commissioner may, in his or her sole discretion, draw on the bond and make such payment. If the Commissioner has not requested a bond, then the Commissioner may, in the Commissioner's sole discretion, make such payment out of legally available Airport funds and, in such event, the amount paid shall immediately be payable by Tenant as Additional Rent. Failure to post a bond when requested by the Commissioner or pay such Additional Rent shall be an Event of Default.

L Mid-Term Refurbishment. Tenant must budget and expend such funds as necessary to undertake a mid-Term refurbishment of each Retail Space during or about the middle of the Term in order to ensure that each Retail Space presents a first-class appearance to the public. The minimum expenditure does not include financing costs, interest, and inventory or intracompany charges of the Tenant. The scope and extent of the renovation, remodeling, and upgrade and/or redecorating for such mid-Term refurbishment shall be jointly determined by the Commissioner and Tenant.

5.6 Damage or Destruction of Improvements.

A. Insubstantial Damage. If Improvements to any Leased Space are damaged, in whole or in part, by fire or casualty, and there is no Major Damage (as defined below) to the portion of the Terminals served by the damaged Improvements, then the City will repair any damage to the Shell and Core at the City's expense, and Tenant must repair the damage to the Improvements as soon as reasonably possible (after completion of the Shell and Core) at Tenant's expense.

33

B. Major Damage.

(i) "Major Damage" means any damage or destruction that, based on reasonable estimates made by the Department within 60 days after the occurrence of the damage or destruction, in order to be repaired to the condition existing before the damage or destruction:

- a. would cost, with respect to the Improvements, in excess of 50% of the replacement cost value of all Improvements; and
- b. would cost, with respect to the Shell and Core, in excess of 50% of the replacement cost of the Shell and Core, or would require, in the sole judgment of the Commissioner, more than nine months to complete.

ii) If any part of the Terminals suffers Major Damage, whether or not including any portion of the Leased Space located in them, in whole or in part by fire or other casualty, the Commissioner has the right, for a period of six months starting on the date of the occurrence, to elect not to repair the Major Damage as otherwise required under this section, by giving written notice of the election to Tenant. If the Commissioner notifies Tenant of the Commissioner's election not to repair the Major Damage, this Agreement will terminate as to the affected Leased Space effective as of the

date of the Major Damage, all Rent due under this Agreement will be prorated to the date of termination, and Tenant must surrender the affected portion of the Leased Space to the City.

iii) If any portion of the Leased Space suffers Major Damage, and if after the occurrence of the damage the Agreement is not terminated, the Commissioner and the Airport architect will estimate the cost of restoration and the length of time that will be required to repair the damage and will notify Tenant of the estimate. If the damage can be repaired and the Improvements restored before the Term expires, then Tenant must repair the damage and restore the Improvements. If repair and restoration cannot be substantially completed before the Term expires, then this Agreement terminates as to the portion of the Leased Space as of the date of the Major Damage.

iv) If this Agreement is not terminated in accordance with paragraphs (B) (ii) or (iii) and a casualty has damaged or destroyed any portion of the Shell and Core involving the Leased Space, the City will restore the Shell and Core to the condition existing on the Delivery Date, according to the original as-built plans and specifications. Upon completion of the City's Shell and Core restoration work, if any, Tenant must proceed to rebuild the Improvements as nearly as possible to the character of Improvements existing immediately before the occurrence.

v) Before beginning to replace, repair, rebuild or restore Improvements, Tenant must deliver to the Commissioner a report of an independent consultant acceptable to the Commissioner setting forth:

- a. an estimate of the total cost of the Work;
- b. the estimated date upon which the Work will be substantially completed; and
- c. a statement to the effect that insurance proceeds are projected to

34

be sufficient to pay the costs of the Work.

(vi) The Commissioner will use commercially reasonable efforts to provide suitable temporary Relocation Space during the period of restoration subject to the reasonable approval of Tenant. Tenant must relocate the Concession operations to the temporary Relocation Space, and the costs associated with any such relocation, including moving expenses and the cost of reconstructing the Improvements in the temporary Relocation Space, must be borne by Tenant.

C. Tenant's Option. If the Leased Space or a portion of it is subject to Major Damage during the final three years of the Term, Tenant has the right, for a period of 60 days beginning on the date of the occurrence, to elect not to restore the affected Improvements as otherwise required under this Agreement by giving the Commissioner written notice of the election, in which event this Agreement will, as to the portion of the Leased Space, terminate upon the notice. If Tenant desires to rebuild the affected Leased Space, it may do so only upon the written approval of the Commissioner.

D. Insufficient Insurance. In no event will the City be obligated to repair, alter, replace, restore, or rebuild any Improvements, or any portion of them, nor to pay any of the costs or expenses for them. If Tenant's available insurance proceeds are not sufficient to cover the cost of the restoration as required under this Section, then Tenant is liable to complete the repairs at its own cost and expense, except as provided in (C) above.

5.7 City Resident Construction Worker Employment Requirement.

A. Use of Residents. In connection with and during the construction of any Work

in excess of \$100,000 in Improvement Costs, Tenant and its Subcontractors must comply with

the provisions of § 2-92-330 of the Municipal Code of the City of Chicago ("Municipal Code"), as amended from time to time concerning the minimum percentage of total construction worker hours performed by actual residents of the City. At least 50% of the total construction worker hours worked by persons on the site of the Work must be performed by actual residents of the City, and 7.5% of the total work hours (which may be included on the 50%) must be performed by project area residents: residents of neighborhoods surrounding the Airport. Tenant may request a reduction or waiver of this minimum percentage level of Chicagoans in accordance with standards and procedures developed by the Chief Procurement Officer of the City. In addition to complying with this percentage, Tenant and its Subcontractors are required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions. "Actual residents of the City" means persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment. Tenant and each Subcontractor (for purposes of this subsection, "Employer") must provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed. Each Employer will maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

B. Certified Payroll Reports. Weekly certified payroll reports (U.S. Department of

35

Labor Form WH-347 or equivalent) must be submitted by hard copy or electronically to the Commissioner and must identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

C. Inspection of Records. Each Employer must provide full access to its employment records to the Chief Procurement Officer, the Commissioner, and the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. Each Employer must maintain all relevant personnel data and records for a period of at least 3 years after final acceptance of the Work. At the direction of the Commissioner, affidavits and other supporting documentation may be required of each Employer to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

D. Level of Effort. Efforts on the part of each Employer to provide utilization of actual Chicago residents that are not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer will not suffice to replace the actual, verified achievement of the requirements of this section concerning the worker hours performed by actual Chicago residents.

E. Shortfalls; Liquidated Damages. When the Work is completed, in the event that the City has determined that Tenant has failed to ensure the fulfillment of the requirement of this section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1% of the aggregate hard construction costs of the Improvement Costs (the product of .0005 x such aggregate hard construction costs) (as evidenced by approved contract value for the actual contracts) must be surrendered by Tenant to the City as liquidated damages, and not as a penalty, in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly will result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Tenant and/or the Subcontractors to prosecution. The City may draw against the security any amounts that appear to be due to the City under this provision pending the City's determination as to the full amount of liquidated damages due on completion of the Work.

F. Nothing set forth in this section acts as a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents, as applicable.

G. Inclusion in Subcontracts. Tenant must cause or require the provisions of this section to be included in all construction Subcontracts related to the Work.

8 Licensing of General Contractor. This Agreement is subject to Chapter 4-36 of the Municipal Code which requires all persons acting as a general contractor (as defined in Chapter 4-36) to be licensed as a general contractor by the City. Tenant's failure to ensure that any general contractor working on Improvements complies with Chapter 4-36 will be an Event of Default.

9 Prevailing Wages. In connection with the construction, repair, and maintenance of Improvements, Tenant must comply with the applicable provisions of 820 ILCS 130/0.01 et seq. regarding the payment of prevailing wages, and the most recent Illinois Department of Labor schedule of prevailing wages, and any successors to them. Tenant must insert appropriate provisions in all Subcontracts covering construction work under this Agreement to ensure compliance of all construction Subcontractors with the foregoing wage statutes and regulations.

10 Subcontractor Certifications. Tenant must require all Subcontractors performing Work in connection with this Agreement to be bound by the following provision and Tenant must cooperate fully with the City in exercising the rights and remedies described below or otherwise available at law or in equity:

"Subcontractor certifies and represents that Subcontractor and any entity or individual that owns or controls, or is controlled or owned by, or is under common control or ownership with Subcontractor is not currently indebted to the City and will not at any time during the Term be indebted to the City, for or on account of any delinquent taxes, liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been

established. In addition to any other rights or remedies available to the City at law or in equity, Subcontractor acknowledges that any breach or failure to conform to this certification may, at the option and direction of the City, result in the withholding of payments otherwise due to Subcontractor for services rendered in connection with the Agreement and, if the breach or failure is not resolved to the City's satisfaction within a reasonable time frame specified by the City in writing, may result in the offset of any such indebtedness against the payments otherwise due to Subcontractor and/or the termination of Subcontractor for default (in which case Subcontractor will be liable for all excess costs and other damages resulting from the termination.)"

11 MBE/WBE Compliance. Tenant shall make good faith efforts to meet the following goals with respect to participation of Minority Business Enterprises/Woman-Owned Business Enterprises ("MBE/WBE") in the design (including professional services) and construction of Tenant's Improvements, respectively: (i) Design: 26% MBE and 6% WBE; and (ii) Construction: 26% MBE and 6% WBE. However, in consideration of the anticipated costs of the design and construction of the Concession, the City will accept a participation plan that meets a combined single Design and Construction goal of 26% MBE and 6% WBE

37

participation, which participation may be achieved with any combination of construction and design contracts. The Special Conditions and related forms used by the City in its own procurements are attached hereto as Exhibit 9 and should be used by Tenant's Contractors. Tenant must submit to the CMR completed Schedules C's and D's from its design and construction Contractors demonstrating their percentage MBE and WBE participation commitments, and their good faith efforts to achieve the foregoing goals if the commitments are less than those goals. Thereafter, Tenant must submit periodic reports to the CMR, in a form and frequency determined by the Commissioner, documenting its Contractors' compliance with their commitments.

ARTICLE 6 TERM OF AGREEMENT

1 Term. The term of this Agreement is the Term as defined in Article 3, unless this Agreement is terminated earlier in accordance with its terms.

2 **Holding Over.**

A. With consent. Any holding over after expiration of the Term with the written consent of the Commissioner constitutes a month-to-month lease on the same terms and conditions as this Agreement, including payment of the Rent attributable to the portion or portions of the Leased Space that Tenant continues to occupy. Thereafter, Tenant must surrender and vacate the Leased Space no later than the 30th day following notice from the Commissioner that the month-to-month holdover is terminated; Tenant's failure to do so shall be deemed a holding over without consent under (B).

B. Without consent. If Tenant continues to occupy all or a portion of the Leased Space without the written consent of the Commissioner after expiration or termination of this Agreement in its entirety, or as to any such portion of the Leased Space where the Lease under this Agreement has expired or terminated, the holding over constitutes a month-to-month lease on the same terms and conditions as this Agreement, except that Tenant must pay Rent for the entire holdover period for the Leased Space where the Lease has expired or been terminated at double the annual rate of the Rent payable for that Leased Space during the immediately preceding Lease Year. No occupancy of Leased Space by Tenant after the expiration or other termination of the Lease under this Agreement with respect to such Leased Space extends the Term of this Agreement or the Lease, except as a holdover tenancy. Also, in the event of such holdover

tenancy. Tenant shall indemnify the City against all damages arising out of the Tenant's retention of occupancy, including but not limited to any costs incurred by the City to evict Tenant, and all insurance policies and letters of credit required to be obtained and maintained by Tenant as set forth in this Agreement shall continue in effect.

3 Return of the Leased Space and Removal of Improvements.

A. At the termination or expiration for any reason of this Agreement or the Lease as to any portion of the Leased Space, Tenant must promptly, peaceably, quietly and in good order quit, deliver up and return the Leased Space (or that portion as to which the Lease has

terminated, in the case of a partial termination) in good condition and repair, ordinary wear and tear and damage by fire or other casualty excepted.

B. Tenant must remove all Tenant personal property and proprietary trade fixtures from the Leased Space or the portions of the Leased Space before the date of termination or expiration. Any personal property or trade fixtures remaining in the Leased Space 48 hours after the date of termination or expiration shall be deemed abandoned, and the City may dispose of such personal property or trade fixtures in the Commissioner's sole discretion, and Tenant shall have no claim to the proceeds, if any, from such disposition.

C. Further, at the Commissioner's request (which request will be given in writing at least 30 days before the termination or expiration of the Term), Tenant must remove all Improvements installed by or for Tenant, or Tenant's agents, employees or Subcontractors, except for Improvements that the Commissioner may elect to require Tenant to leave in place (excluding proprietary property which Tenant shall retain and remove). As provided in Section 5.2, all Improvements are City property and, if not requested to be removed by the Commissioner, may be used by the City or a replacement tenant; provided, however, that all of Tenant's trade dress, service marks, trademarks and trade names shall be removed, obliterated or painted out in a commercially reasonable manner at Tenant's cost. If directed by the Commissioner to remove Improvements, Tenant must also cap off any plumbing or drains and remove, obliterate or paint out any and all of its signs, advertising and displays as the Commissioner or his designated representative may direct, and repair any holes or other damage left or caused by Tenant.

D. Tenant must repair any damage to the Leased Space caused by Tenant's removal of Tenant personal property, trade fixtures and Improvements. All the removal and repair required of Tenant under this section are at Tenant's sole cost and expense.

E. If Tenant fails to perform any of its foregoing obligations, then the Commissioner may cause the obligations to be performed by Department personnel or City contractors, and Tenant must pay the cost of the performance, together with interest thereon at the Default Rate from and after the date the costs were incurred until receipt of full payment therefor.

4 Termination Due to Change in Airport Operations. This Agreement, or the Lease of any affected Leased Space, is subject to termination by either party on 60 days' written notice in the event of any action by the FAA, the TSA or any other governmental entity or the issuance of an order by any court of competent jurisdiction which prevents or restrains the use of the Airport, the Terminals or a portion thereof that renders performance by either party in the Leased Space impossible, and which governmental action or court order remains in force and is not stayed by way of appeal or otherwise, for a period of at least 90 days, so long as the action or order is not the result of any Event of Default of Tenant.

5 Eminent Domain.

A. If the entirety of the Terminals or a substantial part of them, including the entire Leased Space, is taken by eminent domain by an authority other than the City, the Term of this Agreement will end upon the earlier of the date when possession is required by the condemning authority or the effective date of the taking.

B. If any eminent domain proceeding is instituted by an authority other than the City in which it is sought to take any part of the Airport or the Terminals, the taking of which would, in the good faith judgment of the Commissioner or Tenant, render it impractical or undesirable to conduct Concession operations on the remaining portion of the Leased Space for the intended purposes, the Commissioner and Tenant will each have the right to terminate this Agreement upon not less than 90 days' written notice to the other.

C. In the event of termination of this Agreement under either (A) or (B), all Rent accrued for the Leased Space in question prior to the termination date is payable to the City. However, the City shall have no obligation to pay Tenant any unamortized Improvement Costs for such Leased Space, and Tenant shall look solely to the condemning authority for any award of damages.

6.6 Early Termination. Notwithstanding anything to the contrary set forth in this Lease, the Commissioner may terminate this Agreement with respect to any or all of the Leased Space without cause for any reason, in the Commissioner's sole discretion, upon at least ninety (90) days prior written notice to Tenant. Upon the effective date set forth in such notice, Tenant shall surrender and vacate that portion of Leased Space as to which this Agreement is being terminated as if the Agreement had expired on that date with respect to such Leased Space. In the event of such early termination, the City shall pay to Tenant a "Leased Space Termination Payment", which shall be defined herein to include the following: (i) a sum equal to the unamortized balance of Tenant's Improvement Costs with respect to the Leased Space being terminated, depreciated using the monthly straight-line method over the term of the lease commencing on the Date of Beneficial Occupancy of the Leased Space being terminated; and (ii) a sum equal to Gross Revenues earned by Tenant from the Leased Space being terminated during the four (4)-month period immediately preceding the termination date, less the Rent payable to the City for that period. Upon Tenant's receipt of the Leased Space Termination Payment and vacation of the Leased Space, the City and Tenant shall thereafter be released from any and all obligations under this Agreement with respect to the Leased Space except for such obligations which are expressly stated to survive the expiration or earlier termination of this Agreement.

ARTICLE 7 RENT AND FEES

7.1 Rent Payable.

A. In consideration of Tenant's Lease of the Leased Space and the License to operate its Concession in the Leased Space and the associated rights and privileges granted in this Agreement, Tenant must pay the following, without notice or demand, as rent and fees

(collectively, "Rent") as follows:

i) Base Rent: Beginning as of the Delivery Date of any portion of the Leased Space, the Base Rent for such Leased Space as set forth on Exhibit 2. The initial Base Rent applicable to each Leased Space will increase in each succeeding License Year by 3% following the initial License Year compounded annually. The annual Base Rent is payable in monthly installments and will be prorated for any partial Lease Year.

ii) License Fee. Beginning as of the first Date of Beneficial Occupancy of a Retail Space, an amount equal to the greater of a. or b.:

a. Percentage Fee. The "Percentage Fee" is an amount equal to the product of the Percentage Fee Rates and Gross Revenues.

b. Minimum Annual Guarantee. There is no "Minimum Annual Guarantee (MAG)" or "MAG" for the first and second Lease Years of the Term. The Minimum Annual Guarantee will be established beginning in the third Lease Year at an amount equal to 85% of the Percentage Fee payable in the second Lease Year. In the subsequent Lease Years of the Term, the MAG will equal 85% of the Percentage Fee calculated for the prior Lease Year but will never be less than the MAG established in the third Lease Year.

In the event the Leased Space is comprised of two or more distinct Retail Spaces that are opening for Concession operations on different dates, then Exhibit 2 must apportion the MAG payable for the entire Agreement among the various Retail Spaces. The MAG for each Retail Space shall become payable upon its DBO, prorated for any partial year. Upon the DBO of the final Retail Space, the entire MAG shall be payable, prorated for any partial year.

iii) Pre-Construction License Fee. In the event Tenant conducts, with the Commissioner's approval, concession operations in any portion of the Retail Space prior to the construction of the Improvements, then the "Pre-Construction License Fee" is an amount equal to 20% of Gross Revenues during each calendar month (or portion thereof) from the Delivery Date through the DBO of the Retail Space.

iv) Additional Rent. The Marketing Fee and Distribution Fee, if any, and any other charges payable to the City under this Agreement that are identified as Additional Rent. Failure by Tenant to pay Rent, or any portion thereof, when due is an Event of Default.

B. Impositions. Tenant must timely pay, as and when due, any and all taxes, assessments, fees, and charges levied, assessed or imposed by a governmental unit upon this Agreement, the Leased Space, Tenant's leasehold, Tenant's Concession business or upon Tenant's personal property, including but not limited to all permit fees and charges of a similar nature for Tenant's conduct of any business or undertaking in the Leased Space (collectively, "Impositions"). Tenant must provide the Concession Management Representative with copies

of any business licenses or permits required for the Tenant to operate the Concession. Tenant must provide Commissioner a copy of all notices relating to leasehold taxes on the Leased Space within 30 days after receipt and must provide the Commissioner with a receipt indicating payment of leasehold taxes on the Leased Space when due. Nothing in this Agreement precludes Tenant from contesting the amount of an Imposition, including those taxes or charges enacted or promulgated by the City, but unless otherwise allowed by the entity imposing the tax or charge, Tenant must pay the tax or charge pending the judicial or administrative decision on the Tenant's contest. Failure of Tenant to pay any Imposition when due, except to the extent that Tenant is allowed to withhold payment while contesting the amount of the Imposition, will constitute an Event of Default. As provided in Section 4.1, Tenant acknowledges that the leasehold created under this Agreement is taxable, and while Tenant may contest the amount of the leasehold tax, Tenant shall not contest its

applicability.

C. Rent under this Agreement is not considered to be a tax and is independent of any Imposition levied by the City on the Tenant's business. Further, the payment of the Rent under this Agreement is independent of each and every other covenant and agreement contained in this Agreement, and Tenant must pay all Rent without any set off, abatement, counterclaim or deduction whatsoever except as otherwise expressly provided in this Agreement. If Tenant is directed to move its Concession operations to a Relocation Space, and the City determines that the affected Retail Space is to be closed before completion of the Improvements in the Relocation Space, then adjustments will be made to the Minimum Annual Guarantee until Tenant begins Concession operations in the Relocation Space. Such adjustments will be in the same proportion as the Gross Revenues attributable to the Retail Space to be closed bears to the Gross Revenues for the entire Retail Space to which the Minimum Annual Guarantee applies. If actual Gross Revenue amounts are not available, the adjustment will be made based on the MAG per location estimates in Exhibit 2.

7.2 Time of Payments.

A. On or before the first day of each calendar month, prorated for any partial calendar month, beginning on the Delivery Date of the first Leased Space and continuing throughout the Term, Tenant must pay to the City the monthly installment of Base Rent owed pursuant to Section 7.1 (A)(i).

B. On or before the first day of each calendar month, prorated for any partial calendar month, beginning on the DBO of the first Leased Space and continuing throughout the Term, Tenant must pay to the City:

(i) that portion of the Minimum Annual Guarantee as may be due pursuant to Section 7.1(A)(ii)(b);

C. On or before the 15th day of each month, beginning the month following the month in which the DBO of the first Leased Space occurs, Tenant must pay the City:

42

i) the amount, if any, by which the actual Percentage Fee for the preceding month pursuant to Section 7.1(A)(ii)(a) exceeds the Minimum Annual Guarantee payment that was made on the first day of the month;

ii) the Marketing Fee, Distribution Fee and additional rent, if any, based on the Gross Revenues of the preceding month or pre-determined amount; and

iii) any other charges payable to the City.

D. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding Lease Year exceeds the amount of all payments made by Tenant to the City for the Lease Year in question, then Tenant must pay the amount of the underpaid Percentage Fee to the City upon the submission of the annual statement of Gross Revenues. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding Lease Year is less than the amount of all License Fee payments made by Tenant to the City for the period in question, but the Percentage Fee still exceeds the MAG for that Lease Year, then Tenant will receive a credit against the next License Fee payment due under this Agreement for the amount by which the License Fee actually paid by Tenant exceeded the Percentage Fee attributable to the period.

3 Material Underpayment or Late Payment. Without waiving any other remedies available to the City, if:

i) Tenant underpaid Rent due in any calendar year by more than 5%, or

ii) Tenant failed to make any Rent payments within 5 days of the date due, then Tenant must pay, in addition to the amount due the City as Rent, interest on the amount of underpayment or late payment at the Default Rate. Interest on the amount underpaid accrues from the date on which the original payment was due until paid in full and shall be considered Additional Rent. The provision for the payment of interest does not constitute an authorization by the City of underpayment or late payment.

4 Reports.

A. Monthly. Tenant must furnish to the Commissioner on or before the 15th day of each calendar month falling wholly or in part within the Term of this Agreement a complete statement, certified by Tenant, of the amount of Gross Revenues derived from each Retail Space by Tenant during the preceding month.

B. Daily and/or Weekly. Tenant will furnish to the Commissioner daily and/or weekly sales reports, if requested, breaking down all sales and Gross Revenues by day, daypart (breakfast, lunch, dinner and late/overnight), selling category and by each separate Retail Space. If so requested, Tenant will provide Commissioner with statistical information regarding the number and type of transactions occurring at each Retail Space, in the form specified by the Commissioner. In addition to providing the City the foregoing daily and/or weekly reports, if requested. Tenant shall make all such reports available in an electronic,

43

searchable format acceptable to the City. The City may require Tenant to provide such electronic, searchable reports more or less frequently than other reports requested pursuant to this subsection.

C. Annually or more often.

(i) Tenant also must furnish to Commissioner no later than March 1 of each Lease Year falling wholly or in part within the Term of this Agreement, and within 120 days after the expiration or termination of this Agreement, a complete statement of revenues certified by an independent certified public accountant engaged by Tenant, showing in all reasonable detail the amount of Gross Revenues made by Tenant in, on or from the Leased Space during the preceding Lease Year and copies of all returns and other information filed with respect to Illinois sales and use taxes as well as such other reasonable financial and statistical reports as the Commissioner may, from time to time, require by written notice to Tenant.

(ii) The annual statement must include a breakdown of Gross Revenues on a month-by-month basis and an opinion of an independent certified public accountant that must include the following language, or language of similar purport:

"We, a firm of independent certified public accountants, have examined the accompanying statement reported to the City of Chicago by [_____] for the year ended _____ relating to its operations at the Terminals pursuant to an Agreement

dated _____, . Our examination was made in accordance with generally accepted accounting principles and, accordingly, includes such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement showing gross revenues of \$ _____ presents accurately the amount of Gross Revenues, as defined in the Agreement, for the year ended _____. "

D. All such reports and statements must be prepared on a form approved by the Commissioner and must, among other things, provide a breakdown of the Gross Revenues by category of Products and an analysis of all Percentage Fees due and payable to the City with respect to the period in question. If Tenant fails to timely furnish to the Commissioner any monthly or annual statement required under this Agreement or if the independent certified public accountant's opinion is qualified or conditioned in any manner, the Commissioner has the right (but is not obligated) without notice, to conduct an audit of Tenant's books and records and to prepare the statements at Tenant's expense. Tenant must also provide the Commissioner with such other financial or statistical reports and information concerning the Leased Space or any part thereof, in the form as may be reasonably required from time to time by the Commissioner.

7.5 Books, Records and Audits.

44

A. Except as provided below, Tenant must prepare and maintain at its office full, complete and proper books, records and accounts in accordance with generally accepted accounting procedures relating to and setting forth the Gross Revenues, including but not limited to Gross Revenues generated by sales of Products for cash, debit, check, gift certificate, credit, or any other form of compensation, and must require and cause its operations personnel to prepare and keep books, source documents, records and accounts sufficient to substantiate those kept by Tenant. The books and source documents to be kept by Tenant must include true copies of all federal, state and local tax returns filed with respect to Tenant's Concession operation and reports, records of inventories and receipts of Products, daily receipts from all sales and other pertinent original sales records and records of any other transactions conducted in or from the Leased Space by Tenant and any other persons conducting business in or from the Leased Space. Pertinent original sales records must include the following documents or their auditable electronic equivalents:

- i) cash register tapes, including tapes from temporary registers,
- ii) serially pre-numbered sales slips,
- iii) the original records of all mail and telephone orders at and to the Leased Space,
- iv) original records indicating that Products returned by customers was purchased at the Leased Space by the customers,
- v) memorandum receipts or other records of Products taken out on approval,
- vi) detailed original records of any exclusions or deductions from Gross Revenues,
- vii) sales tax records, and
- viii) such other sales records, if any, that would normally be examined by an independent accountant under accepted auditing standards in performing an audit of Tenant's Gross Revenues.

B. Tenant must record at the time of each sale or other transaction, all receipts, whether in physical form or electronic, from the sale or other transaction. The books, records and accounts, including any sales tax reports that Tenant may be required to furnish to any government or governmental agency, must at all reasonable times be open to the inspection (including the making of copies or extracts) of the Commissioner, the Commissioner's auditor or other authorized representative or agent at the Leased Space or Tenant's other offices in Chicago for a period of at least three (3) years after the expiration of each calendar year falling wholly or in part within the Term.

C. The acceptance by the Commissioner of payments of any Percentage Fee is without prejudice to the Commissioner's right to conduct an examination of the Tenant's books and records relating to Gross Revenues and of inventories of Products at the Retail Space, in order to verify the amount of Gross Revenues made in and from the Retail Space.

D. After providing Tenant at least 3 days prior oral or written notice, the

45

Commissioner may inspect the books and records of Tenant. Further, at its option, the Commissioner may at any reasonable time, upon no less than 10 days prior written notice to Tenant cause a complete audit to be made of Tenant's entire records relating to the Retail Space for the period covered by any statement issued by Tenant as above set forth. If the audit discloses that Tenant's statement of Gross Revenues is understated to the extent of:

i) 3% or more, Tenant must promptly pay the City the cost of the audit in addition to the deficiency (and any interest on the deficiency at the Default Rate), which deficiency is payable in any event, and if

ii) 5% or more, an Event of Default is considered to have occurred, and in addition to all other remedies available under this Agreement, at law, or in equity, the Commissioner has the right to terminate this Agreement immediately upon giving notice to Tenant, without any opportunity for Tenant to cure.

In addition to the foregoing, and in addition to all other remedies available to the City, if Tenant or the City's auditor schedules a date for an audit of Tenant's records and Tenant fails to be available or otherwise fails to comply with the reasonable requirements for the audit. Tenant must pay all reasonable costs and expenses associated with the scheduled audit.

7.6 Revenue Control. Upon the request of the Commissioner Tenant must make available monthly sales data for each Retail Space ("Point of Sale Data"), reflecting the amount of each sales transaction, items sold per transaction, time and date of the transaction, and specifying the sales category applicable to each item sold. At such time, if any, as computerized Point of Sale Data systems ("POS Systems") have been developed to a point where the Commissioner deems it necessary or desirable to install such a POS System, then Tenant must upon request and at its own expense, install such a POS System in the Retail Space or, if it already uses such a system, must use reasonable efforts to promptly cause the system to conform to the City's POS System, provided, in no event shall Tenant be required to disclose customer data in contravention of applicable laws. Tenant shall be given a reasonable amount of time, not to exceed one year, to accomplish the foregoing.

7.7 Lien. In addition to any liens as may arise under Illinois law, the City has a

contractual lien under this Agreement on all property, including Tenant personal property located on the Leased Space, but excluding any Products that is subject to floor plan financing, as security for non-payment of any Rent due.

ARTICLE 8 INSURANCE, INDEMNITY AND SECURITY

8.1 Insurance. Tenant must, at its sole expense, procure and maintain at all times during the Term of this Agreement, and during any time period following expiration or termination of this Agreement during which Tenant is holding over or Tenant is required to return to the Leased Space for any reason whatsoever, the types of insurance specified in Exhibit 7 covering all operations under this Agreement, with insurance companies authorized to do business in the State of Illinois.

46

8.2 Indemnification

A Except where this indemnity clause would be found to be inoperative or unenforceable under the Construction Contract Indemnification for Negligence Act, 740 ILCS 35/0.01 et seq. ("Anti-Indemnity Act"), Tenant must defend, indemnify, keep and hold harmless the City, its officers, representatives, elected and appointed officials, agents and employees, from and against any and all Losses.

B. "Losses" means, individually and collectively, liabilities of every kind, including losses, damages, and reasonable costs, payments and expenses (such as, but not limited to, court costs and reasonable attorneys' fees and disbursements), claims, demands, actions, suits, proceedings, judgments or settlements, any or all of which in any way arise out of or relate to the acts or omissions of Tenant, its employees, agents, subtenants, and Subcontractors.

C. At the City Corporation Counsel's option. Tenant must defend all suits brought upon all such Losses and must pay all costs and expenses incidental to them, but the City has the right, at its option, to participate, at its own cost, in the defense of any suit, without relieving Tenant of any of its obligations under this Agreement. Tenant must not make any settlement without the prior written consent to it by the City Corporation Counsel if the settlement requires any action on the part of the City or in any way involving the Airport.

D. To the extent permissible by law, Tenant waives any limits to the amount of its obligations to indemnify, defend or contribute to any sums due under any Losses, including any limits applicable to a claim by any employee of Tenant that may be subject to the Workers' Compensation Act, 820 ILCS 305/1 et seq or any other related law or judicial decision (such as, *Kotecki v. Cyclops Welding Corporation*, 146 Ill. 2d 155 (1991)). The waiver, however, does not require Tenant to indemnify the City for the City's own negligence to the extent doing so would violate the Anti-Indemnity Act. The City, however, does not waive any limitations it may have on its liability under the Worker's Compensation Act or under the Illinois Pension Code.

E The indemnities contained in this section survive expiration or termination of this Agreement, for matters occurring or arising during the Term of this Agreement or as the result of or during the holding over of Tenant beyond the Term. Tenant acknowledges that the requirements set forth in this section to indemnify, keep and save harmless and defend the City are apart from and not limited by the Tenant's duties under this Agreement, including the insurance and Security requirements.

8.3 Security

A. Form of Security.

(i) Tenant must deliver to the City no later than the earlier to occur of: a) 30 business days after the Effective Date or b) the Delivery Date for the first Leased Space, an irrevocable,

47

unconditional sight draft Letter of Credit in favor of the City. The face amount of the Letter of Credit and any replacements or renewals of it must be maintained by Tenant, through and including the date that is 180 days after the expiration of the Term or termination of this Agreement, as follows: the face amount of the Letter of Credit must equal a) until the third full Lease Year of the Term, \$25,000, and b) during and after the third full Lease Year of the Term, 25% of third full Lease Year MAG in the form of an irrevocable letter of credit issued in favor of the City or a cash deposit. If a letter of credit is provided as the form security, it will be required to be adjusted throughout the Term, as the MAG increases or decreases. The Letter of Credit must be in the form set forth in Exhibit 6 or as otherwise approved by the Corporation Counsel.

ii) In lieu of the Letter of Credit, Tenant may provide cash or a cashier's check in the same amount for immediate deposit in the City's accounts. The Letter of Credit, cash or cashier's check, as applicable, is referred to in this Agreement as the "Security." The original Letter of Credit, and all replacements of it, must be issued with an expiry date of at least one year after their respective dates of issuance. The Security secures the faithful performance by Tenant of all of Tenant's obligations under this Agreement. The Commissioner is entitled to draw on any such Letter of Credit unless proof of renewal of the Letter of Credit or a replacement Letter of Credit in form and substance satisfactory to the Comptroller has been furnished to the Commissioner at least 30 days before its expiration date. The City will hold the proceeds as a cash Security to secure the full and faithful performance of Tenant's obligations under this Agreement. The Commissioner is not obligated to pay or credit Tenant with interest on any Security.

iii) The Commissioner also is entitled to draw on the Letter of Credit in whole or in part upon the occurrence of an Event of Default, which such Event of Default remains uncured after any applicable cure period, in which event the Commissioner is entitled to apply or retain all or any part of the proceeds of it or any cash or other Security deposited by Tenant and held by the City for the payment of any obligation of Tenant arising before or after the Event of Default; provided, the Commissioner is not entitled to draw on the Letter of Credit if such Event of Default permits cure and has been cured.

iv) The Letter of Credit must provide that the Commissioner may draw upon the Letter of Credit in whole or in part upon the delivery by the Commissioner to the issuer of the Letter of Credit of a demand for payment, purportedly signed by the Commissioner, together with a written statement that the Commissioner is entitled to draw upon the Letter of Credit under the terms of this Agreement. If amounts are drawn upon the Letter of Credit or amounts of a cash Security are applied by the Commissioner in accordance with the terms of this Agreement, Tenant must reinstate the Letter of Credit or cash Security to its full amount required in this Agreement within 5 days following notification by the Commissioner of the City's draw upon the Letter of Credit or use of the cash Security. The rights reserved to the Commissioner or the City under the Letter of Credit or any cash Security are in addition to any rights they may have under this Agreement or under law.

B. Qualified Issuers. The Letter of Credit called for in this Agreement must be issued by companies or financial institutions having a rating of "A" or better as determined by Standard and Poors or by Moody's Investors Service, Inc., or a net worth of at least \$500,000,000, and must have an office in Chicago where the Commissioner may draw on the Letter of Credit. The Commissioner also reserves the right to order Tenant to immediately close some or all of the Leased Space until the Letter of Credit is in place and effective.

C. Right to Require Replacement of Letter of Credit. If the financial condition of any Letter of Credit issuer issuing the Letter of Credit materially and adversely changes, the Commissioner may, at any time, require that the Letter of Credit be replaced with a Letter of Credit from another institution and in accordance with the requirements set forth in this section.

D. No Excuse from Performance. None of the provisions contained in this Agreement nor in the Letter of Credit required under this Agreement excuse Tenant from faithfully performing in accordance with the terms and conditions of this Agreement or limit the liability of Tenant under this Agreement for, any and all damages in excess of the amounts of the Letter of Credit.

E. Non-Waiver. Notwithstanding anything to the contrary contained in this Agreement, the failure of the Commissioner to draw upon the Letter of Credit required under this Agreement or to require Tenant to replace the Letter of Credit at any time or times when the Commissioner has the right to do so under this Agreement does not waive or modify the Commissioner's rights to draw upon the Letter of Credit and to require Tenant to maintain or, as the case may be, replace the Letter of Credit, all as provided in this Section.

ARTICLE 9 DEFAULT, REMEDIES AND TERMINATION

9.1 Events of Default. The following (A) through (N) constitute Events of Default by Tenant under this Agreement. The Commissioner will notify Tenant in writing of any event that the Commissioner believes to be an Event of Default. Tenant will be given an opportunity to cure the Event of Default within a reasonable period of time, as determined by the Commissioner, but not to exceed 30 days after written notice of the Event of Default; provided, that (i) if a provision of this Agreement provides for a different cure period for a particular Event of Default, that different cure period will apply; (ii) if a provision of this Agreement does not expressly allow a right to cure a particular Event of Default, there will be no right to cure; and (iii) if neither (i) or (ii) apply and if the promise, covenant, term, condition or other nonmonetary obligation or duty cannot be cured within the time period granted by the Commissioner, but Tenant promptly begins and diligently and continuously proceeds to cure the failure within the time period granted and after that continues to diligently and continuously proceed to cure the failure, and the failure is reasonably susceptible of cure within 45 days from delivery of the notice, Tenant will have the additional time, not in any event to exceed 45 days, to cure the failure.

A. Any material misrepresentation made by Tenant to the City in the inducement

to City to enter this Agreement or in the performance of this Agreement. There is no right to cure this Event of Default.

B. Tenant's failure to make any payment in full when due under this Agreement and failure to cure the default within five days after the City gives written notice of the nonpayment to Tenant. In addition, Tenant's failure to make any such payment within five days after the written notice more than three times in any Lease Year constitutes an Event of Default without the necessity of the City giving notice of the fourth failure to Tenant or allowing Tenant any opportunity to cure it.

C. Tenant's failure to promptly and fully keep, fulfill, comply with, observe, or perform any promise, covenant, term, condition or other non-monetary obligation or duty of Tenant contained in this Agreement.

D. Tenant's failure to promptly and fully perform any obligation or duty, or to comply with any restriction of Tenant contained in this Agreement concerning Transfer or Change in Ownership, whether directly or indirectly, of Tenant's rights or interests in this Agreement or of the ownership of Tenant.

E. Tenant's failure to provide or maintain the insurance coverage required under this Agreement (including any material non-compliance with the requirements) and the failure to cure the Event of Default within two days following oral or written notice from the Commissioner; or, if the noncompliance is non-material, the failure to cure the Event of Default within 20 days after the Commissioner gives written notice. The Commissioner, in the Commissioner's sole discretion, will determine if noncompliance is material.

F. Tenant's failure to conduct Concession operations in any Retail Space at all times Tenant is required to do so under this Agreement.

G. Tenant's failure to comply with the Value Pricing policy.

H. Tenant's failure to begin or to complete its Improvements on a timely basis or to timely open for business in the Leased Space or any portion of it as required herein.

I. An Event of Default by Tenant or any Affiliate under any other agreement it may presently have or may enter into with the City during the Term of this Agreement and failure to cure the default within any applicable cure period.

J. Tenant or Guarantor, if any, does any of the following and the action affects Tenant's ability to carry out the terms of this Agreement:

- i) becomes insolvent, as the term is defined under Section 101 of the Bankruptcy Code as amended from time to time; or
- ii) fails to pay its debts generally as they mature; or

- iii) seeks the benefit of any present or future federal, state or foreign insolvency statute; or
- iv) makes a general assignment for the benefit of creditors, or
- v) files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its

indebtedness under the Bankruptcy Code or under any other law or statute of the United States or of any State or any foreign jurisdiction; or

vi) consents to the appointment of a receiver, trustee, custodian, liquidator or other similar official, of all or substantially all of its property.

K. An order for relief is entered by or against Tenant or Guarantor (if any) under any chapter of the Bankruptcy Code or similar law in any foreign jurisdiction and is not stayed or vacated within 60 days following its issuance.

L. Tenant is dissolved.

M. A violation of law that results in a guilty plea, a plea of nolo contendere, guilty finding, or conviction of a criminal offense, by Tenant, or any of its directors, officers, partners or key management employees directly or indirectly relating to this Agreement, and that may threaten, in the sole judgment of Commissioner, Tenant's performance of this Agreement in accordance with its terms.

N. Any failure to perform, act, event or omission that is specifically identified as an Event of Default elsewhere in this Agreement.

9.2 Remedies.

If an Event of Default occurs and is not cured by Tenant in the time allowed, in addition to any other remedies provided for in this Agreement, including the remedy of Self-help as provided in Section 9.3, the City through the Commissioner or other appropriate City official may exercise any or all of the following remedies:

A. Terminate this Agreement with respect to all or a portion of the Leased Space and exclude Tenant from that part of the Leased Space affected by the termination. If the Commissioner elects to terminate this Agreement, the Commissioner may, at the Commissioner's sole option, serve notice upon Tenant that this Agreement ceases and expires and becomes absolutely void with respect to the Leased Space or that part identified in the notice on the date specified in the notice, to be no less than five days after the date of the notice, without any right on the part of Tenant after that to save the forfeiture by payment of any sum due or by the performance of any term, provision, covenant, agreement or condition broken. At the expiration of the time limit in the notice, this Agreement and the Term of this Agreement, as well as the right, title and interest of Tenant under this Agreement, wholly ceases and expires and becomes void with respect to the Leased Space identified in such notice in the same manner

and with the same force and effect (except as to Tenant's liability) as if the date fixed in the notice were the date in this Agreement stated for expiration of the Term with respect to the Leased Space identified in such notice.

B. Recover all Rent, including Additional Rent and any other amounts due that have accrued and are then due and payable and also all damages available at law or under this Agreement. If the Agreement is terminated, whether in its entirety or with respect to a part of the Leased Space, the damages will include damages for the balance of the scheduled Term, based upon any and all amounts that Tenant would have been obligated to pay for the balance of the Term with respect to the Leased Space, or if this Agreement is terminated with respect to a portion of the Leased Space, that portion of the Leased Space affected by the termination, calculated as provided in this Agreement or, if not fixed, as reasonably estimated and prorated among the various portions of the Leased Space. In determining the amount of damages for the period after termination, the Commissioner may make the determination based upon the sum of any future

payments that would have been due to the City, for the full Lease Year immediately before the Event of Default. All amounts that would have been due and payable after termination for the balance of the Term with respect to all or a portion of the Leased Space must be discounted to present value at the Default Rate existing as of the date of termination. The Commissioner may declare all amounts to be immediately due and payable.

C. At any time after the occurrence of any uncured Event of Default, whether or not the Lease under this Agreement has been terminated, reenter and repossess the Leased Space and/or any part of it with or without process of law, so long as no undue force is used, and the City has the option, but not the obligation, to re-lease all or any part of the Leased Space. The City, however, is not required to accept any Tenant proposed by Tenant or to observe any instruction given the City about such a re-lease. The failure of the City to re-lease the Leased Space or any part or parts of it does not relieve or affect Tenant's liability under this Agreement nor is the City liable for failure to re-lease. Reentry or taking possession of the Leased Space does not constitute an election on the City's part to terminate this Agreement unless a written notice of the election by the Commissioner is given to Tenant. Even if the City re-leases without termination, the Commissioner may at any time thereafter elect to terminate this Agreement for any previous uncured Event of Default. For the purpose of re-leasing, the Commissioner may decorate or make repairs, changes, alterations or additions in or to the Leased Space to the extent deemed by the Commissioner to be desirable or convenient, and the cost of the decoration, repairs, changes, alterations or additions will be charged to and payable by Tenant as Additional Rent under this Agreement. Any sums collected by the City from any new Tenant obtained on account of Tenant will be credited against the balance of the Rent due under this Agreement. Tenant must pay the City monthly, on the days when payments of Rent would have been payable under this Agreement, the amount due under this Agreement less the amount obtained by the City from the new Tenant, if any.

D. Enter upon the Leased Space, distrain upon and remove from it all inventory, equipment, machinery, trade fixtures and personal property of any kind or nature, whether owned by Tenant or by others, and to proceed without judicial decree, writ of execution or

52

assistance or involvement of constables or the City's and Tenant's officers, to conduct a private sale, by auction or sealed bid without restriction. Tenant waives the benefit of all laws, whether now in force or later enacted, exempting any of Tenant's property on the Leased Space or elsewhere from distraint, levy or sale in any legal proceedings taken by the City to enforce any rights under this Agreement.

E. Seek and obtain specific performance, a temporary restraining order or an injunction, or any other appropriate equitable remedy.

F. Seek and obtain money damages; including special, exemplary, incidental and consequential damages.

G. Deem Tenant and Affiliates non-responsible in future contracts or concessions to be awarded by the City.

H. Declare Tenant and Affiliates in default under any other existing contracts or agreements they might have with the City and to exercise any remedies available under those other contracts or agreements.

I. Accept the assignment of any and all Subcontracts between Tenant and the design and construction Subcontractors.

J. Require Tenant to terminate a Subcontractor that is causing breaches of this Agreement.

9.3 Commissioner's Right to Perform Tenant's Obligations.

A. Upon the occurrence of an Event of Default that Tenant has failed to cure in the time provided, the Commissioner may, but is not obligated to, make any payment or perform any act required to be performed by Tenant under this Agreement in any manner deemed expedient by the Commissioner for the purpose of correcting the condition that gave rise to the Event of Default ("Self-help"). The Commissioner's inaction never constitutes a waiver of any right accruing to the City under this Agreement nor do the provisions of this section or any exercise by the Commissioner of Self-help under this Agreement cure any Event of Default. Any exercise of Self-help does not limit the right of any other City department or agency to enforce applicable City ordinances or regulations.

B. The Commissioner, in making any payment that Tenant has failed to pay:

i) relating to taxes, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim;

ii) for the discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien that may be asserted; and

53

(iii) in connection with the completion of construction, furnishing or equipping of the Leased Space or the licensing, operation or management of the Leased Space or the payment of any of its operating costs, may do so in such amounts and to such persons as the Commissioner may deem appropriate.

Nothing contained in this Agreement requires the Commissioner to advance monies for any purpose.

C. If Tenant fails to perform its obligations under this Agreement to maintain and operate the Leased Space in accordance with specified standards within 3 days following written notice from the Commissioner, or in the event of a serious health or safety concern or in an emergency (in which case no notice is required) the Commissioner may, but is not obligated to, direct the Department to perform or cause the performance of any such obligation in any manner deemed expedient by the Commissioner for the purpose of correcting the condition in question.

D. All sums paid by the City under the provisions of this Section and all necessary and incidental costs, expenses and reasonable attorneys' fees in connection with the performance of any such act by the Commissioner, together with interest thereon at the Default Rate, from the date of the City's payment until the date paid by Tenant, are deemed Additional Rent under this Agreement and are payable to the City within 10 days after demand therefor, or at the option of the Commissioner, may be added to any Rent then due or later becoming due under this Agreement, and Tenant covenants to pay any such sum or sums with interest at the Default Rate.

9.4 Effect of Default and Remedies

A. Tenant, for itself and on behalf of any and all persons claiming through or under it (including creditors of all kinds), waives and surrenders all right and privilege that they or any of them might have under or by reason of any present or future law, to redeem the Leased Space or to have a continuance of this Agreement for the Term, as it may have been extended, after having been dispossessed or ejected by process of law or under the terms of this Agreement or after the termination of this Agreement as provided in this Agreement.

B. The City's waiver of any one right or remedy provided in this Agreement does not constitute a waiver of any other right or remedy then or later available to the City under this Agreement or otherwise. A failure by the City or the Commissioner to take any action with respect to any Event of Default or violation of any of the terms, covenants or conditions of this Agreement by Tenant will not in any respect limit, prejudice, diminish or constitute a waiver of any rights of the City to act with respect to any prior, contemporaneous or later violation or Event of Default or with respect to any continuation or repetition of the original violation or Event of Default. The acceptance by the City of payment for any period or periods after an Event of Default or violation of any of the terms, conditions and covenants of this Agreement does not constitute a waiver or diminution of, nor create any limitation upon any right of the

City under this Agreement to terminate this Agreement for subsequent violation or Event of Default, or for continuation or repetition of the original violation or Event of Default. Tenant has no claim of any kind against the City by reason of the City's exercise of any of its rights as set forth in this Agreement or by reason of any act incidental or related to the exercise of rights.

C. All rights and remedies of the City under this Agreement are separate and cumulative, and none excludes any other right or remedy of the City set forth in this Agreement or allowed by law or in equity. No termination of this Agreement or the taking or recovery of the Leased Space deprives the City of any of its remedies against Tenant for Rent, including Additional Rent or other amounts due or for damages for the Tenant's breach of this Agreement. Every right and remedy of the City under this Agreement survives the expiration of the Term or the termination of this Agreement.

ARTICLE 10 SPECIAL CONDITIONS

10.1 Warranties and Representations. In connection with the execution of this Agreement, Tenant warrants and represents statements (A) through (L) below are true as of the Effective Date. If during the Term there is any change in circumstances that would cause a statement to be untrue, Tenant must promptly notify the Commissioner in writing. Failure to do so will constitute an Event of Default. Tenant must incorporate all of the provisions set forth in this Section 10.1 in all Subcontracts entered into with any suppliers of materials, furnishers of services, Subcontractors, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any materials, labor or services in connection with this Agreement, such that the parties warrant, represent and covenant to Tenant as to the matters set forth in this Section. Tenant must cause its Subcontractors to execute those affidavits and certificates that may be necessary in furtherance of these provisions. The certifications must be attached and incorporated by reference in the applicable agreements. If any Subcontractor is a partnership or joint venture, Tenant must also include provisions in its Subcontract ensuring that the entities comprising the partnership or joint venture are jointly and severally liable for its obligations under it.

A. Tenant is financially solvent; Tenant holds itself to very high standards of quality and professionalism; Tenant and each of its employees and agents are competent to perform as required under this Agreement; this Agreement is feasible of performance by Tenant in accordance with all of its provisions and requirements; Tenant has the full power and is legally authorized to perform or cause to be performed its obligations under this Agreement under the terms and conditions stated in this Agreement; and Tenant can and will perform, or cause to be performed, all of its obligations under this Agreement in accordance with the provisions and requirements of this Agreement

B. Tenant is qualified to do business in the State of Illinois; and Tenant has a valid current business privilege license to do business in the State of Illinois and the City of Chicago, if required by applicable law.

C. The person signing this Agreement on behalf of Tenant has been duly authorized to do so by Tenant; all approvals or consents necessary in order for Tenant to execute and deliver this Agreement have been obtained; and neither the execution and delivery of this Agreement, the consummation of the transactions contemplated, nor the fulfillment of or compliance with the terms and conditions of this Agreement:

i) conflict with or result in a breach, default or violations of: Tenant's organizational documents; any law, regulation, ordinance, court order, injunction, or decree of any court, administrative agency or governmental body, or any lease or permit; or any of the terms, conditions or provisions of any restriction or any agreement or other instrument to which Tenant is now a party or by which it is bound; or

ii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Tenant under the terms of any instrument or agreement.

D. There is no litigation, claim, investigation, challenge or other proceeding now pending or, to Tenant's knowledge after due and complete investigation, threatened, challenging the existence or powers of Tenant, or in any way affecting its ability to execute or perform under this Agreement or in any way having a material adverse effect on the operations, properties, business or finances of Tenant.

E. This Agreement constitutes the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium and other laws affecting creditors' rights and remedies generally and by the application of equitable principles.

F. No officer, agent or employee of the City is employed by Tenant or has a financial interest directly or indirectly in this Agreement, a Subcontract under it, or the compensation to be paid under it except as may be permitted in writing by the Board of Ethics established under Chapter 2-156 of the Municipal Code and as may otherwise be permitted by law.

G. Tenant has not and will not knowingly used the services of any person or entity for any purpose in its performance under this Agreement, when such person or entity is ineligible to perform services under this Agreement or in connection with it, as a result of any local, state or federal law, rule or regulation, or when such person or entity has an interest that would conflict the performance of services under this Agreement.

H. There was no broker instrumental in consummating this Agreement and no conversations or prior negotiations were had with any broker concerning the rights granted in this Agreement with respect to the Leased Space. Tenant shall hold the City harmless against any claims for brokerage commission arising out of any conversations or negotiations had by Tenant with any broker.

I. Neither Tenant nor any Affiliate of Tenant is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U. S.

Department of Commerce or their successors, or on any other list of persons with which the City may not do business under applicable law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, and Entity List, and the Debarred List.

J. Tenant, and to the best of Tenant's knowledge, its Affiliates, Subcontractors, any of their respective owners holding 7.5% or more beneficial ownership interest, and any of Tenant's directors, officers, members, or partners:

i) currently have no interest, directly or indirectly, that conflicts in any manner or degree with Tenant's performance under this Agreement and will not at any time during the Term have any interest nor acquire any interest, directly or indirectly, that conflicts or would or may conflict in any manner or degree with Tenant's performance under this Agreement;

ii) have no outstanding parking violation complaints or debts, as the terms are defined in Section 2-92-380 of the Municipal Code (With the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding) and agrees that, for the Term, they will promptly pay any debts, outstanding parking violation complaints or monetary obligations to the City that may arise during the Term, with the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding;

iii) are not in default under any other City contract or agreement as of the Effective Date, nor have been deemed by the City to have been in default of any other City contract or agreement within five years immediately preceding the Effective Date;

iv) are not in violation of the provisions of § 2-92-320 of the Municipal Code pertaining to certain criminal convictions or admissions of guilt and are not currently debarred or suspended from contracting by any Federal, State or local governmental agency;

v) are not delinquent in the payment of any taxes due to the City; and

vi) will not make use of the Leased Space in any manner that might interfere with the landing and taking off of aircraft at the Airport under current or future conditions or that might otherwise constitute a hazard to the operations of the Airport or to the public generally.

K. Except only for those representations, statements, or promises expressly contained in this Agreement, including any Exhibits attached to this Agreement and incorporated by reference in this Agreement, no representation, warranty of fitness, statement or promise, oral or in writing, or of any kind whatsoever, by the City, its officials, agents, or employees, has induced Tenant to enter into this Agreement or has been relied upon by Tenant, including any with reference to:

(i) the meaning, correctness, suitability or completeness of any provisions or

requirements of this Agreement;

ii) the nature of the Concession license being granted;

iii) the nature, quantity, quality or volume of any materials, equipment, labor and other facilities, needed for the performance of this Agreement;

iv) the general conditions that may in any way affect this Agreement or its performance;

v) the compensation provisions of this Agreement; or

vi) any other matters, whether similar to or different from those referred to in clauses (i) through (iv) immediately above, affecting or having any connection with this Agreement, the negotiation of this Agreement, any discussions of this Agreement, the performance of this Agreement or those employed in connection with it.

10.2 Business Documents, Disclosure of Ownership Interests and Maintenance

of Existence.

A. Tenant must provide evidence of its authority to do business in the State of Illinois including, if applicable, certifications of good standing from the Office of the Secretary of State of Illinois, and appropriate resolutions or other evidence of the authority of the persons executing this Agreement on behalf of Tenant.

B. Tenant has provided the Commissioner with an Economic Disclosure Statement and Affidavit ("EDS") for itself and EDS(s) for all entities with an ownership interest of 7.5 percent or more in Tenant, copies of which have been scanned for viewing on the City's website. Upon request by the Commissioner, Tenant must further cause its Subcontractors, subtenants, sublicensees and proposed Transferees (and their respective 7.5 percent owners) to submit an EDS to the Commissioner. Tenant must provide the Commissioner, upon request, a "no change" affidavit if the information in the EDS(s) previously supplied remains accurate, or revised and accurate EDS(s) if the information contained in the EDS(s) has changed. In addition, Tenant must provide the City revised and accurate EDS(s) within 30 days of any event or change in circumstance that renders the EDS(s) inaccurate. Failure to maintain accurate EDS(s) on file with the City is an Event of Default.

10.3 Licenses and Permits. Tenant must in a timely manner consistent with its

obligations under this Agreement, secure and maintain, or cause to be secured and maintained

at its expense, the permits, licenses, authorizations and approvals as are necessary under

federal, state or local law for Tenant, its subtenants (if any), and Subcontractors: to operate the

Concession; to construct, operate, use and maintain the Leased Space; and otherwise to comply

with the terms of this Agreement and the privileges granted under this Agreement. Tenant must

promptly provide copies of any required licenses and permits to the Commissioner and to the

Concession Management Representative.

4 Confidentiality. Except as may be required by law during or after the performance of this Agreement, Tenant will not disseminate any non-public information regarding this Agreement or the Concession operations without the prior written consent of the Commissioner, which consent will not be unreasonably withheld or delayed. If Tenant is presented with a request for documents by any administrative agency or with a subpoena duces tecum regarding any documents that may be in its possession by reason of this Agreement, Tenant must immediately give notice to the City's

Corporation Counsel. The City may contest the process by any means available to it before the records or documents are submitted to a court or other third party. Tenant, however, is not obligated to withhold the delivery beyond that time as may be ordered by the court or administrative agency, and unless the subpoena or request is quashed or the time to produce is otherwise extended. Tenant must require each prospective Subcontractor to abide by such restrictions in connection with their respective Subcontracts.

5 Subcontracts and Assignments.

A. The City expressly reserves the right to assign or otherwise transfer all or any part of its interest under this Agreement, at any time and to any third party. Upon assignment to any successor or assignee of the City's right, title and interest in and to the Airport, the City is forever relieved, from and after the date of the assignment, of any and all obligations arising under or out of this Agreement, to the extent the obligations are assumed by the successor or assignee.

B. Limits on Tenant's transfers and changes in ownership:

i) Tenant may not sell, assign, sublease, sublicense, convey, pledge, encumber or otherwise transfer (individually and collectively, "Transfer") all or any part of its rights or interests in or to this Agreement, the License, the Leased Space, the Term, or otherwise permit any third party to use the Leased Space, without prior consent of the City, which consent may be given or denied in the City's sole and absolute discretion. Consent by the City does not relieve Tenant from obtaining further consent from the City for any subsequent Transfer. Transfers involving all of Tenant's interest in this Agreement require approval of the City Council. Transfers of less than all of Tenant's interest in this Agreement require approval of the Commissioner. Consent by the City to any Transfer does not relieve Tenant from the requirement of obtaining consent from the City for any subsequent Transfer. Transfers that have the effect of granting a third party a security interest in this Agreement or the Leased Space as collateral for Tenant financing are strictly prohibited and, if entered into by Tenant, are an Event of Default.

ii) Except as otherwise provided below, any transaction involving a change of any ownership interest in Tenant, whether to an Affiliate, subsidiary or otherwise, or the transfer of an interest in any holder of a direct or indirect ownership interest in Tenant, or any merger or consolidation of Tenant (individually and collectively, "Change in Ownership"), is subject to the consent of:

59

a. City Council, in its sole discretion, if the Change in Ownership involves a 100% Change in Ownership of Tenant, or

b. the Commissioner, in the Commissioner's reasonable discretion, if the Change in Ownership involves less than a 100% Change in Ownership of Tenant.

iii) If Tenant (or, if Tenant is a joint venture or other entity comprised of other entities, any of the entities comprising Tenant) is a corporation whose shares are traded at arms-length on a public exchange, any Change in Ownership involving 5% or more of the shares of Tenant's (or if Tenant is a joint venture or other entity comprised of other entities, of any of the entities comprising Tenant) stock is subject to the City's consent as set forth above. In that event, Tenant must provide the City with such prior notice of a Change in Ownership as is not prohibited by law or by a confidentiality agreement executed in connection with the proposed Change in Ownership. If such prior notice is not permitted, then Tenant must notify the City as soon as possible after the Change in Ownership to obtain the City's consent to the Change in Ownership, which consent the City may grant or deny in its sole discretion. If Tenant (or if Tenant is a joint venture or other entity comprised of other entities, of any of the entities comprising Tenant) is a publicly traded

corporation, a Change in Ownership of less than 5% does not require consent as set forth in (ii) above unless a series of such transactions results in a cumulative Change in Ownership of 5% or more.

iv) Consent by the City to any Change in Ownership does not relieve Tenant (or if Tenant is a joint venture, any of the entities comprising Tenant) from the requirement of obtaining consent from the City for any subsequent Change in Ownership.

v) Any Transfer or Change in Ownership made without the City's prior consent is an Event of Default subject to all remedies, including termination of this Agreement at the City's option, and does not relieve Tenant of any of its obligations under this Agreement for the balance of the Term. This section applies to prohibit a Transfer, such as an assignment by a receiver or trustee in any federal or state bankruptcy, insolvency or other proceedings or by operation of law. Under no circumstances will any failure by the Commissioner to act on or submit any request by Tenant or to take any other action as provided in this Agreement be deemed or construed to constitute consent to the Tenant's request by the Commissioner or by the City Council. If the City is found to have breached its obligations under this Section, then Tenant's sole remedy is to terminate this Agreement without liability to either the City or Tenant.

vi) Notwithstanding any permitted Transfer by Tenant of any rights under this Agreement, Tenant remains fully liable for all payments due to the City under this Agreement and for the performance of all other obligations under this Agreement. In the event of a permitted Transfer of the License or all or any portion of the Leased Space or Transfer of all or any portion of the Term, where the fees payable to Tenant exceed the Rent or pro rata portion of the Rent under this Agreement, as the case may be, for the License, Leased Space or Term, Tenant must pay the City monthly, as Additional Rent, at the same time as the monthly

60

installments of other Rent under this Agreement that are payable in monthly installments, the excess of the fees payable to Tenant pursuant to the Transfer over the Rent payable to the City under this Agreement.

vii) Any or all of the requests by Tenant for consents under this Section must be made in writing and provided to the Commissioner (a) at least 60 days prior to the proposed Transfer or Change in Ownership if the Commissioner's consent is required; and (b) at least 120 days prior to a proposed Transfer or Change in Ownership if the City Council's consent is required, unless the City determines that more time is required. All requests for consent must include copies of the proposed documents of Transfer or Change in Ownership, evidence of the financial condition, reputation and business experience of the proposed transferee, completed Economic Disclosure Statements and Affidavits for all involved parties in the form then required by the City, and such other documents as the City may reasonably require to evaluate the proposed Transfer or Change in Ownership. All documents of Transfer or Change in Ownership must completely disclose any and all monetary considerations payable to Tenant in connection with the Transfer or Change in Ownership. Consent to a Transfer or Change in Ownership proposed under this Agreement is in the sole discretion of the City and, as a condition of the consent, the City may require a written acknowledgment from Tenant that, notwithstanding the proposed Transfer or Change in Ownership, Tenant remains fully and completely liable for all obligations of Tenant under this Agreement; however, Tenant shall remain so liable regardless of whether or not the City requests a written acknowledgment.

viii) If any Transfer or Change in Ownership under this Agreement occurs, whether or not prohibited by this section, the Commissioner may collect the Rent payable under this Agreement from any transferee of Tenant and in that event will apply the net amount collected to the amounts payable by Tenant under this Agreement without, by doing so, releasing Tenant from this Agreement or any of its obligations under this Agreement. If any Transfer or Change in Ownership occurs without the consent of the City and the City collects compensation from any transferee of Tenant and

applies the net amount collected in the manner described in the preceding sentence, the actions by the City are not deemed to be waiver of the covenant contained in this section and do not constitute acceptance of the transferee by the City.

ix) All reasonable costs and expenses incurred by the City in connection with any prohibited or permitted Transfer or Change in Ownership must be borne by Tenant and are payable to the City as Additional Rent.

C. The provisions of this Agreement, to the extent applicable, are deemed a part of any sublease or contract between Tenant and a subtenant or Subcontractor.

D. Assignment of Subleases, Sublicenses and Subcontracts.

(i) Tenant shall assign to the City all of Tenant's right, title and interest in and to each and every permitted sublease and sublicense and each and every Subcontract with a design and construction Subcontractor, now or later executed by Tenant in connection with

61

the License or the Leased Space or any part of it. In connection with the assignment, Tenant must deliver all originally executed subleases, sublicenses and Subcontracts to the Commissioner. Any such assignment will become operative and effective only when and if the City accepts the assignment by giving written notice to Tenant and:

- a. either this Agreement and the Term of this Agreement or Tenant's right to possession under this Agreement are terminated pursuant to Article 9; or
- b. in the event of the issuance and execution of a dispossess warrant or of any other re-entry or repossession by the City under the provisions of this Agreement; or
- c. if an Event of Default exists.

(ii) At the time, if any, that the assignment becomes effective as provided above, the subtenants or Subcontractors will be deemed to have waived all claims, suits, and causes of action against the City arising out of or relating to the period before the effective date of the assignment. Further, in no instance will the City be responsible for any claims by a subtenant or Subcontractor arising from or related to any fraud, misrepresentation, negligence or willful or intentionally tortious conduct by Tenant, its officials, employees, or agents.

10.6 Compliance with Laws. Tenant must at all times observe and comply with all applicable laws, statutes, ordinances, rules, regulations, court orders and executive or administrative orders and directives of the federal, state and local government, now existing or later in effect (whether or not the law also requires compliance by other parties), including the Americans with Disabilities Act and Environmental Laws, that may in any manner affect the performance of this Agreement (collectively, "Laws"), and must not use the Leased Space, or allow the Leased Space to be used, in violation of any Laws or in any manner that would impose liability on the City or Tenant under any Laws. Tenant must notify the City within seven days of receiving notice from a competent governmental authority that Tenant or any of its Subcontractors may have violated any Laws. Provisions required by any Law to be inserted in this Agreement are deemed inserted in this Agreement whether or not they appear in this Agreement or, upon application by either party, this Agreement will be amended to make the insertion; however, in no event will the failure to insert the provisions before or after this Agreement is signed prevent its enforcement. Without limiting the foregoing, Tenant covenants that it will

comply with all Laws, including but not limited to the following:

A. In connection with Section 2-92-320 of the Municipal Code, Tenant has executed an Economic Disclosure Statement and Affidavit which is attached to this Agreement as Exhibit 11 and which contains a certification as required under the Illinois Criminal Code, 720 ILCS 5/33E, and under the Illinois Municipal Code, 65 ILCS 5/8-10-1 et seq. Ineligibility under Section 2-92-320 of the Municipal Code continues for 3 years following any conviction

62

or admission of a violation of Section 2-92-320. For purposes of Section 2-92-320, when an official, agent or employee of a business entity has committed any offense under the section on behalf of such an entity and under the direction or authorization of a responsible official of the entity, the business entity is chargeable with the conduct. If, after Tenant enters into a contractual relationship with a Subcontractor, it is determined that the contractual relationship is in violation of this subsection. Tenant must immediately cease to use the Subcontractor. All Subcontracts must provide that Tenant is entitled to recover all payments made by it to the Subcontractor if, before or subsequent to the beginning of the contractual relationship, the use of the Subcontractor would be violative of this subsection.

B. It is the duty of Tenant and all officers, directors, agents, partners, and employees of Tenant to cooperate with the Inspector General and the Legislative Inspector General of the City in any investigation or hearing undertaken under Chapter 2-56 or Chapter 2-55 of the Municipal Code, respectively. Tenant understands and will abide by all provisions of Chapters 2-55 and 2-56 of the Municipal Code. Tenant must inform all Subcontractors of this provision and require under each Subcontract compliance herewith by each Subcontractor as to each such Subcontractor and all of its officers, directors, agents, partners and employees.

C. Tenant must not use or allow the Leased Space to be used for the release, storage, use, treatment, disposal or other handling of any hazardous substance, as defined in any Environmental Laws, except in full compliance with all Environmental Laws. Tenant must not use or allow the Leased Space to be used for the storage of any such hazardous substances except small amounts of cleaning fluids, business equipment materials (such as copy machine toner) and other small amounts of such hazardous substances customarily handled or used in connection with the Concession operations, all of which must be stored and used in compliance with all applicable Environmental Laws. Upon the expiration or termination of this Agreement, Tenant must surrender the Leased Space to the City free from the presence and contamination of any hazardous substances.

D. In accordance with Section 11 -4-1600(e) of the Municipal Code of Chicago, Tenant warrants and represents that it, and to the best of its knowledge, its Subcontractors have not violated and are not in violation of the following sections of the Municipal Code (collectively, the "Waste Sections"):

- 7-28-390 Dumping on public way-Violation-Penalty;
- 7-28-440 Dumping on real estate without permit
- 1-4-1410 Disposal in waters prohibited;
- 1-4-1420 Ballast tank, bilge tank or other discharge;
- 1-4-1450 Gas manufacturing residue;
- 1-4-1500 Treatment and disposal of solid or liquid waste;
- 1-4-1530 Compliance with rules and regulations required;
- 1-4-1550 Operational requirements;
- 1-4-1560 Screening requirements; and

any other sections listed in Section 11-4-1600(e), as it may be amended from time to time.

During the period while this Agreement is executory, Tenant's or any Subcontractor's violation of the Waste Sections, whether or not relating to the performance of this Agreement, constitutes a breach of and an Event of Default under this Agreement, for which the opportunity to cure, if curable, will be granted only at the sole designation of the Commissioner. Such breach and Event of Default entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit the Tenant's and its Subcontractors' duty to comply with all Environmental Laws, in effect now or later, and whether or not they appear in this Agreement. Non-compliance with these terms and conditions may be used by the City as grounds for the termination of this Agreement and may further affect the Tenant's eligibility for future City agreements.

E. Section 2-92-586 of the Municipal Code: The City encourages Tenant to use contractors and subcontractors that are firms owned or operated by individuals with disabilities, as defined by section 2-92-586 of the Municipal Code of the City of Chicago, where not otherwise prohibited by federal or state law.

F. Prohibition on Certain Contributions (Mayoral Executive Order No. 201 1-4):

1. Licensee agrees that Tenant, any person or entity who directly or indirectly has an ownership or beneficial interest in Tenant of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, Tenant's Subcontractors, any person or entity who directly or indirectly has an ownership or beneficial interest in any Subcontractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (Tenant and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to the Mayor's political fund-raising committee (i) after execution of this bid, proposal or Agreement by Tenant, (ii) while this Agreement or any Other Contract is executory, (iii) during the term of this Agreement or any Other Contract between Tenant and the City, or (iv) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated.
2. Tenant represents and warrants that since the date of public advertisement of the specification, request for qualifications, request for proposals or request for information (or any combination of those requests) or, if not competitively procured, from the date the City approached the Tenant or the date the Tenant approached the City, as applicable, regarding the

formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fund-raising committee.

3. Tenant agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fund-raising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fund-raising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to the Mayor's political fund-raising committee.

64

- 4. Tenant agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 05-1 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.

5. Tenant agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

6. If Tenant violates this provision or Mayoral Executive Order No. 2011-4 prior to award of the Agreement resulting from this specification, the Chief Procurement Officer may reject Tenant's bid.

7. For purposes of this provision:

"Bundle" means to collect contributions from more than one source which are then delivered by one person to the Mayor or to the Mayor's political fund-raising committee.

"Other Contract" means any other agreement with the City of Chicago to which Tenant is a party that is (i) formed under the authority of chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the city council.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

- a) they are each other's sole domestic partner, responsible for each other's common welfare;
- b) neither party is married;

- c) the partners are not related by blood closer than would bar marriage in the State of Illinois;
- d) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- e) two of the following four conditions exist for the partners:
 - (i) The partners have been residing together for at least 12 months.

65

- ii) The partners have common or joint ownership of a residence.
- iii) The partners have at least two of the following arrangements:
 - a. joint ownership of a motor vehicle;
 - b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
- iv) Each partner identifies the other partner as a primary beneficiary in a will.

"Political fund-raising committee" means a "political fund-raising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

G. Tenant covenants that no payment, gratuity or offer of employment must be made in connection with this Agreement by or on behalf of any Subcontractors or higher tier Subcontractors or anyone associated with them as an inducement for the award of a Subcontract or order; and Tenant further acknowledges that any agreement entered into, negotiated or performed in violation of any of the provisions of Chapter 2-156 of the Municipal Code is voidable as to the City.

H. Pursuant to section 2-156-030(b) of the Municipal Code, it is illegal for any elected official of the city, or any person acting at the direction of such official, to contact, either orally or in writing, any other city official or employee with respect to any matter involving any person with whom the elected official has a business relationship, or to participate in any discussion in any city council committee hearing or in any city council meeting or to vote on any matter involving the person with whom an elected official has a business relationship. Violation of §2-156-030(b) by any elected official with respect to this Agreement is grounds for termination of this Agreement. Section 2-156-080 defines a "business relationship" as any contractual or other private business dealing of an official, or his or her spouse, or of any entity in which an official or his or her spouse has a financial interest, with a person or entity which entitles an official to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, a financial interest will not include: (1) any ownership through purchase at fair market value or inheritance of less than one percent of the share of a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation paid to an official or employee for his office or employment; (3) any economic benefit provided equally to all residents of the city; (4) a time or demand deposit in a financial institution; or (5) an endowment or insurance policy or annuity contract purchased from an insurance company. A "contractual or other private business dealing" will not include any employment relationship of an official's spouse with an entity when such spouse has no discretion concerning or input relating to the relationship between that entity and the city.

I. Visual Rights Act.

i) The Tenant will cause any artist who creates artwork for the Leased Space to waive any and all rights in the artwork that may be granted or conferred on any work of visual art (the "Artwork") under Section 106A and Section 113 of the United States Copyright Act, (17 U.S.C. § 101 et seq.) (the "Copyright Act"). The waiver must include, but is not limited to, the right to prevent the removal, storage, relocation, reinstallation, or transfer of the Artwork. The Tenant acknowledges and will cause the artist to acknowledge that such removal, storage, relocation, reinstallation or transfer of the Artwork may result in the destruction, distortion, mutilation or other modification of the Artwork. Further, the Tenant acknowledges and consents and will cause the artist to acknowledge and consent that the Artwork may be incorporated or made part of a building or other structure in such a way that removing, storing, relocating, reinstalling or transferring the Artwork will cause the destruction, distortion, mutilation or other modification of the Artwork.

ii) The Tenant represents and warrants that it will obtain a waiver of Section 106A and Section 113 of the Copyright Act as necessary from any employees and subcontractors, or any other artists. Tenant must provide City with copies of any such waivers required by Section 106A and Section 113 of the Copyright Act prior to installation of any Artwork in the Leased Space.

10.7 Airport Security.

A. This Agreement is expressly subject to the airport security requirements of Title 49 of the United States Code, Chapter 449, as amended ("Airport Security Laws"), the provisions of which govern airport security and are incorporated by reference, including the rules and regulations promulgated under it. Tenant is subject to, and further must conduct with respect to its Subcontractors and the respective employees of each, such employment investigations, including criminal history record checks, as the Commissioner, the TSA or the FAA may deem necessary. Further, in the event of any threat to civil aviation, as defined in the Airport Security Laws, Tenant must promptly report any information in accordance with those regulations promulgated by the United States Department of Transportation, the TSA and by the City. Tenant must, notwithstanding anything contained in this Agreement to the contrary, at no additional cost to the City, perform under this Agreement in compliance with those guidelines developed by the City, the TSA and the FAA with the objective of maximum security enhancement. The drawings, plans, and specifications provided by Tenant under this Agreement must comply with those guidelines for airport security developed by the City, the TSA and the FAA and in effect at the time of their submission.

B. Further, Tenant must comply with, and require compliance by its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees, with all present and future laws, rules, regulations, or ordinances promulgated by the City, the TSA or the FAA, or other governmental agencies to protect the security and integrity of the Airport, and to protect against access by unauthorized persons. Subject to the approval

of the TSA, the FAA and the Commissioner, Tenant must adopt procedures to control and limit access to the Airport and the Leased Space by Tenant and its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees in accordance with all present and future City, TSA and FAA laws, rules, regulations, and ordinances. At

all times during the Term, Tenant must have in place and in operation a security program for the Leased Space that complies with all applicable laws and regulations.

C. Gates and doors located on the Leased Space, if any, that permit entry into restricted areas at the Airport must be kept locked by Tenant at all times when not in use or under Tenant's constant security surveillance. Gate or door malfunctions must be reported to the Commissioner or the Commissioner's designee without delay and must be kept under constant surveillance by Tenant until the malfunction is remedied.

D. In connection with the implementation of its security program, Tenant may receive, gain access to or otherwise obtain certain knowledge and information related to the City's overall Airport security program. Tenant acknowledges that all such knowledge and information is of a highly confidential nature. Tenant covenants that no person will be permitted to gain access to such knowledge and information, unless the person has been approved by the Commissioner in advance in writing. Tenant further must indemnify, hold harmless and defend the City and other users of the Airport from and against any and all claims, reasonable costs, reasonable expenses, damages and liabilities, including all reasonable attorney's fees and costs, resulting directly or indirectly from the breach of Tenant's covenants and agreements as set forth in this section.

E. Tenant understands that fines and/or penalties may be assessed by the TSA or FAA for Tenant's noncompliance with the provisions of 49 CFR Parts 1540 and 1542 entitled "Airport Security" or by other agencies for noncompliance with regulations applicable to Tenant's operations. In the event the City shall be subject to any fine or penalty by reason of any violation at the Airport of any such rule, regulation or standard, the Commissioner may conduct an investigation and make a determination as to the identity of the party responsible for the violation. If it is determined by the Commissioner that Tenant, or any party for which Tenant is liable under this Agreement, is responsible for all or part of the fine or penalty, the Tenant shall pay said amount of the fine or penalty as Additional Rent.

F. Except for authorized members of the Chicago Police Department and State and Federal Law Enforcement officers, no one is permitted to carry a firearm or any other weapon on or into any building, real property, or parking area under the control of O'Hare or Midway International Airports. Under 430 ILCS 66 (the "Illinois Concealed Carry Act"), a license to carry a concealed firearm does NOT entitle the licensee to carry a firearm on or into any building, real property, or parking area under the control of an airport and doing so is a violation of the Concealed Carry Act and other laws, rules, and regulations. Violation of the Illinois Concealed Carry Act and carrying a firearm or other weapons on or into any building, real property, or parking area under the control of O'Hare or Midway Airports may result in severe penalties, including but not limited to imprisonment and permanent revocation of the violator's

access to restricted areas of O'Hare and Midway International Airports. 10.8 Non-

Discrimination.

A. Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration of this Agreement, covenants that: (i) no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Space; (ii) in the construction of any Improvements on, over, or under the Leased Space and the furnishing of services in them, no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination; (iii) Tenant will use the Leased Space in compliance with all other requirements imposed by or under 49 C.F.R. Part 21, Nondiscrimination in Federally Assisted Programs

of the Department of Transportation, and as those regulations may be amended; and (iv) Tenant shall operate the Concession on a fair, equal, and not illegally discriminatory basis to all users of it, and shall charge fair, reasonable, and nondiscriminatory prices for Products (but Tenant is allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.) In addition, Tenant assures that it will comply with all other pertinent statutes, Executive Orders and the rules as are promulgated to assure that no person will, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefitting from federal assistance.

B. It is an unlawful practice for Tenant to, and Tenant must at no time: (i) fail or refuse to hire, or discharge, any individual or discriminate against the individual with respect to his or her compensation, or the terms, conditions, or privileges of his or her employment, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (ii) limit, segregate, or classify its employees or applicants for employment in any way that would deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (iii) in the exercise of the privileges granted in this Agreement, discriminate or permit discrimination in any manner, including the use of the Leased Space, against any person or group of persons because of race, creed, color, religion, national origin, age, handicap, sex or ancestry. Tenant must post in conspicuous places to which its employees or applicants for employment have access, notices setting forth the provisions of this nondiscrimination clause.

C. Tenant must comply with the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq. (1981), as amended, and to the extent required by the law, must undertake, implement and operate an affirmative action program in compliance with the rules and regulations of the Federal Equal Employment Opportunity Commission and the Office of Federal Contract Compliance, including 14 CFR Part 152, Subpart E. Attention is called to: Exec. Order No. 11,246, 30 Fed. Reg. 12,319 (1965), reprinted in 42 U.S.C. § 2000e note, as amended by Exec. Order No. 11,375, 32 Fed. Reg. 14,303 (1967) and by Exec. Order No. 12,086, 43 Fed. Reg.

46,501 (1978); Age Discrimination Act, 42 U.S.C. §§ 6101-06 (1981); Rehabilitation Act of 1973, 29 U.S.C. §§ 793-94 (1981); Americans with Disabilities Act, 42 U.S.C. § 12101 and 41 CFR Part 60 et seq (1990) and 49 CFR Part 21, as amended (the "ADA"); and all other applicable federal statutes, regulations and other laws.

D. Tenant must comply with the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. as amended and any rules and regulations promulgated in accordance with it, including the Equal Employment Opportunity Clause, 5 III. Admin. Code §750 Appendix A. Furthermore, Tenant must comply with the Public Works Employment Discrimination Act, 775 ILCS 10/0.01 et seq., as amended, and all other applicable state statutes, regulations and other laws.

E. Tenant must comply with the Chicago Human Rights Ordinance, sec. 2-160-010 et seq. of the Municipal Code, as amended, and all other applicable City ordinances and rules. Further, Tenant must furnish or must cause each of its Subcontractors) to furnish such reports and information as requested by the Chicago Commission on Human Relations.

F. The Tenant agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefitting from Federal assistance. If the Tenant transfers its obligation to another, the transferee is obligated in the same manner as the Tenant.

This provision obligates the Tenant for the period during which the property is owned, used or possessed by the

Tenant and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

G. During the performance of this contract, the Tenant, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

1. Compliance with Regulations: The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. Nondiscrimination: The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. Solicitations for Subcontracts, including Procurements of Materials and Equipment:

70

In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to the sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
5. Sanctions for Noncompliance: In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, the sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
 - b. Cancelling, terminating, or suspending a contract, in whole or in part.
6. Incorporation of Provisions: The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United

States.

H. The Tenant for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin,

71

will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Tenant will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

With respect to Tenant, in the event of breach of any of the above nondiscrimination covenants, the City will have the right to terminate the Agreement and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said Agreement had never been made or issued.

I. During the performance of this contract, the Tenant, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended (42 USC § 6101 et seq.) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public

accommodation, and certain testing entities (42 USC §§ 12131 - 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;

72

- The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 et seq).

J. Tenant must insert these non-discrimination provisions in any agreement by which Tenant grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Leased Space. Tenant must incorporate all of the above provisions in all agreements entered into with any subtenants, suppliers of materials, furnishers of services, Subcontractors of any tier, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any such materials, labor or services in connection with this Agreement, and Tenant must require them to comply with the law and enforce the requirements. In all solicitations either by competitive bidding or negotiations by Tenant for work to be performed under a Subcontract, including procurements of materials or leases of equipment, each potential Subcontractor or supplier must be notified by Tenant of the Tenant's obligations under this Agreement relative to nondiscrimination.

K. Noncompliance with this Section will constitute a material breach of this Agreement; therefore, in the event of such breach, Tenant authorizes the City to take such action as federal, state or local laws permit to enforce compliance, including judicial enforcement. In the event of Tenant's noncompliance with the nondiscrimination provisions of this Agreement, the City may impose such sanctions as it or the Federal or state government may determine to be reasonably appropriate, including cancellation, termination or suspension of the Agreement, in whole or in part.

L. Tenant must permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the City, the Commissioner or the federal government to be pertinent to ascertain compliance with the terms of this Section. Tenant must furnish to any agency of the Federal or state government or the City, as required, any and all documents, reports and records required by Title 14, Code of Federal Regulations,

73

Part 152, Subpart E, including an affirmative action plan and Form EEO-1.

M. The City is committed to compliance with federal Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency ("LEP"), and related FAA guidance. Tenant must cooperate with the City, and require its Subcontractors to cooperate, in updating and implementing the LEP access plan. This may include but is not limited to collecting demographic data and conducting surveys of LEP customers, providing multilingual signage and menus, and hiring multilingual staff.

9 Airport Concession Disadvantaged Business Enterprises (ACDBEs). This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations 49 C.F.R. Parts 26 and 23, as amended from time to time. Tenant must comply with the Special Conditions Regarding ACDBE participation attached hereto as Exhibit 8 and incorporated here by reference. Failure to comply with such Special Conditions shall be an Event of Default.

10 No Exclusive Rights. Nothing contained in this Agreement must be construed to grant or authorize the granting of an exclusive right, including an exclusive right to provide aeronautical services to the public as prohibited by section 308(a) of the Federal Aviation Act of 1958, as amended, and the City reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature. It is clearly understood by Tenant that no right or privilege has been granted that would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own regular employees (including maintenance and repair) that it may choose to perform.

11 Airport Landing Area. The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Tenant, and without interference or hindrance. The City reserves the right, but is not obligated to Tenant, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Tenant in this regard.

12 No Obstructions. Tenant must comply with applicable notification and review requirements covered in Part 77 of the Federal Aviation Regulations if any future structure or building is planned for the Leased Space, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Space. Tenant, by accepting the Lease, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the Leased Space above the applicable mean sea level elevation set forth in Part 77 of the Federal Aviation Regulations. If these covenants are breached, the City serves the right to enter upon the Leased Space and to remove the offending structure or object and/or cut down the offending tree, all of which will be at the expense of Tenant.

13 Avigation Easement. There is reserved to the City, its successors and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the Leased Space. This public right of flight includes the right to cause in the airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from, or operation on the Airport. Tenant by accepting this Lease agrees for itself, its successors, and assigns that it will not make use of the Leased Space in any manner that might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard. If this covenant is breached, the City reserves the right to enter upon the Leased Space and cause the abatement of the interference at the expense of Tenant.

14 National Emergency. This Agreement and all the provisions of this Agreement are subject to whatever right the United States government now has or in the future may have or acquire affecting the control, operation,

regulation, and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

15 **2014 Hiring Prohibitions.**

A) The City is subject to the June 16, 2014 "City of Chicago Hiring Plan" (the "2014 City Hiring Plan") entered in *Shakman v. Democratic Organization of Cook County*, Case No 69 C 2145 (United States District Court for the Northern District of Illinois). Among other things, the 2014 City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

B) Tenant is aware that City policy prohibits City employees from directing any individual to apply for a position with Tenant, either as an employee or as a subcontractor, and from directing Tenant to hire an individual as an employee or as a subcontractor. Accordingly, Tenant must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel of Tenant in connection with this Lease are employees or subcontractors of Tenant, not employees of the City of Chicago. This Contract is not intended to and does not constitute, create, give rise to, or otherwise recognize an employer-employee relationship of any kind between the City and any personnel of Tenant.

C) Tenant will not condition, base, or knowingly prejudice or affect any term or aspect of the employment of any personnel associated with this Lease, or offer employment to any individual to provide services associated with this Lease, based upon or because of any political reason or factor, including, without limitation, any individual's political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual's political sponsorship or recommendation. For purposes of this Lease, a political organization or party is an identifiable group or entity that has as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

75

(D) In the event of any communication to Tenant by a City employee or City official in violation of Section 15.5 (b) above, or advocating a violation of Section 15.5(c) above. Tenant will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General, and also to the Commissioner of the Department.

ARTICLE 11 GENERAL CONDITIONS

1 Entire Agreement. This Agreement contains all the terms, covenants, conditions and agreements between the City and Tenant relating in any manner to the use and occupancy of the Leased Space and otherwise to the subject matter of this Agreement. No prior or other agreement or understandings pertaining to these matters are valid or of any force and effect. This Agreement supersedes all prior or contemporaneous negotiations, undertakings, and agreements between the parties. No representations, inducements, understandings or anything of any nature whatsoever made, stated or represented by the City or anyone acting for or on the City's behalf, either orally or in writing, have induced Tenant to enter into this Agreement, and Tenant acknowledges, represents and warrants that Tenant has entered into this Agreement under and by virtue of Tenant's own independent investigation.

2 Counterparts. This Agreement may be comprised of several identical counterparts and may be fully executed by the parties in separate counterparts. Each such counterpart is deemed to be an original, but all such

counterparts together must constitute but one and the same Agreement.

3 Amendments. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement may be amended only by a written agreement signed by the City and Tenant. No review or approval by the Commissioner, including approval of Construction Documents, constitutes a modification of this Agreement (except to the extent that the review or approval expressly provides that it constitutes such a modification or it is apparent on its face that the review or approval, if made in writing, modifies terms or provisions of this Agreement that are within the express powers of the Commissioner under this Agreement to modify), nor excuse Tenant from compliance with the requirements of this Agreement or of any applicable laws, ordinances or regulations. Amendments must be signed by the Mayor, provided that the Commissioner alone may sign amendments to the Exhibits. Notwithstanding the foregoing, any amendment that would modify the Agreement such that the Agreement would no longer substantially conform to the form of Agreement that was approved by City Council requires approval by the City Council.

4 Severability. Whenever possible, each provision of this Agreement must be interpreted in such a manner as to be effective and valid under applicable law. However, notwithstanding anything contained in this Agreement to the contrary, if any provision of this Agreement is under any circumstance prohibited by or invalid under applicable law, the provision is severable and deemed to be ineffective, only to the extent of the prohibition or invalidity, without invalidating the remaining provisions of this Agreement or the validity of

the provision in other circumstances.

11.5 Covenants in Subcontracts. All obligations imposed on Tenant under this Agreement pertaining to the maintenance and operation of the Leased Space and compliance with the ACDBE requirements in this Agreement are deemed to include a covenant by Tenant to insert appropriate provisions in all Subcontracts covering work under this Agreement and to enforce compliance of all Subcontractors with the requirements of those provisions.

11.6 Governing Law. This agreement is deemed made in the state of Illinois and governed as to performance and interpretation in accordance with the laws of Illinois. Tenant irrevocably submits itself to the original jurisdiction of those courts located within Cook County, Illinois, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement. Tenant consents to service of process on Tenant, at the option of the City, by registered or certified mail addressed to the applicable office as provided for in this Agreement, by registered or certified mail addressed to the office actually maintained by Tenant, or by personal delivery on any officer, director, or managing or general agent of Tenant. If any action is brought by Tenant against the City concerning this Agreement, the action can only be brought in those courts located within Cook County, Illinois.

11.7 Notices. Any notices or other communications pertaining to this Agreement must be in writing and are deemed to have been given by a party if sent by nationally recognized commercial overnight courier or registered or certified mail, return receipt requested, postage prepaid and addressed to the other party. Notices are deemed given on the date of receipt if by personal service, or one day after deposit with a nationally recognized commercial overnight courier, 3 days after deposit in the U.S. mails, or otherwise upon refusal of receipt. Unless otherwise directed by Tenant in writing, all notices or communications from City to Tenant will be addressed to the person identified as the Tenant's contact person in the Tenant's Economic Disclosure Statement and Affidavit, as attached as Exhibit 11. All notices or communications from Tenant to the City must be addressed to:

Commissioner, Chicago Department of Aviation City of Chicago O'Hare
International Airport 10510 W. Zemke Rd Chicago, Illinois 60666

HMSHost 7th Floor
6905 Rockledge Drive Bethesda, MD 20817

and with a copy to: Deputy Commissioner of Concessions at the same address.

77

If the notice or communication relates to payment of Rent or other payments to the City or relates to the Security deposit or insurance requirements, a copy must be sent to:

City Comptroller City of Chicago City Hall-Room 501
121 N. LaSalle Street Chicago, Illinois 60602

HMSHost 7th Floor
6905 Rockledge Drive Bethesda, MD20817

If the notice or communication relates to a legal matter or the indemnification requirements, a copy must be sent to:

City of Chicago, Department of Law
Aviation, Environmental, Regulatory and Contracts Division
2 North LaSalle Street, Suite 540
Chicago, Illinois 60602
Attn: Deputy Corporation Counsel

HMSHost 7th Floor
6905 Rockledge Drive Bethesda, MD20817

Either party may change its address or the individual to whom the notices are to be given by a notice given to the other party in the manner set forth above.

11.8 Successors and Assigns; No Third-Party Beneficiaries. This Agreement inures to the exclusive benefit of and be binding upon, the parties and their permitted successors and assigns; nothing contained in this Section, however, constitutes approval of an assignment or other transfer by Tenant not otherwise permitted in this Agreement. Nothing in this Agreement, express or implied, is intended to confer on any other person, sole proprietorship, partnership, corporation, trust or other entity, other than the parties and their successors and assigns, any right, remedy, obligation, or liability under, or by reason of, this Agreement unless otherwise expressly agreed to by the parties in writing. No benefits, payments or considerations received by Tenant for the performance of services associated and pertinent to this Agreement must accrue, directly or indirectly, to any employees, elected or appointed officers or representatives, or to any other person or persons identified as agents

78

of, or who are by definition an employee of, the City. Neither this Agreement nor any rights or privileges under this Agreement are an asset of Tenant or any third party claiming by or through Tenant or otherwise, in any bankruptcy, insolvency or reorganization proceeding.

9 Subordination.

A. This Agreement is subordinate to the provisions and requirements of any existing or future agreements between the City and the United States government or other governmental authority, pertaining to the development, operation or maintenance of the Airport, including agreements the execution of which have been or will be required as a condition precedent to the granting of federal or other governmental funds for the development of the Airport. If the United States government requires modifications, revisions, supplements or deletions of any of the terms of this Agreement, then Tenant consents to the changes to this Agreement.

B. This Agreement and all rights granted to Tenant under this Agreement are expressly subordinated and subject to any existing agreement or any Use Agreement with any airline utilizing the Airport, including the Terminals, and any existing agreement with any airline consortium pertaining to the operation of the Airport, including the Terminals.

C. To the extent of a conflict or inconsistency between this Agreement and any agreement described in paragraphs A. and B. above, those provisions in this Agreement so conflicting must be performed as required by those agreements referred to in paragraphs A. and B.

10 Conflict. In the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any sublease or Subcontract between Tenant and third parties, the terms and provisions of this Agreement govern and control.

11 Offset by Tenant. Whenever in this Agreement the City is obligated to pay Tenant an amount, then the City Comptroller may elect to require Tenant to offset the amount due against Rent or other payments owed by Tenant to the City, in lieu of requiring the City to pay such amount. Tenant shall have no right to offset any amount due to City under this Agreement against amounts due to Tenant by City unless so directed in writing by the City Comptroller.

12 Waiver; Remedies. No delay or forbearance on the part of any party in exercising any right, power or privilege must operate as a waiver of it, nor does any waiver of any right, power or privilege operate as a waiver of any other right, power or privilege, nor does any single or partial exercise of any right, power or privilege preclude any other or further exercise of it or of any other right, power or privilege. No waiver is effective unless made in writing and executed by the party to be bound by it. The rights and remedies provided for in this Agreement are cumulative and are not exclusive of any rights or remedies that the parties otherwise may have at law, in equity or both, except that the City will not be liable to Tenant

for any consequential damages whatsoever related to this Agreement.

13 Authority of Commissioner. Unless otherwise expressly stated in this Agreement, any consents and approvals to be given by the City under this Agreement may be made and given by the Commissioner or by such other person as may be duly authorized by the City Council, unless the context clearly indicates otherwise.

14 Estoppel Certificate. From time to time upon not less than 15 days prior request by the other party, a party or its duly authorized representative having knowledge of the following facts, will execute and deliver to the requesting party a statement in writing certifying as to matters concerning the status of this Agreement and the parties' performance under this Agreement, including the following:

A. that this Agreement is unmodified and in full force and effect (or if there have been modifications, a description of the modifications and that the Agreement as modified is in full force and effect);

B. the dates to which Rent, including Additional Rent, have been paid and the amounts of the Rent most recently paid;

C. that the requesting party is not in default under any provision of this Agreement, or, if in default, the nature of it in detail;

D. that, to its knowledge, the requesting party has completed all required improvements in accordance with the terms of this Agreement, and Tenant is in occupancy and paying Rent on a current basis with no offsets or claims; and

E. in the case of the City's request under this Agreement, such further matters as may be requested by the City, it being intended that any such statement may be relied upon by third parties.

15 No Personal Liability. Tenant, or any subtenant, sublicensee, assignee or Subcontractor, must not charge any elected or appointed official, agent, or employee of the City personally or seek to hold him or her personally or contractually liable to Tenant, subtenant, sublicensee, assignee, or Subcontractor for any liability or expenses of defense under any provision of this Agreement or because of any breach of its provisions or because of his or her execution, approval, or attempted execution of this Agreement.

16 Limitation of City's Liability. Tenant, its subtenants and Subcontractors must make no claims against the City for damages, charges, additional costs or fees or any lost profits or costs incurred by reason of delays or hindrances by the City in the performance of its obligations under this Agreement. All Tenant, subtenant, and Subcontractor personal property upon the Leased Space or upon any other part of the Airport, is at the risk of Tenant, subtenant, or Subcontractor respectively only, and the City is not liable for any loss or damage to it or theft of it or from it. The City is not liable or responsible to Tenant, its subtenants or Subcontractors, and Tenant waives, and will cause its subtenants and Subcontractors likewise

to waive, to the fullest extent permitted by law, all claims against the City for any loss or damage or inconvenience to any property or person or any lost profits any or all of which may have been occasioned by or arisen out of any event or circumstance, including theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or water leakage, steam, excessive heat or cold, falling plaster, or broken glass; or any act or neglect of the City or any occupants of the Airport, including the Terminals or the Leased Space, or repair or of this Agreement that the City is required to perform and, notwithstanding the foregoing, Tenant recovers a money judgment against the City, the judgment must be satisfied only out of credit against the Rent and alteration of any part of the Airport, or failure to make any such repairs or any other thing or circumstance, whether of a like nature or a wholly different nature. If the City fails to perform any covenant or condition other monies payable by Tenant to the City under this Agreement, and the City is not liable for any deficiency except to the extent provided in this Agreement and to the extent that there are legally available Airport funds.

17 Joint and Several Liability. If Tenant, or its successors or assigns, if any, is comprised of more than one

individual or other legal entity (or a combination of them), then in that event, each and every obligation or undertaking stated in this Agreement to be fulfilled or performed by Tenant is the joint and several obligation or undertaking of each such individual or other legal entity.

18 Non-Recordation. Tenant must not record or permit to be recorded on its behalf this Agreement or a memorandum of this Agreement, in any public office.

19 Survival. Any and all provisions set forth in this Agreement that, by its or their nature, would reasonably be expected to be performed after the expiration or termination of this Agreement survive and are enforceable after the expiration or termination. Any and all liabilities, actual or contingent, that have arisen in connection with this Agreement, survive any expiration or termination of this Agreement. Any express statement of survival contained in any section must not be construed to affect the survival of any other section, which must be determined under this section.

11.20 Force Majeure. Neither party is liable for non-performance of obligations under this Agreement due to delays or interruptions beyond their reasonable control, including delays or interruptions caused by strikes, lockouts, labor troubles, war, fire or other casualty, acts of God ("force majeure event"). As a condition to obtaining an extension of the period to perform its obligations under this Agreement, the party seeking such extension due to a force majeure event must notify the other party within 20 days after the occurrence of the force majeure event. The notice must specify the nature of the delay or interruption and the period of time contemplated or necessary for performance. The foregoing notwithstanding, however, in no event will Tenant be entitled to an extension of more than 60 days due to a force majeure event, without the express written consent of the Commissioner.

81

V

EXHIBIT 1 LEASED SPACE

(INCLUDING CONFIRMATION OF DBO AND ACTUAL IMPROVEMENT COSTS)

The Leased Space is located at ORD and consists of two locations with a total of approximately 2,640 square feet of Retail Space as further depicted in the lease outline drawings attached hereto and not more than 650 square feet of Storage Space.

and approximately TBD square feet of Storage Space The Date of Beneficial

Occupancy is: TBD

82

83

Location #20A Total: 150 s,f,

3

Chicago O'Hare International Airport
Mayor • Lori Lightfoot

Chicago Department of Aviation
Commissioner • Jim Rhex

UNISON RETAIL MANAGEMENT

Terminal S Expansion West Concourse location \$JOA - Parage # 1

skk iisets r.or

84

EXHIBIT 2 RENT

1. Base Rent: The annual Base Rent equals \$50 per square foot of Leased Space and shall be increased 3.0% annually as of January 1st of each calendar year during the Term. For purposes of determining Base Rent, Leased Space includes Retail Space and Storage Space.
2. Percentage Fee: The Percentage Fee shall be due and paid monthly as per the terms of the Agreement.
3. Percentage Fee Rate: The Percentage Fee Rate shall be equal to:

Alcoholic Beverages	14.5%	Food & Non-alcoholic Beverages
11.5%		

4. Minimum Annual Guarantee. There is no "Minimum Annual Guarantee (MAG)" or "MAG" for the first and second Lease Year of the Term. The Minimum Annual Guarantee will be established beginning in third Lease Year of the Term at an amount equal to 85% of the Percentage Fee payable for the second Lease Year. In each subsequent Lease Year of the Term, the MAG will equal 85% of the Percentage Fee calculated for the prior Lease Year but will never be less than the MAG established in the third Lease Year. In the event the Leased Space is comprised of two or more distinct Retail Spaces that are opening for Concession operations on different dates, then the MAG payable for the entire Agreement will be apportioned among the various Retail Spaces based on

actual annualized Gross Revenue, projected Gross Revenues or another reasonable method mutually agreed upon by both parties. The MAG for each Retail Space shall become payable upon its DBO, prorated for any partial year. Upon the DBO of the final Retail Space, the entire MAG shall be payable, prorated for any partial year.

85

EXHIBIT 3 DEVELOPMENT PLAN (INCLUDING BUDGET IMPROVEMENT COSTS, AND SCHEDULED DBO DATES)

O

CHICAGO

CONCESSIONS
DEVELOPMENT
i - " plan - :Z^:^x::2t:
O
C

O

PACKAGE

TERMINAL 5 WEST

LOCATION

SPARROW

COFFEE

COFFEE

Sparrow Coffee is a revelation. Launched in 2012 by coffee virtuoso Chris Chacko, Sparrow blends and roasts coffee for Chicago's most elite restaurants. His clients include celebrated chef-driven locales such as the late great Grace, the Publican, Oriole, Monteverde, and Rick Bayless' Lena Brava. Chacko provides Sparrow coffees to these great dining destinations from his West Loop roastery on West Fulton Avenue, nestled between the restaurant rows of Randolph Street and Fulton Avenue the root of his local passion to coffee and community.

Dubbed "Chicago's Coffee Whisperer" by Bon Appetit magazine, Chacko crafts custom formulations for his clients by meticulously accounting for terroir, -sourcing, processing, and roasting, nurturing and emphasizing unique

88

Sparrow Cafe in Naperville. Sparrow Coffee revolutionized the world of elevated coffee. We bring this transcendent experience to travelers at O'Hare International Airport.

To calibrate these flavors with a specific culinary approach, Chacko creates customized blends for every restaurant partner who serves Sparrow Coffee.

Chris Chacko plies his well-honed craft to some 250 topflight restaurants, most in the greater Chicagoland area including his own

14 AFTER

The most sought-after coffee roaster in the city of Chicago, Sparrow Coffee delivers an unsurpassed world class coffee experience. At Sparrow, travelers can luxuriate in batch brews, seasonal blends, cold brews, nitro coffees, and espressos, cappuccinos, and macchiatos.

Sparrow also showcases a robust selection of bottled teas and cold drinks from a self-service cooler. Travelers can pair these artisanal roasts and beverages with a mouthwatering selection of baked goods and savory selections.

Sparrow believes in craft, but they also believe in volume—a boon to travelers.

Chris Chacko is fierce in his belief that every roast is an artistic interpretation of a coffee canvas using air, temperature, and

time through state-of-the-art brewing to whet flavors hidden by Nature's bounty. His relentless passion for handcrafting exceptionally sourced coffees utilizing the latest advancements in hybrid-green technology produces flavors unlike any found anywhere.

Even the name is conceptualized as symbolism for co-existing symbiotically with nature. Sparrow brings this distinctive brand of Chicago artistry and craft to the O'Hare International Airport concourse and to travelers from everywhere.

MENU + PRICING

The proposed menu with prices follows this concept narrative.

SOURCES OF PRODUCTS

Sparrow Coffee sources local ingredients whenever possible from a variety of suppliers throughout the state. Following is a list of some of their local partners.

- KilgusFarm-Fairbury, IL
- Garfield Produce-Chicago, IL

SPARROW

COFFEE

COFFEE i 0oz/20oz

Daily Batch Brew Coffee | \$3/\$4

Americano | \$3.50/\$4.75

Cappuccino | \$4

Latte | \$4.25/\$5.75

Honey Lavender Latte | \$4.75/\$5.75

Espresso | \$3

Mocha | \$4.75/\$6

Hot Chocolate | \$4.50/\$5.75

Milk Steamer | \$4.25/\$5.25

Decaf Espresso | \$3

MILK

Single Farm Whole Half & Half Skim
Oat | .50 Soy

ICED COFFEE 16oz pastry

Iced Latte | \$5

Iced Americano | \$3.50
hot or cold.

Cold Brew | \$5.50

TEA Served

Organic Earl Gray | \$4 Organic English Breakfast | \$4 Classic Mint | \$4

Organic Jasmine Green | \$4 Citrus Chamomile | \$4 Iced Tea | \$4.25/\$5.75

COOKIES

Butter Croissant | \$4 Chocolate Croissant | \$4.50 Monkey Bread | \$4.50 Blueberry Muffin | \$3.50 Banana Streusel Muffin | \$3.50 Black Currant Scone | \$3.25

White Cheddar Chive Scone | \$3.25 Lemon Loaf Slice | \$3.50 Cinnamon Roll | \$5.50

Hazelnut | \$3.25

Coffee | \$3.25

Double Chocolate | \$3.25

Sprinkle | \$3.25

Vegan | \$4

GRAB & GO

Chia Cup | \$5.50

coconut chips, mango, vegan/gf chia and flax
Banh Mi Tofu | \$9 marinated tofu, pickled vegetables, jalapeno and cilantro + Kewpie mayo
Ham Sandwich | \$9
Catalpa grove ham, sauerkraut,
Alpine style cheese, demi
baguette

Overnight Oats | \$5.50

Bottled Coffee Drinks | \$3.50/\$5

Bottled Tea Drinks | \$3.70/\$5

Bottled Sodas | \$3.70/\$5

Bottled Waters | \$3.70/\$5.90

ORDT5 EXPANSION | SECTION4

PACKAGE 1

>- a £ -

a sr op

SPARROW

-COFFEE-

PROJECT SCHEDULE

' .Contract Awarded
 CDA'Awards Project/Project Initiation Concept Proposal & Design Presentation Concept Proposal - Complete Concept Proposal - CDA Review
 ' Project Initiation Letter (PILJ Develop PIL Design Submission CDA reviews PILDeslgn Submission:
 ' As-Built/Survey
 Request CAD due to New Construction COA release CAD
 ' Design Reviews
 30% Design Documents - Develop
 IOXOesign Documents - COA Review
 60% Design Documents - Develop
 60% Design Documents - CDA Review '
 90% Design Documents - Develop
 90% Design Documents - COA Review
 100% Construction Documents - Develop
 100% Final Construction Documents: CDA Review
 ' Bid./ Permit / Preconstruction
 Bid / Award Subcontractors Buyout Vendors Mobilization & Badging Self-Certification Permitting Pre-Construction Submittal Meeting w/ CDA
" Construction
 Construction - MEP/Walls/Floors/Fimshes Millwork & Equipment Installation Complete Finishes / Trim out" Signage Installation
 Final inspections CDA/ Building & Health Punch list
 Turnover to Operations
 ' Training/ Opening _ ^ Stocking/Training Store Opening
 lday
 lday_ 19 days 5 days 14 days 24 days
 10days 14 days
 11 days
I'M
 Mon 11/1/21
 Tue 11/2/21 Fri11/12/21
 Mon11/21 _Tue_11/21 Tue 11/2/21 Sun 11/7/21. sitfl 21/21 Sun 11/21/21 Wed 12/1/21_ Tue 11/2/21
 iTue 11/2/21 Wed 11/3/21
 Wed 12/15/21
 Sat 3/26/22 Sat 3/26/22 Fri4/15/22 Mon5/9/22 Wed 5/25/22 Sun 7/24/22
 Wed 12/15/21 Thu.12/30/21 Thu 1/20/22 'Fri 2/4/22.. Fri 2/25/22 Sat 3/17/22 Sat 4/2/22 Tue 4/12/22 ■_ Sat 3/12/22
 Sat 3/12/22 Sat 3/12/22 Sun 3/27/22 Tue 4/12/22
 : Sun 6/19/22 Wed 6/22/22 Mon 6/27/22 Wed 6/29/22 Wed 7/20/22 , Sat 7/23/22 Sun 7/24/22
Tue5/10/21_ ^
Thu 5/26/22
 Thu 5/26/22 Mon 6/20/22 Thu 6/23/22
 10 days Odays
 Wed 8/3/22 Wed 8/3/22
 Tue 6/28/22 Thu6/30/22 ' Thu 7/21/22 Sun 7/24/22
 todays Mon 7/25/22 Wed 8/3/22
 Mon 7/25/22 Wed 8/3/22

HMS Host CDA

Laundry Group CDA '

'Laundry Group COA

Laundry.Group CDA :

Parachin Design Studios CDA

Parachin Design studios CDA

Parachin Design Studios CDA .

■BOWA Construction HMSHost

BOWA Construction Parachin Design Studios ;BOWAConstruction /CDA

BOWA Construction BOWA Construction BOWA Construction BOWA Construction BOWA Construction / CDA' BOWA Construction BOWA Construction

HMS Host HMS Host

Scheduled durations and calculations are based on calendar days. CDA's required review and task durations have been increased to accommodate calendar days vs. business days.

97

PACKAGE

TERMINAL 5 EAST

LOCATION

11111E1 ^

* • • • *Wi*

Culinary TAPESTRY

At its heart, Chicago is a meat lover's city. Its extraordinary culinary tapestry is woven with flavor and profound historical threads, such as the Union Stockyards which once supplied 80 percent of America's beef and pork. Created in Lincoln Park's DePaul neighborhood by acclaimed chef Allen Sternweiler, Butcher & The Burger is an exhilarating celebration of Chicago's compelling romance with meat.

CONCEPT DESCRIPTION

Propelled by a heady thrust of rich flavors, Butcher & The Burger catapults the beloved burger to unprecedented heights. This explosive house of savor was conceived as a simple local neighborhood burger counter augmented by a dash

The result will wow travelers with its culinary artistry and opportunity for personalization. At Butcher & The Burger, guests of all stripes can unleash their inner cravings.

Personalized burgers are built from a selection of house-made spice blends mixed into a variety of delicious proteins. These include prime beef, grass-fed beef, locally raised turkey, shrimp, and a vegetarian lentil and brown rice option. Diners can top these creations with artisanal cheeses; garden fresh lettuce, tomato, and onion; Benton's Tennessee Mountain smoked bacon; fried egg; and black truffle aioli. All can be slipped into buns made from split-top brioche, wheat, pretzel, croissant, or a lettuce wrap.

100

Travelers on the run can choose from the grab and go area, pre-order from Uber Eats for quick pickup, or enjoy a little time at the bar with a variety of specialty cocktails, local craft brews, and premium wines. To start their day, guests can indulge in a hearty breakfast sandwiches, or house made beignets complemented by a refreshing mimosa.

Butcher & The Burger's dining room is accessorized with images of antique scales, vintage meat hooks, butcher-block tables, and an old Chicago airport clock. That clock underscores how deeply air travel is threaded into Butcher & The Burger's DNA.

GOATS HANGING OUT

Butcher & The Burger, garnered international attention in 2013 when it contracted with O'Hare to supply sustainable grazing services across 120 acres at four airport sites with goats, alpacas, mules, and sheep.

CHICAGO

Butcher & The Burger has been recognized by numerous industry publications as one of the top best burger destinations in the country.

| USA 1 TODAY

TRAVEL* LEISURE

n NATIONAL 11 GEOGRAPHIC

FOOD&WINE

MENU + PRICING

Butcher & The Burger's proposed menu with prices follows this concept narrative.

SOURCES OF PRODUCTS Butcher & The Burger sources local ingredients from a variety of farms and suppliers throughout the state. Following is a list of some of their local partners.

- Prizlaff Meats, New Berlin

- Turano Baking Company, Berwyn
- Gourmet Spice, Naperville
- La Pryor Farms, Ottawa, IL

"Chicago is a serious food town, and that tradition is reflected in everything we do. From our antique butcher

shop fixtures to the quality locally sourced ingredients we use. Butcher & the Burger is a complete experience that fires all the senses. With deep Chicago roots and HMS Host's expertise. Butcher & The Burger will capture and dazzle food lovers from all over the

Avocado, Egg, Cheese Sandwich 17.75
Avocado, Egg, Tomato, Goat Cheese

Beipiets 1-I.sahrJLUJatiJipj: Powdered Sugarbr . ' ---Cinnamon Sugari.^^^A^:

BVO BURGERS

Prime 112
House Blend Prime Beef, Steakhouse Seasoning
Grass Fed 113
Grass Fed Beef, Steakhouse Seasoning

Turkey 111

BUNS

Split Top Wholewheat Pretzel Croissant Lettuce Wrap
Ground Turkey, Grandma's Onion Soup Seasoning

CHEESES

American
Cheddar
Swiss
Mozzarella
Bleu

COMPLIMENTARY TOPPINGS

Lettuce Ketchup Mayo
Onion Yellow Mustard Wasabi Mayo
Tomato Dijon Mustard - Sriracha Mayo
Pickles BBQ Sauce
Griddled Mushrooms 11 Black Truffle Mayo 11.5 Jalapeno 1.5

PREMIUM TOPPINGS

Avocado 11.5 Fried Egg 11.5 Benton's Bacon 12.5 Caramelized Onions 11
The Cobb
Turkey, Grandma's Onion Soup Seasoning, Bleu Cheese, Bacon, Egg, Avocado, Tomato, Whole Wheat Bun
Veggie
Lentil, Brown Rice, Curry Seasoning, Lettuce, Tomato, Sriracha Aioli, Whole Wheat Bun

BUTCHER BURGERS

All American House Prime Beef House Blend Prime Beef, Steakhouse Seasoning, American Cheese, Lettuce, Tomato, Pickle, Ketchup, Mustard, Split Top Bun

Surf Special
Shrimp, Uiriami Seasoning, Avocado, Tomato, Wasabi Aioli, Split Top Bun,

SANDWICHES SIDES

. Chipperbec Fries I Small 4 Large 7 Potato Salad 14 Coleslaw 14 Black Truffle Mayo 11.5

Turkey

Cheddar Cheese, Lettuce, Tomato, Split Top Bun Chicken Salad

Lettuce, Tomato, Whole Wheat Bun Ham I Swiss

Black Forest Ham, Swiss, Pickles, Pretzel Bun

Spinach

Egg, Benton's Bacon, Red Onion, Candied Walnuts, Goat Cheese, Honey-Dijon Vinaigrette

Mixed Green

Tomato, Cucumber, Radishes, Fresh Mozzarella, Balsamic Vinaigrette Chicken Caesar Salad

Romaine, Parmesan, Garlic Croutons, Caesar Dressing

Side Mixed Green Salad

ORDT5 EXPANSION I SECTION4

102

6oz 19oz I Btl

WINE

WHITE --

DEL VENTO, PINOT GRIGIO

Delle Venezie IGT, Italy 15.5123.25162

ALTITUDE PROJECT, CHARDONNAY Central Coast, CA 9.5114.25138

VILLA MARIA, SAUVIGNON BLANC Marlborough, New Zealand 12.5118.25150

CHALK HILL, CHARDONNAY

Russian River Valley, CA 15.5123.25162

MATANZAS CREEK, SAUVIGNON BLANC Sonoma County, CA.12.51.18.251.50

LOUIS JADOT, MACON-VILLAGES, CHARDONNAY

Burgundy, France 12.5118.25150

EVOLUTION; WHITE BLEND Dundee Hills, OR 15.5123.25182

RED

NIELSON, PINOT NOIR Santa Barbara, CA 15.5123.25162

ALTITUDE PROJECT, CABERNET SAUVIGNON Central Coast, CA 9.5.114.25138

DECOY, MERLOT

Sonoma County, CA-15.5123.25162

ALAMOS, MALBEC

Mendoza, Argentina 12.5118.25150

HESS, SHIRTAIL RANCHES,

CABERNET SAUVIGNON

Lake County, CA 15.5123.25162

COLUMBIA CREST, H3, RED BLEND Horse Heaven Hills, WA 15.5123.25162

MARQUES DE CACERES, -

TEMPRANILLO

Rioja, Spain 15.5123.25102

ROSE-CHARLES & CHARLES, ROSE Columbia VaMey. WA 12.5 111251 SB*
SPARKLING
MIONETTO, PROSECCO (187ml) Veneto. Italy 113
CHANDON, BRUT ROSE (187ml) California 114

pi *flif !! COCKTAILS

■:■i

[Mr. Handshaken Bloody Mary 116

!!" ■-■ ' "

Wi.V: [Hiin(ja'r;! Vptha.-Elements)Bloody Mary ;■< ':. '*EnidjCelery, Tomato; Stuff&rJ:Olive. Linnej;:;! 3

CANS

Budweiser IB

Mtchelob Ultra 18

Miller Lite 18

Coors Light 18

Truly Hard Seltzer Wild Berry 19

Sierra Nevada Hazy Little Thing IPA 19.5

Lagunitas IPA 110.5

Lagunitas Daytime Session IPA 19

Dogfish Head Seaquench 19

Guinness Stout Nitro 19

Truly Hard Seltzer Strawberry Lemonade 19

HeinekenO.019

ORDT5 EXPANSION I SECTION 4

BOTTLES

Heineken 19 Modelo Especial 19 Corona Extra 19 Sam Adams Seasonal 19 Angry Orchard Cider 19 Michelbb Ultra Pure Gold 19
Goose Island Next Coast IPA 19 Goose Island Sofie 19

103
Oft Color Brewing Apex Predator 19

Cosmopolitan 116
, .^iVivf
AbsolutCitran Vodka. Cointreau, ^ . jn Cranberry Juice; Li me . «'
'Hi

l.
J'Moscow Mule 116
7
5 . fjjTjtb's HandmadeVcdkaY.Ginge'rBeer,;)-: *(!',
► "" "fresh-Lime !' ■!,■. .' ■■ .iJ',;,'

iHaiTaiH6
'i,)<Flor De Cana 7yr Rum, Cointreau,'Orgeat; *, ■i {Fresh Lime, Mint, Soda, Bitters '

,\ K

! Cadillac Margarita 116.5 ..' V' [,
Patron Silver, Grand Marnier, Agave,!" »••
' Fresh Lime, Salt ' " ;"

'Vi/"

,ri

Paloma 116.5

^Don-Julio Blanco Tequila, Ruby Red 1'Grapefruit, Fresh Lime, Simple Syrup,': t ' Soda, Salt I

' Old Fashioned 11B.5 ! Knob Creek Rye Whiskey, Simple Syrup," bitters, Cherry, Orange Peel ■ f i ! ,

;WhiskeySour116.5

^Woodford Reserve Boil ton, Elements iV yfj Cflra'Sour. Sirhple'Syrup, Bitters; Lemon. ■



m: ■
■

■V'v -. : ■ ■:.;<|.v •'.

Ou

<

®

o
x
E o
<5>

PROJECT SCHEDULE

: PACKAGE.I >THFiBUTCHER S THE BURGER:

- Contract Awarded
 - COA Awards Project/ Project Initiation ' Concept Proposal & Design Presentation
 - Concept Proposal - Complete
 - Concept Proposal - CDA Review ' Project Initiation Letter (PIL)
 - PIL Design Submission - Develop
 - PIL Design Submission - CDA Review ' As-Built / Survey
 - Request CAO due to New Construction
 - COA release CAD 7 Design Reviews
 - 30% Design Documents - Develop
 - 30% Design Documents' - CDA Review
 - 60% Design Documents - Develop
 - 60% Design Documents - COA Review
 - 90% Design Documents - Develop
 - 90% Design Documents - CDA Review
 - 100% Construction Documents - Develop
 - 100% Final Construction Documents - CDA Review ' Bid /.Permit / Preconstructjon "
 - Bid / Award Subcontractors
 - Buyout Vendors
 - Mobilization & Badging
 - Self-Certification Permitting
 - CDA Pre-Construction Submittal Meeting w/ CDA ' Construction
 - Construction - MEP/Walls/Floors/Finishes
 - Millwork & Equipment Installation
 - Complete Finishes / Trim out
 - Signage Installation
 - Final Inspections - CDA/ Building & Health Punch list
- Turnover to Operations ' Training/Opening Stocking/Training Store Opening

lday.. lday
-TV-.*
19 days
5 days
14 days.
24 days
10 days
14 days
15 days lday^
14 days
184 days
25 days
21 days
30 days
21 days
30 days
;21 days_
15 days
21 days
80 days
15 days
15 days
20 days 28 days
'16 days 142 days 85 days
, 15 days todays

:5 days

21 days '5 days 1 day 10 days !10 days Odays

!4p3days j Mon 11/1/71 Thu 12/8/7?

Mon 11/1/21 'Mun 11/1/21 Tue ^2/21 Tue 11/2/21 'Sun 11/7/21 Sun 11/21/21 i Sun 11/21/21 Wed 12/1/21 Tue 11/2/21 Tue 11/2/21 Wed 12/15/21 Wed 12/15/21 ,Sun 1/9/22 Sun 1/30/22 1 Tue 3/1/22 Tue 3/22/22
JThu 4/21/22 _ Thu 5/12/22 Fri 5/27/22 Thu 4/21/22 Thu 4/21/22 :Thu 4/21/22 Fri5/6/22 Fri 5/27/22 Fri.6/24/22 Sun 7/10/22 ^Sun.7/10/22 :Mon 10/3/22 ■Tue 10/18/22 i Fri 10/28/22 lWed 11/2/22 'Wed 11/23/22 M\lon.11/28/22
<http://M\lon.11/28/22>Tue 11/29/22 Tue 11/29/22 Thu 12/8/22

iHMS^Ho« COA

. Laundry Group 'CDA

, Laundry Group 1 CDA

Laundry Group iCDA

'Parachin Design Studios ICDA

; Parachin Design Studios

,CDA

Parachin Design Studios iCDA

BOWA Construction HMS Host

BOWA Construction Parachin Design Studios BOWA Construction / CDA

. BOWA Construction ■ BOWA Construction

BOWA Construction ,BOWA Construction 'BOWA Construction / CDA -BOWA Construction

BOWA Construction

]HMS Host iHMS Host

Scheduled durations and calculations are based on calendar days. CDA's required review and task durations have been increased to accommodate calendar days vs. business days.

PACKAGE

MARKETING PLAN

WEARECHICAGO

ELEVATE
enhancing

Elevate the guest experience

Our objective is to create
elevated memorable travel
moments to exceed their
expectations for both passengers
and airport employees

enhancing revenue for the airport:

111

To do so, we need to leverage our threekey pillars: Digital, Local, and Experiential:

ENSURE ALL PROMOTIONS WILL HAVE A SOCIAL MEDIA CAMPAIGN AND A DIGITAL COMPONENT

Sparrow Coffee and Butcher & The Burger are deeply embedded in social media. We intend to do the same to leverage Facebook, Yelp, and Instagram to reach and connect with our audience. We will use dedicated social media channels and campaigns to push out proactive content about our promotions and concepts to engage with travelers in real-time. We will also work with our partners at Google to ensure our locations are searchable and easy to find on a mobile device. Digital menus with pop-up offers and upselling messaging mean easy access and facilitate the transaction from order to payment.

CURATE UNIQUE ACTIVATIONS AND EXPERIENCES THAT ARE LOCALLY RELEVANT WITH BROAD APPEAL, ENSURING OUR ASSOCIATES ARE PART OF THE SUCCESS STORY.

Working with our local brand partners, we will create unique activations and experiential events focusing on local. These opportunities will share the best that Chi-town has to offer. In the case of Sparrow Coffee, Valentine's Day is a promotional opportunity to share the love

WEARECHICAGO

excellent brand. We intend to curate cross promotions with the street-side store to provide a special dining offer for our guests.

I
We intend to create similar activations and promotions with Butcher & The Burger focusing on the art of the perfect burger and the butcher story. Targeted employee incentives will reward associates for driving sales and delivering a great guest experience.

Butcher & The Burger will rotate promotional products seasonally to keep the menu fresh and innovative. Any product for display or sale will be merchandised to attract travelers looking for something fresh and exciting. Sparrow Coffee's product positioning and promotions will pay homage to Chicago and convey a sense of place. We will ensure items are merchandised using retail philosophies with abundant displays allowing easy visibility and access. These innovative local brands with compelling merchandise will appeal to travelers and airport employees looking for variation and a genuine taste of Chicago.

Overall, the Terminal 5 marketing plan will be groundbreaking in its multi-faceted approach to delight and excite travelers while engaging the airport employee community. We provide our full Marketing Calendar in Section 12 Other Information.

OFFER COMPELLING PRODUCTS FOCUSED ON THE SEASON, DAYPART, TRAVELER, AND AIRPORT

114

WEARECHICAGO

BRAND-FOCUSED HIGHLIGHTS FROM THE MARKETING CALENDAR

January -December

National Burger Month, Monthly Social Media Features

The Butcher Story, Social Media Fun Facts

115

EXHIBIT 4 CITY'S SHELL AND CORE OBLIGATIONS

The City shall have no Shell and Core Obligations.

EXHIBIT 5 PRODUCTS AND PRICE LIST

118

EXHIBIT 6 FORM OF LETTER OF CREDIT

SAMPLE FORM OF LETTER OF CREDIT Issuing Bank Letterhead (must
be a bank located in the Chicago metropolitan area) Irrevocable Standby
Letter of Credit Letter of Credit No. Date: , 20_

Chicago Department of Aviation
Chicago's O'Hare International Airport P.O. Box
66142 Chicago, Illinois 60666
Attention: Commissioner

1. We hereby open in your favor, at the request and for the account of this irrevocable standby letter of credit in an aggregate amount not to exceed \$ Dollars ("Stat ed Amount"), to be available for payment of your drafts drawn at sight on us signed by the Commissioner of the Chicago Department of Aviation, or her designee.
2. Your sight drafts must be accompanied by a written certificate, in the form of Exhibit A attached hereto (the "Certificate") signed and completed by you.
3. Partial and multiple drawings are permitted hereunder.
4. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be

modified, amended, amplified or limited by any document, instrument or agreement referred to herein, or in which this Letter of Credit is referred to, or to which this Letter of Credit relates; and no such reference shall be deemed to incorporate herein by reference any such document, instrument or agreement. The Account Party is not the owner or beneficiary under this Letter of Credit and possesses no interest whatsoever in this Letter of Credit or its proceeds. Further, this Letter of Credit shall not be affected by any bankruptcy or other insolvency proceeding initiated by or against the Account Party.

5. This credit shall expire on , 20 , unless extended as provided herein.
6. It is a condition of this credit that it will be automatically extended without amendment for an additional period of twelve (12) months from the present and each future expiry date, unless, not less than ninety (90) days prior to the then relevant expiry date, we notify you and Corporate Counsel of the City by registered mail, return receipt requested, that we elect not to extend this credit for any additional period. Upon receipt of such a notification you may draw your sight draft on us prior to the then-relevant expiration

119

date for the unused balance of this credit, which shall be accompanied by your signed written statement that you received notification of our election not to extend.

7. Drafts must be marked "Drawn under irrevocable Standby Letter of Credit No. ."
8. We hereby agree to honor each draft drawn under and in compliance with the terms of this credit if duly presented at our offices on or before the close of business on the expiry date.
9. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.
10. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 500, 1993 revision, ("IUCP") and to the Uniform Commercial Code - Letters of Credit, as adopted in Illinois, 810 ILCS 5 -101 et seq., as amended ("UCC"). To the extent that the provisions of the IUCP and UCC conflict, the provisions of the UCC shall govern.
11. We hereby undertake that a draft drawn in conformity with the terms of this Letter of Credit will be duly honored on presentation.

By:

Name:

Title:

120

THIS IS AN INTEGRAL PART OF STANDBY LETTER OF CREDIT NO.

EXHIBIT A

CERTIFICATE FOR DRAWING

The undersigned, the Commissioner of the Chicago Department of Aviation, represents, warrants and certifies to _____ (the "Bank") with reference to Letter of Credit No. _____ Chicago (the "Beneficiary") that: issued by the Bank in favor of the City of _____

A breach of the Lease and License Agreement ("Agreement") dated as of _____, 20____, as amended, modified or supplemented, between the City of Chicago ("City") and _____, an_____, has occurred, or a replacement Letter of Credit in a form and substance satisfactory to the City Comptroller has not been issued to the City by a Financial Institution meeting the requirements set forth in the Agreement. As a result, the City is making demand under the Letter of Credit to pay _____ dollars (\$) on the _____, day of 20____.

1. Payment of the draft shall be made by bank wire paid to our account as per our wire instructions below:

- (Name of Bank)
(City & State)
(ABA No.)
(Account Name)
(Account No.)
(Reference No., if any)

2. All defined terms used but not defined herein shall have the meaning assigned hereto in the Letter of Credit.

In witness hereof, the City has executed this certificate as of this _____ day of _____, 20____.

CITY OF CHICAGO

BY:

Its: Commissioner of Aviation

121

EXHIBIT 7

INSURANCE REQUIREMENTS

Chicago Department of Aviation [Name of Tenant]

**Concession Lease and License Agreement O'Hare International
Airport**

A. INSURANCE REQUIRED

Tenant must provide and maintain at Tenant's own expense, during the term of the Agreement and during the time period following expiration if Tenant is required to return and perform any work, services, or operations, the insurance coverages and requirements specified below, insuring all work, services, or operations related to the Agreement.

- 1) **Workers Compensation and Employers Liability (Primary and Umbrella)**
Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to provide a work, services, or operations under this Agreement and Employers Liability coverage with limits of not less than \$1,000,000 each accident; \$1,000,000 disease-policy limit; and \$1,000,000 disease-each employee, or the full per occurrence limits of the policy, whichever is greater. Coverage must include, but not be limited to, the following: other state endorsement, voluntary compensation and alternate employer, when applicable.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

- 2) **Commercial General Liability (Primary and Umbrella)**
Commercial General Liability Insurance or equivalent must be maintained with limits of not less than \$2,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury, personal injury, and property damage liability. Coverages must include, but not limited to, the following: Leased Space and operations, products/completed operations, separation of insureds, defense, and contractual liability (not to include Endorsement CG 21 39 or equivalent).

The City must be provided additional insured status with respect to liability arising out of Tenant's work, services or operations performed. The City's additional insured status must apply to liability and defense of suits arising out of Tenant's acts or omissions, whether such liability is attributable to the Tenant or to the City on an additional

insured endorsement form acceptable to the City. The full policy limits and scope of protection also will apply to the City as an additional insured, even if they exceed the City's

122

minimum limits required herein. Tenant's liability insurance must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

3) Automobile Liability (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work, services, or operations to be performed. Automobile Liability Insurance must be maintained by the Tenant with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury and property damage. The City is to be added as an additional insured on a primary, non-contributory basis.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

4) Excess/Umbrella

Excess/Umbrella Liability Insurance must be maintained with limits of not less than \$4,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater. The policy/policies must provide the same coverages/follow form as the underlying Commercial General Liability, Automobile Liability, Employers Liability and Completed Operations coverage required herein and expressly provide that the excess or umbrella policy/policies will drop down over reduced and/or exhausted aggregate limit, if any, of the underlying insurance. The Excess/Umbrella policy/policies must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Tenant may use a combination of primary and excess/umbrella policies to satisfy the limits of liability required in sections A.1, A.2, A.3 and A.4 herein.

5) Property

The Tenant must maintain All Risk Property Insurance for the Leased Space including improvements and betterments, in the amount of their full replacement cost. Coverage extensions must include Business Income and Extra Expense. The City is to be named as an additional insured and loss payee, as its interest may appear. Tenant is responsible for all loss or damage to personal property including equipment, fixtures and contents.

6) Cyber Liability

Cyber Liability Insurance must be maintained with limits of not less than \$2,000,000 for each occurrence or claim. Coverage must include, but not be limited to network security

and privacy liability including computer or network system attacks (liability arising from the loss or disclosure of confidential information), privacy breach response coverage and costs, regulatory liability including fines and penalties, denial or loss of service, introduction, implantation and/or spread of malicious software code, unauthorized access to or use of computer systems, theft of data, and no exclusion/restriction for unencrypted portable devices/media may be on the policy. The City must be named as an additional insured and/or indemnified party. If the City is named as an additional insured and the policy contains an insured vs insured exclusion, the exclusion must be amended, and not be applicable to the City.

7) Commercial Crime Insurance

The Tenant must provide a Fidelity Bond or Commercial Crime coverage covering all loss or damage by employee dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery, and other related crime risks. The policy limit must be written to cover losses in the amount of maximum monies collected, received or on premises or in possession of Tenant at any given time. The City must be named as a loss payee as its interest may appear. Coverage must include, but not be limited to, third party fidelity coverage, including coverage for loss due to theft and must not contain a requirement for an arrest and/or conviction.

8) Builders Risk

When Tenant undertakes any construction, including improvements, betterments, upgrades and/or repairs, the Tenant must provide or cause to be provided, All Risk Builders Risk Insurance to cover materials, supplies, equipment, machinery and fixtures that will be part of the permanent facility/Leased Space Property. The City of Chicago is to be named as an additional insured and loss payee as its interest may appear.

The Tenant is responsible for all loss or damage to City of Chicago property at full replacement cost.

B, Additional Requirements

Evidence of Insurance. Tenant must furnish the City of Chicago, Department of Aviation, 10510 W. Zemke Rd, Chicago, IL 60666, original certificates of insurance and additional insured endorsement, or other evidence of insurance, to be in force on the date of this Agreement, and renewal certificates of Insurance and endorsement, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. Tenant must submit evidence of insurance prior to execution of Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of Agreement. The failure of the City to obtain, nor the City's receipt of, or failure to object to a non-complying insurance certificate, endorsement or other insurance evidence from Tenant, its insurance broker(s) and/or insurer(s) will not be construed as a waiver by the City of any of the required insurance provisions. Tenant must advise all insurers of the Agreement provisions regarding insurance. The City in no way warrants that the insurance required herein is sufficient to protect Tenant for liabilities which may arise from or relate to the Agreement. The

City reserves the right to obtain complete, certified copies of an^ required insurance policies at anytime.

Failure to Maintain Insurance. Failure of the Tenant to comply with required coverage and terms and conditions outlined herein will not limit Tenant's liability or responsibility nor does it relieve Tenant of the obligation to provide insurance as specified in this Agreement. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to suspend this Agreement until proper evidence of insurance is provided, or

the Agreement may be terminated.

Notice of Material Change. Cancellation or Non-Renewal. Tenant must provide for sixty (60) days prior written notice to be given to the City in the event coverage is substantially changed, canceled or non-renewed and ten (10) days prior written notice for non-payment of premium.

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Tenant.

Waiver of Subrogation. Tenant hereby waives its rights of subrogation and agrees to require their insurers to waive their rights of subrogation against the City under all required insurance herein for any loss arising from or relating to this Agreement. Tenant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision • applies regardless of whether or not the City received a waiver of subrogation endorsement for Tenant's insurer(s).

Tenant's Insurance Primary. All insurance required of Tenant under this Agreement must be endorsed to state that Tenant's insurance policy is primary and not contributory with any insurance carrier by the City.

No Limitation as to Tenant's Liabilities. The coverages and limits furnished by Tenant in no way limit the Tenant's liabilities and responsibilities specified within the Agreement or by law.

No Contribution by City. Any insurance or self-insurance programs maintained by the City do not contribute with insurance provided by Tenant under this Agreement.

Insurance not Limited by Indemnification. The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

Insurance and Limits Maintained. If Tenant maintains higher limits and/or broader coverage than the minimums shown herein, the City requires and must be entitled the higher limits and/or broader coverage maintained by Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage must be available to the City.

125

Joint Venture or Limited Liability Company. If Tenant is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

Other Insurance obtained by Tenant. If Tenant desires additional coverages, the Tenant will be responsible for the acquisition and cost.

Insurance required of Subcontractors. Tenant must name the Subcontractor(s) as a named insured(s) under Tenant's insurance or Tenant will require each Subcontractor(s) to provide and maintain Commercial General Liability, Commercial Automobile Liability, Worker's Compensation and Employers Liability Insurance and when applicable Excess/Umbrella Liability Insurance and Professional Liability Insurance with coverage at least as broad as in outlined in

Section A, Insurance Required. The limits of coverage will be determined by Tenant but be no less than \$5,000,000 per occurrence for access to airside and \$2,000,000 per occurrence for access to landside for Commercial General Liability and Auto Liability. Tenant must determine if Subcontractor(s) must also provide any additional coverage or other coverage outlined in Section A, Insurance Required. Tenant is responsible for ensuring that each Subcontractor has named the City as an additional insured where required on an additional insured endorsement form acceptable to the City. Tenant is also responsible for ensuring that each Subcontractor has complied with the required coverage and terms and conditions outlined in this Section B, Additional Requirements. When requested by the City, Tenant must provide to the City certificates of insurance and additional insured endorsements or other evidence of insurance. The City reserves the right to obtain complete, certified copies of any required insurance policies at any time. Failure of the Subcontractor(s) to comply with required coverage and terms and conditions outlined herein will not limit Tenant's liability or responsibility.

City's Right to Modify. Notwithstanding any provisions in the Agreement to the contrary, the City, Department of Finance, Risk Management Office maintains the right to modify, delete, alter or change these requirements.

126

EXHIBIT 8

ACDBE SPECIAL CONDITIONS AND RELATED FORMS

City of Chicago Department of Aviation

Special Conditions Regarding Airport Concessions Disadvantaged Business Enterprise (ACDBE) Commitment

I. POLICY AND PROGRAM

It is the policy of the City of Chicago ("City") not to discriminate on the basis of race, color, sex or national origin in the award or performance of airport concession agreements. Because the City is a recipient of Airport Improvement Program funds from the Federal Aviation Administration ("FAA"), the concessions at the City's airports are subject to 49 CFR Part 23, Participation of Disadvantaged Business Enterprise in Airport Concessions ("Part 23"). The City

will not, directly or indirectly, through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or impeding the accomplishment of the objectives of Part 23. Compliance with Part 23 requirements will not diminish or supplant the Concessionaire's obligations to comply with nondiscrimination laws as required elsewhere in the Agreement. In the event of a conflict between the provisions of these Special Conditions and the requirements of Part 23, the requirements of Part 23 shall prevail. Part 23 is available on-line at <<https://www.ecfr.gov/current/title-49/subtitle-A/part-23?toc=l>>.

It is further the policy of the City, in accordance with the requirements of Part 23, that Airport Concession Disadvantaged Business Enterprises ("ACDBEs") have the maximum opportunity to participate fully in the City's airport concession program. As used throughout these Special Conditions, the term "ACDBE" means an entity that has been certified as such under the Illinois Unified Certification Program ("UCP"). If a firm is not certified by the Illinois UCP as an ACDBE in accordance with the standards in Part 23, the firm's participation is not counted for Part 23 purposes. ACDBEs certified by other jurisdictions are not considered certified ACDBEs for purposes of this Agreement and will not be counted as such unless they have also been certified by the Illinois UCP.

In accordance with Part 23, Subparts B and D, the City submitted an ACDBE Program and ACDBE Goal for approval by the FAA. The FAA-approved ACDBE Program and ACDBE Goal are available upon request. In the event of any amendments or revisions to Part 23 (or any related or superseding regulations), these Special Conditions shall be subject to such revised regulations and any City-promulgated program, regulations, or goals established thereunder. Upon request by the City, this Agreement shall be amended to replace these Special Conditions with revised Special Conditions that reflect the then-current federal regulations, if necessary.

127

The following assurances are required to be included in the Agreement by 49 CFR §23.9(c). Concessionaire is deemed to be the "concessionaire or contractor" referenced.

1. This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase order or other agreement covered by 49 CFR Part 23.
2. The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

II. PROGRAM GOALS

The City has established, and the Federal Aviation Administration has approved, aspirational goals for ACDBE participation in its airport concessions program as required by Part 23. Subpart II. Generally, ACDBE participation in airport concessions is measured as a percentage of annual gross receipts earned by the concessions. Details on counting ACDBE participation are found in 49 CFR §§ 23.53 (rental car concessions) and 23.55 (non-rental car concessions) and

described further below.

The below aspirational goals are for the City's concessions program as a whole. With respect to this Agreement, the City may or may not have established a contract-specific ACDBE aspirational goal at the time that the City issued the Request for Proposals for the concession ("RFP"). If the RFP included a contract-specific goal, Tenant's proposal either included participation by ACDBE(s) that met or exceeded the contract-specific goal or Concessionaire demonstrated "good faith efforts" to meet that contract-specific goal but was unable to do so. Guidance on "good faith efforts" can be found in Appendix A to 49 C.F.R. Part 26. Appendix A as it appears on the date of the Agreement is incorporated in Section VI.A. of these Special Conditions, but Concessionaire is responsible for compliance with federal regulations as they may be amended from time to time.

1. All Concessions Except Rental Cars.

O'Hare International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 32%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 7% and a race-conscious goal of 23%.

Midway International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 37%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 5.5% and a race-conscious goal of 31.5%.

128

B. Rental Car Concessions. Due to the lack of ACDBE rental car companies, the national or regional nature of rental car industry procurement practices and a general lack of reliable historical data, the City has determined that the aspirational goal for ACDBE participation in rental car concessions at both airports is 2.4%. Nevertheless, rental car concessionaires are encouraged to use all reasonable efforts to maximize procurement of goods and services from ACDBEs that may be certified in the Illinois UCP or the UCPs of other states.

In 2012, the Rent-A-Car Concessions Voluntary M/W/DBE Program ("RAC Program") was approved by City Council of Chicago, Illinois, as part of an amendment to the rental car concession license agreements at Chicago O'Hare and Midway International Airports. (Conn. J. 12-12-2012, p. 43891.) As part of the program, the on-airport rental car companies ("RACs") will use good faith efforts to expand contracting opportunities for businesses owned by minorities, women and/or disadvantaged persons in connection with "non-fleet expenditures" attributable to the On-Airport RACs operations at the Airports. The RACs agree that for fiscal year 2017 and thereafter, the goal of their outreach efforts will be to achieve, at a minimum, 30% of non-fleet expenditures with businesses owned by M/W/DBEs that are either certified or not certified but are owned by minority, women and/or disadvantaged persons.

III. CONCESSIONAIRE'S ACDBE COMMITMENT

A. INITIAL ACDBE COMMITMENT

The extent and nature of the ACDBE participation commitment by Concessionaire is documented in Schedules B, C and/or D attached to these Special Conditions ("ACDBE Commitment"). As used these Special Conditions and in

Schedules B, C and D, "Concessionaire" means the entity with whom the City has entered into a concession agreement, whether that entity is referred to in that agreement as "Tenant," "Licensee" or other term.

The total ACDBE Commitment, stated as a percentage of the concessions gross revenues, must equal or exceed the percentage ACDBE participation required in the Agreement. If the Agreement indicates that there is no ACDBE participation requirement, it will be conclusive evidence that either (a) the RFP contained no contract-specific goal and Concessionaire did not propose any ACDBE participation or (b) the Concessionaire demonstrated, to the satisfaction of the City, that it exerted good faith efforts to obtain ACDBE participation to meet a contract-specific goal but was unable to obtain such participation. In either such event, there will be no Schedule B, C or D attached to these Special Conditions.

If there is ACDBE participation in the form of a joint venture member, the attached Schedule B sets forth the essential terms of that joint venture participation, including a representation as

129

to the value of the ACDBE's activities in operating the concession as a percentage of gross revenues, and a copy of the joint venture agreement is attached to Schedule B. If there is ACDBE participation in the form of ACDBE(s) acting as sublicensee(s), subtenant(s) or subcontractor(s), it is documented in Schedules C and D. Schedule(s) C is the commitment by the ACDBE(s) to participate by providing the goods or services indicated, and Schedule D is the commitment by the non-ACDBE to such participation by the ACDBE(s).

B. CHANGES IN ACDBE PARTICIPATION

Pursuant to 49 CFR 23.25 and 49 CFR 26.53, Concessionaire must not make arbitrary changes to its ACDBE Commitment. Further, after entering into a joint venture agreement, sublicense or subcontract (collectively, "ACDBE agreement") with each approved ACDBE, Concessionaire must not terminate the ACDBE agreement, reduce the scope of the ACDBE's participation in the concession, nor decrease the compensation to the ACDBE, as applicable, without in each instance receiving the prior written consent of the City. The City will not consent unless Concessionaire shows good cause. Concessionaire must promptly notify the Commissioner of any proposed change in an ACDBE agreement and submit a copy of the proposed amendment to the ACDBE agreement. Prior to requesting consent from the City to terminate or substitute an ACDBE, Concessionaire must give notice to the ACDBE, with a copy to the City, providing the ACDBE an opportunity to respond.

In any event, the collective participation of the previously approved ACDBE(s) must either continue to contribute to the concession at least the value of the ACDBE Commitment, as stated in terms of a percentage of gross revenues, or substitute or additional ACDBE(s) must be retained by Concessionaire pursuant to (D) below to maintain the ACDBE Commitment, except as provided in (C) below. Failure to comply with the ACDBE Commitment is an event of default under the Agreement. If the proposed change in ACDBE participation is approved by the City, Concessionaire and ACDBE(s) must complete revised Schedules B, C or D, as applicable.

These notice and consent requirements apply both pre- and post- award of the Agreement. Note that changes to a joint venture Concessionaire prior to award may result in rejection of the proposal if the City determines, in the sole discretion of the Commissioner, that those changes affect Concessionaire's qualifications.

C. INVOLUNTARY CHANGES IN ACDBE PARTICIPATION

In the event that it appears that Concessionaire will not comply with its ACDBE Commitment because: (i) an ACDBE has defaulted in its performance under the ACDBE agreement through no fault of Concessionaire, (ii) an ACDBE is decertified by the Illinois UCP through no fault of Concessionaire and the ACDBE's participation can no longer be counted, (iii) the ACDBE's certified area of specialty has been changed through no fault of Concessionaire and the ACDBE's participation can no longer be counted, or (iv) an ACDBE is otherwise unable or unwilling to perform its obligations through no fault of Concessionaire, then Concessionaire must promptly notify the ACDBE with a copy to the City, of its intent to terminate or substitute

130

the ACDBEs participation and provide the ACDBE with a minimum of five days to respond, unless the City grants permission for a shorter response period as a matter of public necessity (i.e. safety). Concessionaire requests to the City for permission to terminate or substitute an ACDBE must specify one or more of the foregoing reasons as the cause for potential noncompliance with the ACDBE Commitment. If the City concurs with the specified reason, Concessionaire shall use good faith efforts as described in Section VI below to replace the ACDBE's participation with participation by another ACDBE. As provided in Section VI, Concessionaire must demonstrate those good faith efforts to the satisfaction of the Commissioner. Failure to comply with the foregoing shall be an event of default under the Agreement.

Concessionaire's position in these cases must be fully explained and supported with adequate documentation. Stated reasons which will NOT be acceptable include: A replacement firm has been recruited to perform the same function under terms more advantageous to the Concessionaire; issues about performance by the committed ACDBE were disputed (unless every reasonable effort has already been taken to have the issues resolved or mediated satisfactorily); and an ACDBE has requested reasonable price escalation which may be justified due to unforeseen circumstances.

D. ACDBE SUBSTITUTION AND ADDITIONAL ACDBEs

If Concessionaire identifies a substitute, replacement or additional ACDBE for the City's approval, Concessionaire's request for approval shall include the name, address, and principal official of the proposed ACDBE; the nature and essential terms of the ACDBE agreement under which the ACDBE will participate; and a letter of intent signed by Concessionaire and the ACDBE to enter into such an ACDBE agreement upon approval by the City. Concessionaire must provide such other affidavits and documents as the City may request to evaluate the request. The City will evaluate and respond to the submitted documentation within fifteen working days after the submittal of a complete request. The response may be in the form of approving the request, requiring more information, or requiring an interview.

Actual use of a substitute, replacement or additional ACDBE should not be made by Concessionaire before City approval is given. An ACDBE agreement between Concessionaire and the ACDBE must be executed within the time specified by the City, and a fully executed copy of the ACDBE agreement must be submitted immediately to the City.

E. AGREEMENT EXTENSIONS, ASSIGNMENTS AND SUBLEASES

If the Agreement contains a term extension or if the Concessionaire proposes an assignment or sublease of the Agreement, as a condition precedent to the City's consent to such extension, assignment or sublease, the City and Concessionaire will revisit and possibly adjust the Concessionaire's ACDBE Commitment to reflect any possible change in ACDBE availability and to ensure compliance with Part 23 as it may have been amended in the interim.

Concessionaire will be required to provide amended Schedules D, B, or C, along with amended ACDBE agreements, to reflect any required changes to the ACDBE Commitment or provide documentation of good faith efforts to achieve increased ACDBE participation.

IV. COUNTING ACDBE PARTICIPATION

A. CONCESSIONS OTHER THAN RENTAL CAR

In order for participation in the concession to be counted and reported to the FAA, ACDBEs must perform a commercially useful function, as defined in 49 CFR § 23.55(a). The work performed or gross receipts earned by a firm after its ACDBE eligibility has been removed are not counted, except as provided in 49 CFR § 23.55(J). Costs incurred in connection with the renovation, repair, or construction of a concession facility (sometimes referred to as the "buildout") are not counted (but may be subject to goals for M/WBE or other types of participation under a local program as specified by the City). Otherwise, ACDBE participation in non-rental car concessions is counted in accordance with 49 CFR § 23.55 as follows:

1. Concessionaire is an ACDBE. When Concessionaire is an ACDBE or a joint venture consisting only of ACDBEs, the gross receipts earned by Concessionaire are counted. Gross receipts attributable to a non-ACDBE sublicensee of Concessionaire are not counted.
2. Separate locations. When an ACDBE performs as a sublicensee to Concessionaire with its own concession location or when Concessionaire is a joint venture which includes a non-ACDBE and in which an ACDBE operates its own separate location, the gross receipts earned by the ACDBE at its separate location are counted. The ACDBE location must be independently operated by the ACDBE as evidenced by the ACDBE's responsibility for all aspects of the management and operation of the location. Gross receipts attributable to a non-ACDBE sublicensee of the ACDBE are not counted.
3. Joint venture, no separate locations. When Concessionaire is a joint venture with an ACDBE participant and the ACDBE jointly participates with a non-ACDBE in the operation of all locations, only the portion of the Concessionaire's gross receipts attributable to the distinct, clearly defined portion of the work of the concession that the ACDBE performs with its own forces is counted. When the City has reason to doubt the extent of an ACDBE joint venturer's commercially useful contribution towards the concessionaire's gross receipts, the City may require Concessionaire to submit evidence to substantiate the value of the ACDBE's contribution. If the Concessionaire fails to submit satisfactory evidence, it is an event of default under the Agreement.

4. Subcontractor participation. When an ACDBE provides, as a subcontractor to Concessionaire, goods or services for operation of the concession, the amounts paid to the ACDBE are counted as provided below. However, if the ACDBE enters into a subcontract with a non-ACDBE to provide the goods or services, the amounts paid to the non-ACDBE are not counted.

- a. The entire amount of fees or commissions charged by an ACDBE firm for a bona fide service, provided that the City determines this amount to be reasonable and not excessive as compared with fees customarily paid for similar services. Such services may include, but are not limited to, professional, technical, consultant, legal, security systems, advertising, building cleaning and maintenance, computer programming, or managerial.
- b. The entire amount of the cost of goods obtained from an ACDBE manufacturer, as provided in 49 CFR § 23.55(f).
- c. The entire amount of the cost of goods purchased or leased from a ACDBE regular dealer, as provided in 49 CFR § 23.55(g).
- d. For goods purchased from an ACDBE which is neither a manufacturer nor a regular dealer, the amount of reasonable fees, commissions, or delivery charges earned by the ACDBE, as provided in 49 CFR § 23.55(h).

B. RENTAL CAR CONCESSIONS

If Concessionaire is a rental car company, ACDBE participation counts in accordance with the provisions of 49 CFR §23.53. Goods and services will be counted in accordance with the following:

1. The entire amount of the cost charged by an ACDBE for repairing vehicles, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services; and further provided that any portion of a fee paid by a manufacturer to an ACDBE car dealership for reimbursement of work performed under the manufacturer's warranty is excluded;
2. The entire amount of the fee or commission charged by an ACDBE to manage a car rental concession under an agreement with the Concessionaire, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services.
3. For other goods and services, ACDBE participation counts as provided in 49 CFR §26.55 and §23.55. In the event of any conflict between these two sections, §23.55 controls.

133

4. If a rental car company has a national or regional contract with an AGDBE, it may count a pro-rated share of the amount of that contract toward the goals of each airport covered by the contract as provided in §23.55 (f).

Rental car companies may also count ACDBE direct participation through direct ownership arrangements, but such arrangements are not required.

V. CERTIFICATION, RECORDS, REPORTS AND MONITORING

A. CERTIFICATION

Copies of letters of certification from a member of the Illinois UCP for each ACDBE that is part of Concessionaire's ACDBE Commitment are attached to their respective Schedule C or Schedule B. All letters of certification issued by the City of Chicago include a statement of the ACDBE firm's area of specialization.

Each ACDBE must promptly notify Concessionaire if there is any change in the ACDBE's certification status. Concessionaire, in turn, must notify Commissioner of any change in an ACDBE's certification status and provide a copy of any correspondence from the certifying agency regarding the status of an ACDBE's certification.

The ACDBE's scope of work, as detailed by Schedule B, C or D, must conform to its stated area of specialization. If, during the course of this Agreement, Concessionaire proposes to amend Schedules B, C or D so that an ACDBE performs additional work or supplies additional goods, materials or services not covered by its area of certification, the ACDBE must request an extension of its certification for such work, goods, materials or services in order to count toward the ACDBE's participation in the concession. The request to expand the scope of the ACDBE's certification, together with all documentation required by the City to process that request, must be received by the City at least 60 days in advance of the proposed date to perform* such additional work or supply such additional goods, materials or services.

B. RECORDKEEPING

The Concessionaire must maintain records of all relevant data with respect to the utilization of ACDBEs, retaining these records for a period of at least three years after termination or expiration of the Agreement. Concessionaire grants full access to these records to the City of Chicago, Federal or State authorities, the U.S. Department of Justice, or their duly authorized representatives.

C. REPORTING

Concessionaire must file ACDBE utilization reports (monthly if non-rental car and quarterly if rental car), together with its concession license fee payment, delineating for the month or quarter, as applicable, and cumulatively for the year-to-date: (i) contribution by ACDBE joint venture

134

member(s) or sublicensee(s) to Concessionaire's gross receipts and (ii) payments to ACDBE subcontractor(s). Each ACDBE utilization report must be signed by an authorized officer or representative of the Concessionaire and be notarized.

D. MONITORING

The City will, from time to time during the term of the Agreement, conduct investigations and interviews to monitor and verify that ACDBE participation in the concession meets or exceeds the ACDBE Commitment. Concessionaire must give, upon request, earnest and prompt cooperation to the City in submitting to inspections and interviews, in allowing entry to places of business, in providing further documentation, and in requiring the cooperation of its ACDBEs.

If the City determines that an ACDBE's actual role or responsibilities do not comply with the representations made by Concessionaire and the ACDBE in Schedules B, C or D, or that Concessionaire and/or ACDBE have misrepresented to the City either the payments to the ACDBE or the value of the ACDBE's participation in a joint venture, it shall be an event of default under the Agreement.

VI. GOOD FAITH EFFORTS

A. EXAMPLES

Examples of "good faith efforts" are described below and in 49 CFR § 23.25, 49 CFR §26.53, and Appendix A to 49 CFR Part 26. As provided in § 23.25, §26.53 and Appendix A to 49 Part 26, the following are examples of documented actions that the City may take into consideration in determining whether Concessionaire made good faith efforts:

1. Soliciting through all reasonable and available means (e.g., advertising and/or written notices) the interest of all certified ACDBEs who have the capability to perform work or services or to supply goods relevant to the concession. Concessionaire must solicit this interest within sufficient time to allow the ACDBEs to respond to the solicitation. Concessionaire must determine with certainty if the ACDBEs are interested by taking appropriate steps to follow up initial solicitations.
2. Soliciting the work, services or goods in portions that increase the likelihood that an ACDBE can perform the work or services or provide the goods. This includes, when appropriate, breaking out contract items into economically feasible units to facilitate ACDBE participation, even when the concessionaire might otherwise prefer to perform these work items with its own forces.
3. Providing interested ACDBEs with adequate information about the operations, management and requirements of the concession in a timely manner to assist them in responding to a solicitation.
4. Negotiating in good faith with interested ACDBEs. Evidence of such negotiation

135

includes the names, addresses and telephone numbers of ACDBEs that were considered; a description of the information provided regarding the opportunities selected for possible ACDBE participation; and evidence as to why agreement could not be reached for ACDBEs to perform the work.

NOTE: A concessionaire using good business judgment would consider a number of factors in negotiating with potential business partners or subcontractors, including ACDBEs, and would take a firm's price and capabilities as well as contract goal into consideration. However, the fact that there may be some additional costs involved in finding and using ACDBEs is not in itself sufficient reason for a failure to meet the ACDBE Commitment, as long as such costs are reasonable. Concessionaires are not, however, required to accept higher quotes from ACDBEs if the price difference in comparison to non-ACDBEs is excessive or unreasonable.

5. Not rejecting ACDBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The ACDBE's standing within its industry, membership in specific groups, organization or associations and political or social affiliation (for example union vs. non-union employee status) are not legitimate causes for rejection.
6. Making efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance as required by the City or Concessionaire.
7. Making efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials, or related assistance or services.

8. Effectively using the services of available minority/women community organizations and contractors' groups; local, state and federal minority/women business assistance offices; and other organizations as allowed on a case-by-case basis to provide assistance in the recruitment and placement of ACDBEs.

B. DOCUMENTATION

Whenever Concessionaire is required to demonstrate good faith efforts by Part 23 or these Special Conditions, Concessionaire must provide supporting documentation to the satisfaction of the Commissioner. This means documentation to show that Concessionaire took all necessary and reasonable steps which by their scope, intensity and appropriateness to the objective, could reasonably be expected to obtain compliance, even if not fully successful. The following types of documentation, as applicable to the situation, will be considered by the City in determining whether Concessionaire has made good faith efforts:

1. A listing of all ACDBE firms that were contacted that includes:

- a. names, address and telephone numbers of ACDBE firms contacted;

136

- b. date and time of contact;

- c. method of contact (written, telephone, transmittal of facsimile documents, etc.);

- d. name of the person contacted.

2. Copies of letters or any other evidence of mailing that substantiates outreach to ACDBE vendors that include:

- a. concession identification and location;

- b. descriptions/classification/commodity of work, services or goods for which quotations were sought; and

- c. date, time and location for submittal of bids or proposals.

3. Detailed statement which summarizes direct negotiations with appropriate ACDBE firms and indicates why negotiations were unsuccessful.
4. Affirmation that good faith efforts have been demonstrated by choosing opportunities likely to be performed by ACDBEs by not imposing any limiting conditions which were not mandatory for all potential bidders/proposers; or denying the benefits ordinarily conferred for the type of opportunity that was solicited.
5. Copies of proposed portions of the work, services or goods to be performed or provided by ACDBEs in order to increase the likelihood of ACDBE participation.
6. Evidence that Concessionaire negotiated in good faith with interested ACDBEs.
7. Evidence that Concessionaire did not reject ACDBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities.
8. Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance, as required by the City or the concessionaire.
9. Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials or related assistance or services.
10. Evidence that Concessionaire has provided timely notice of the opportunity to at least 50 percent of the applicable ACDBEs listed in the Illinois UCP Directory. The City may contact the ACDBEs identified by Concessionaire for verification of such notification.
11. Evidence that ACDBE participation is excessively costly. In order to establish that a ACDBE's quote is

excessively costly, Concessionaire must provide the following information:

- a. A detailed statement of the opportunity identified for ACDBE participation for which Concessionaire asserts the ACDBE quote(s) were excessively costly.
- b. A listing of all potential business partners or subcontractors contacted for a quotation on that opportunity.

137

- c. Prices quoted by all such potential business partners or subcontractors for that opportunity.
- d. Other documentation that demonstrates to the satisfaction of the City that the ACDBE quotes are excessively costly.

ADMINISTRATIVE RECONSIDERATION

For the purposes of this Agreement, the City has delegated the responsibility for making the determination regarding a Concessionaire's good faith efforts to the Department of Aviation. The determination shall be based upon the Department's review of the documentation that the Concessionaire has timely submitted. Within five days of being informed by the Department that Concessionaire has not documented sufficient good faith efforts, Concessionaire may request administrative reconsideration. The request must be made in writing to the following official:

City of Chicago Department of Aviation 105.10 West Zemke Road
Chicago, Illinois 60666 Attention: Commissioner

NOTE: The Commissioner may not have played any role in the original determination that the Concessionaire did not make or timely document sufficient good faith efforts. The Commissioner may appoint a reconsideration officer, who did not play any role in the original determination, to act in his or her stead.

With copies to: City of Chicago
Department of Procurement Services City Hall, Room 806 121 N. LaSalle
Street Chicago, Illinois 60602 Attention: Chief Procurement Officer

City of Chicago Department of Aviation 10510 West Zemke Road
Chicago, Illinois 60666

Attention: Deputy Commissioner for Concessions City of Chicago Department

of Law
Aviation, Environmental, Regulatory and Contracts Division 2 North LaSalle Street,
Suite 540 Chicago, Illinois 60602
Attention: Deputy Corporation Counsel

138

2. As part of this reconsideration, the Concessionaire will have the opportunity to provide written documentation or argument concerning the issue of whether it made adequate good faith efforts. The Concessionaire will have the opportunity to meet in person with the reconsideration officer to discuss whether it did so. The Department will send the Concessionaire a written decision on reconsideration, explaining the basis for finding that the Concessionaire did or did not make adequate good faith efforts.

VII. NON-COMPLIANCE AND DAMAGES

A. NON-COMPLIANCE GENERALLY

Concessionaire's failure to comply with these Special Conditions constitutes a material breach of the Agreement and entitles the City to declare an event of default. If Concessionaire fails to cure the default within the time allowed under the default provisions of the Agreement, the City may exercise those remedies provided for in the Agreement, at law or in equity, including termination of the Agreement. In addition to any remedies specified in the Agreement, at the City's option the term of this Agreement will become month-to-month until the City locates a new Concessionaire. At the City's option, any improvements added by Concessionaire must remain for the new tenant at no cost to the City or the new tenant.

B. NON-COMPLIANCE WITH ACDBE AGREEMENT

If Concessionaire has not complied with the requirements of an ACDBE agreement, the affected ACDBE may seek to recover from Concessionaire damages suffered by the ACDBEs as a result of such non-compliance. Such disputes may impact the quality of concessions at the City's airports and/or the ability of other airport tenants to solicit ACDBE participation. Therefore, Concessionaire consents to have any disputes between Concessionaire and affected ACDBEs resolved by binding arbitration before an independent arbitrator other than the City, with reasonable expenses, including attorneys' fees, being recoverable by the prevailing party in accordance with any applicable regulations. This provision is intended for the benefit of all ACDBEs affected by Concessionaire's failure to comply with ACDBE agreements and grants ACDBEs specific third-party beneficiary rights. In cases deemed appropriate by the City, a dispute may lead to the withholding of sums that the City may owe Concessionaire until the City receives a copy of the final arbitration decision, but in no event will Concessionaire be excused from making any payments due to the City during the pendency of a dispute. Noncompliance or non-cooperation with the City may affect continued eligibility to enter into future contracting arrangements with the City.

12 17 2019

EXHIBIT 9

MBEWVBE SPECIAL CONDITIONS AND RELATED FORMS

SPECIAL CONDITIONS REGARDING MINORITY OWNED BUSINESS ENTERPRISE COMMITMENT AND WOMEN OWNED BUSINESS ENTERPRISE COMMITMENT IN

CONSTRUCTION CONTRACTS

I. Policy and Terms

As set forth in 2-92-650 et seq. of the Municipal Code of Chicago (MCC) it is the policy of the City of Chicago that businesses certified as Minority Owned Business Enterprises (MBEs) and Women Owned Business Enterprises (WBEs) in accordance with Section 2-92-420 et seq. of the MCC and Regulations Governing Certification of Minority and Women-owned Businesses, and all other Regulations promulgated under the aforementioned sections of the Municipal Code, shall have full and fair opportunities to participate fully in the performance of this contract. Therefore, bidders shall not discriminate against any person or business on the basis of race, color, national origin, or sex, and shall take affirmative actions to ensure that MBEs and WBEs shall have full and fair opportunities to compete for and perform subcontracts for supplies or services.

Failure to carry out the commitments and policies set forth herein shall constitute a material breach of the contract and may result in the termination of the contract or such remedy as the City of Chicago deems appropriate.

Under the City's MBE/WBE Construction Program as set forth in MCC 2-92-650 et seq, the program-wide aspirational goals are 26% Minority Owned Business Enterprise participation and 6% Women Owned Business Enterprise participation. The City has set goals of 26% and 6% on all contracts in line with its overall aspirational goals, unless otherwise specified herein, and is requiring that bidders make a good faith effort in meeting or exceeding these goals.

Contract Specific Goals and Bids

A bid may be rejected as non-responsive if it fails to submit one or more of the following with its bid demonstrating its good faith efforts to meet the Contract Specific Goals by reaching out to MBEs and WBEs to perform work on the contract:

- I. An MBE/WBE compliance plan demonstrating how the bidder plans to meet the Contract Specific Goals (Schedule D); and/or
- II. Documentation of Good Faith Efforts (Schedule H).

If a bidder's compliance plan falls short of the Contract Specific Goals, the bidder must include either a Schedule H demonstrating that it has made Good Faith Efforts to find

140

MBE and WBE firms to participate or a request for a reduction or waiver of the goals.

Accordingly, the bidder or contractor commits to make good faith efforts to expend at least the following percentages of the total contract price (inclusive of any and all modifications and amendments), if awarded the contract:

MBE Contract Specific Goal: 26% WBE Contract Specific Goal: 6%

This Contract Specific Goal provision shall supersede any conflicting language or provisions that may be

contained in this document.

For purposes of evaluating the bidders responsiveness, the MBE and WBE Contract Specific Goals shall be percentages of the bidders total base bid. However, the MBE and WBE Contract Specific Goals shall apply to the total value of this contract, including all amendments and modifications.

Contract Specific Goals and Contract Modifications

I. The MBE and WBE Contract Specific Goals established at the time of contract bid shall also apply to any modifications to the Contract after award. That is, any additional work and/or money added to the Contract must also adhere to these Special Conditions requiring Contractor to (sub) contract with MBEs and WBEs to meet the Contract Specific Goals.

1. Contractor must assist the Construction Manager or user Department in preparing its "proposed contract modification" by evaluating the subject matter of the modification and determining whether there are opportunities for MBE or WBE participation and at what rates.
2. Contractor must produce a statement listing the MBEs/WBEs that will be utilized on any contract modification. The statement must include the percentage of utilization of the firms. If no MBE/WBE participation is available, an explanation of good faith efforts to obtain participation must be included.

II. The Chief Procurement Officer shall review each proposed contract modification and amendment that by itself or aggregated with previous modification/amendment requests, increases the contract value by ten percent (10%) of the initial award, or \$50,000, whichever is less, for opportunities to increase the participation of MBEs or WBEs already involved in the Contract.

II. Definitions

"Area of Specialty" means the description of a MBE's or WBE's activity that has been

141

determined by the Chief Procurement Officer to be most reflective of the firm's claimed specialty or expertise. Each MBE and WBE letter of certification contains a description of the firm's Area of Specialty. Credit toward the Contract Specific Goals shall be limited to the participation of firms performing within their Area of Specialty. The Department of Procurement Services does not make any representation concerning the ability of any MBE or WBE to perform work within its Area of Specialty. It is the responsibility of the bidder or contractor to determine the capability and capacity of MBEs and WBEs to perform the work proposed.

"B.E.P.D." means an entity certified as a Business enterprise owned or operated by people with disabilities as defined in MCC 2-92-586.

"Broker" means a person or entity that fills orders by purchasing or receiving supplies from a third party supplier rather than out of its own existing inventory and provides no commercially useful function other than acting as a conduit between his or her supplier and his or her customer.

"Chief Procurement Officer" or "CPO" means the chief procurement officer of the City of Chicago or his or her designee.

"Commercially Useful Function" means responsibility for the execution of a distinct element of the work of the contract,

which is carried out by actually performing, managing, and supervising the work involved, evidencing the responsibilities and risks of a business owner such as negotiating the terms of (sub)contracts, taking on a financial risk commensurate with the contract or its subcontract, responsibility for acquiring the appropriate lines of credit and/or loans, or fulfilling responsibilities as a joint venture partner as described in the joint venture agreement.

"Construction Contract" means a contract, purchase order or agreement (other than lease of real property) for the construction, repair, or improvement of any building, bridge, roadway, sidewalk, alley, railroad or other structure or infrastructure, awarded by any officer or agency of the City, other than the City Council, and whose cost is to be paid from City funds.

"Contract Specific Goals" means the subcontracting goals for MBE and WBE participation established for a particular contract.

"Contractor" means any person or business entity that has entered into a construction contract with the City, and includes all partners, affiliates and joint ventures of such person or entity.

"Direct Participation" the value of payments made to MBE or WBE firms for work that is done in their Area of Specialty directly related to the performance of the subject

142

matter of the Construction Contract will count as Direct Participation toward the Contract Specific Goals.

"Directory" means the Directory of Minority Business MBEs and WBEs maintained and published by the Chief Procurement Officer. The Directory identifies firms that have been certified as MBEs and WBEs, and includes the date of their last certifications and the areas of specialty in which they have been certified. Bidders and contractors are responsible for verifying the current certification status of all proposed MBEs and WBEs.

"Executive Director" means the executive director of the Office of Compliance or his or her designee.

"Good Faith Efforts" means actions undertaken by a bidder or contractor to achieve a Contract Specific Goal that, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program's requirements.

"Joint venture" means an association of a MBE or WBE firm and one or more other firms to carry out a single, for-profit business enterprise, for which each joint venture partner contributes property, capital, efforts, skills and knowledge, and in which the MBE or WBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

"Minority Business Enterprise" or "MBE" means a firm certified as a minority-owned business enterprise in accordance with City Ordinances and Regulations.

"Supplier" or "Distributor" refers to a company that owns, operates, or maintains a store, warehouse or other establishment in which materials, supplies, articles or equipment are bought, kept in stock and regularly sold or leased to the public in the usual course of business. A regular distributor or supplier is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials or supplies required for performance of the Contract

are bought, kept in stock, and regularly sold to the public in the usual course of business. To be a regular distributor the firm must engage in, as its principal business and in its own name, the purchase and sale of the products in question. A regular distributor in such bulk items as steel, cement, gravel, stone, and petroleum products need not keep such products in stock if it owns or operates distribution equipment.

"Women Business Enterprise" or "WBE" means a firm certified as a women owned business enterprise in accordance with City Ordinances and Regulations.

Joint Ventures

143

The formation of joint ventures to provide MBEs and WBEs with capacity and experience at the prime contracting level, and thereby meet Contract Specific Goals (in whole or in part) is encouraged. A joint venture may consist of any combination of MBEs, WBEs, and non-certified firms as long as one member is an MBE or WBE.

- I. The joint venture may be eligible for credit towards the Contract Specific Goals only if:
 1. The MBE or WBE joint venture partners share in the capital contribution, control, management, risks and profits of the joint venture is equal to its ownership interest;
 2. The MBE or WBE joint venture partner is responsible for a distinct, clearly defined portion of the requirements of the contract for which it is at risk;
 3. Each joint venture partner executes the bid to the City; and
 4. The joint venture partners have entered into a written agreement specifying the terms and conditions of the relationship between the partners and their relationship and responsibilities to the contract, and all such terms and conditions are in accordance with the conditions set forth in Items 1, 2, and 3 above in this Paragraph A.
- II. The Chief Procurement Officer shall evaluate the proposed joint venture agreement, the Schedule B submitted on behalf of the proposed joint venture, and all related documents to determine whether these requirements have been satisfied. The Chief Procurement Officer shall also consider the record of the joint venture partners on other City of Chicago contracts. The decision of the Chief Procurement Officer regarding the eligibility of the joint venture for credit towards meeting the Contract Specific Goals, and the portion of those goals met by the joint venture, shall be final.

The joint venture may receive MBE or WBE credit for work performed by the MBE or WBE joint venture partner(s) equal to the value of work performed by the MBE or WBE with its own forces for a distinct, clearly defined portion of the work.

Additionally, if employees of the joint venture entity itself (as opposed to employees of the MBE or WBE partner) perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture as described in Schedule B.

The Chief Procurement Officer may also count the dollar value of work subcontracted to other MBEs and WBEs. Work performed by the forces of a non-certified joint venture partner shall not be counted toward the Contract Specific Goals.

III. Schedule B: MBE/WBE Affidavit of Joint Venture

Where the bidders Compliance Plan includes the participation of any MBE or WBE as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. These documents must both clearly evidence that the MBE or WBE joint venture partner(s) will be responsible for a clearly defined portion of the work to be performed, and that the MBE's or WBE's responsibilities and risks are proportionate to its ownership percentage. The proposed joint venture agreement must include specific details related to:

IV. The parties' contributions of capital, personnel, and equipment and share of the costs of insurance and bonding; and/or work to be performed by employees of the newly formed joint venture entity;

1. Work items to be performed under the supervision of the MBE or WBE joint venture partner; and
2. The MBE's or WBE's commitment of management, supervisory, and operative personnel to the performance of the contract.

NOTE: Vague, general descriptions of the responsibilities of the MBE or WBE joint venture partner do not provide any basis for awarding credit. For example, descriptions such as "participate in the budgeting process," "assist with hiring," or "work with managers to improve customer service" do not identify distinct, clearly defined portions of the work. Roles assigned should require activities that are performed on a regular, recurring basis rather than as needed. The roles must also be pertinent to the nature of the business for which credit is being sought. For instance, if the scope of work required by the City entails the delivery of goods or services to various sites in the City, stating that the MBE or WBE joint venture partner will be responsible for the performance of all routine maintenance and all repairs required to the vehicles used to deliver such goods or services is pertinent to the nature of the business for which credit is being sought.

IV. Counting MBE and WBE Participation Towards the Contract Specific Goals Work items to be performed by the MBE's or WBE's own forces

Refer to this section when preparing the MBE/WBE compliance plan and completing Schedule D-1 for guidance on what value of the participation by MBEs and WBEs will

be counted toward the stated Contract Specific Goals. The "Percent Amount of Participation" depends on whether and with whom a MBE or WBE subcontracts out any portion of its work and other factors.

Firms that are certified as both MBE and WBE may only be listed on a bidder's compliance plan as either a MBE or a WBE to demonstrate compliance with the Contract Specific Goals. For example, a firm certified as both a MBE and a WBE may only listed on the bidder's compliance plan under one of the categories, but not both. Additionally, a firm that is certified as both a MBE and a WBE could not self-perform 100% of a contract, it would have to show good faith efforts to meet the Contract Specific Goals by including in its compliance plan work to be performed by another MBE or WBE firm, depending on which certification that dual- certified firm chooses to count itself as.

- A. Only expenditures to firms that perform a Commercially Useful Function as defined above may count toward the Contract Specific Goals.
- B. The CPO will determine whether a firm is performing a commercially useful function by evaluating the amount of work subcontracted, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the credit claimed for its performance of the work, industry practices, and other relevant factors.

A. A MBE or WBE does not perform a commercially useful function if its participation is only required to receive payments in order to obtain the appearance of MBE or WBE participation. The CPO may examine similar commercial transactions, particularly those in which MBEs or WBEs do not participate, to determine whether non MBE and non WBE firms perform the same function in the marketplace to make a determination.

- Only the value of the dollars paid to the MBE or WBE firm for work that it performs in its Area of Specialty in which it is certified counts toward the Contract Specific Goals.

Only payments made to MBE and WBE firms that meet BOTH the Commercially Useful Function and Area of Specialty requirements above will be counted toward the Contract Specific Goals.

- If the MBE or WBE performs the work itself:
 - 100% of the value of work actually performed by the MBE's or WBE's own forces shall be counted toward the Contract Specific Goals, including the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces. 0% of the value of work at the project site that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals

If the MBE or WBE is a manufacturer:

- 100% of expenditures to a MBE or WBE manufacturer for items needed for the Contract shall be counted toward the Contract Specific Goals. A manufacturer is a firm that operates or maintains a factory or establishment that produces on the premises the materials or supplies obtained by the bidder or contractor.

If the MBE or WBE is a distributor or supplier:

- 60% of expenditures for materials and supplies purchased from a MBE or WBE that is certified as a regular dealer or supplier shall be counted toward the Contract Specific Goals.

If the MBE or WBE is a broker:

- 0% of expenditures paid to brokers will be counted toward the Contract Specific Goals.
- As defined above. Brokers provide no commercially useful function.

If the MBE or WBE is a member of the joint venture contractor/bidder:

- A joint venture may count the portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the MBE or WBE performs with its own forces toward the Contract Specific Goals.
 - OR if employees of this distinct joint venture entity perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture as described in Schedule B.
- Note: a joint venture may also count the dollar value of work subcontracted to other MBEs and WBEs, however, work subcontracted out to non-certified firms may not be counted.

C, If the MBE or WBE subcontracts out any of its work:

1. 100% of the value of the work subcontracted to other MBEs or WBEs performing work in its Area of Specialty may be counted toward the Contract Specific Goals.
2. 0% of the value of work that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals (except for the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces as allowed by C. 1. above).
3. The fees or commissions charged for providing a bona fide service, such as professional, technical, consulting or managerial services or for providing bonds or insurance or the procurement of essential personnel, facilities, equipment, materials or supplies required for performance of the Contract, may be counted toward the Contract Specific Goals, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar

147

services.

4. The fees charged for delivery of materials and supplies required on a job site (but not the cost of the materials and supplies themselves) when the hauler, trucker, or delivery service is not also the manufacturer of or a regular dealer in the materials and supplies, provided that the fee is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.
5. The fees or commissions charged for providing any bonds or insurance, but not the cost of the premium itself, specifically required for the performance of the Contract, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.

V. Procedure to Determine Bid Compliance

The following Schedules and requirements govern the bidder's or contractor's MBE/WBE proposal:

- Schedule B: MBE/WBE Affidavit of Joint Venture

- Where the bidder's Compliance Plan includes the participation of any MBE or WBE as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. See Section III above for detailed requirements.

- Schedule C: MBE/WBE Letter of Intent to Perform as a Subcontractor or Supplier

The bidder must submit the appropriate Schedule C with the bid for each MBE and WBE included on the Schedule D. The City encourages subcontractors to utilize the electronic fillable format Schedule C, which is available at the Department of Procurement Services website, <<http://cityofchicago.org/forms>>. Suppliers must submit the Schedule C for Suppliers, first tier subcontractors must submit a Schedule C for Subcontractors to the Prime Contractor and second or lower tier subcontractors must submit a Schedule C for second tier Subcontractors. Each Schedule C must accurately detail the work to be performed by the MBE or WBE and the agreed upon rates/prices. Each Schedule C must also include a separate sheet as an attachment on which the MBE or WBE fully describes its proposed scope of work, including a description of the commercially useful function being performed by the MBE or WBE in its Area of Specialty. If a facsimile copy of the Schedule C has been submitted with the bid, an executed original Schedule C must be submitted by the bidder for each MBE and WBE included on the Schedule D within five (5) business days after the date of the bid opening.

148

D. Schedule D: Compliance Plan Regarding MBE and WBE Utilization

The bidder must submit a Schedule D with the bid. The City encourages bidders to utilize the electronic fillable format Schedule D, which is available at the Department of Procurement Services website, <http://cityofchicago.org/forms>. An approved Compliance Plan is required before a contract may commence.

The Compliance Plan must commit to the utilization of each listed MBE and WBE. The bidder is responsible for calculating the dollar equivalent of the MBE and WBE Contract Specific Goals as percentages of the total base bid. All Compliance Plan commitments must conform to the Schedule Cs.

A bidder or contractor may not modify its Compliance Plan after bid opening except as directed by the Department of Procurement Services to correct minor errors or omissions. Bidders shall not be permitted to add MBEs or WBEs after bid opening to meet the Contract Specific Goals, however, contractors are encouraged to add additional MBE/WBE vendors to their approved compliance plan during the performance of the contract when additional opportunities for participation are identified. Except in cases where substantial, documented justification is provided, the bidder or contractor shall not reduce the dollar commitment made to any MBE or WBE in order to achieve conformity between the Schedule Cs and Schedule D. All terms and conditions for MBE and WBE participation on the contract must be negotiated and agreed to between the bidder or contractor and the MBE or WBE prior to the submission of the Compliance Plan. If a proposed MBE or WBE ceases to be available after submission of the Compliance Plan, the bidder or contractor must comply with the¹ provisions in Section VII. .

E. Letters of Certification

A copy of each proposed MBE's and WBE's Letter of Certification from the City of Chicago must be submitted with

the bid.

A Letters of Certification includes a statement of the MBE's or WBE's area(s) of specialty. The MBE's or WBE's scope of work as detailed in the Schedule C must conform to its area(s) of specialty. Where a MBE or WBE is proposed to perform work not covered by its Letter of Certification, the MBE or WBE must request the addition of a new area at least 30 calendar days prior to the bid opening.

F. Schedule F: Report of Subcontractor Solicitations

A Schedule F must be submitted with the bid, documenting all subcontractors and suppliers solicited for participation on the contract by the bidder. Failure to submit the Schedule F may render the bid non-responsive.

149

G. Schedule H: Documentation of Good Faith Efforts

1. [If a bidder determines that it is unable to meet the Contract Specific Goals, it must document its good faith efforts to do so, including the submission of Attachment C, Log of Contacts.

H. If the bidder's Compliance Plan demonstrates that it has not met the Contract Specific Goals in full or in part, the bidder must submit its Schedule H no later than three business days after notification by the Chief Procurement Officer of its status as the apparent lowest bidder. Failure to submit a complete Schedule H will cause the bid to be rejected as non-responsive.

I. Documentation must include but is not necessarily limited to:

1. A detailed statement of efforts to identify and select portions of work identified in the bid solicitation for subcontracting to MBEs and WBEs;
2. A listing of all MBEs and WBEs contacted for the bid solicitation that includes:
 - Names, addresses, emails and telephone numbers of firms solicited; Date and time of contact; Person contacted; Method of contact (letter, telephone call, facsimile, electronic mail, etc.).
3. Evidence of contact, including:
 - Project identification and location;
 - Classification/commodity of work items for which quotations were sought;
 - Date, item, and location for acceptance of subcontractor bids; Detailed statements summarizing direct negotiations with appropriate MBEs and WBEs for specific portions of the work and indicating why agreements were not reached.Bids received from all subcontractors.
4. Documentation of bidder or contractor contacts with at least one of the minority and women assistance associations on Attachment A.

- Agreements between a bidder or contractor and a MBE or WBE in which the MBE or WBE promises not to provide subcontracting quotations to other bidders or contractors are prohibited.

150

- Prior to award, the bidder agrees to promptly cooperate with the Department of Procurement Services in submitting to interviews, allowing entry to places of business, providing further documentation, or soliciting the cooperation of a proposed MBE or WBE. Failure to cooperate may render the bid non-responsive.
- If the City determines that the Compliance Plan contains minor errors or omissions, the bidder or contractor must submit a revised Compliance Plan within five (5) business days after notification by the City that remedies the minor errors or omissions. Failure to correct all minor errors or omissions may result in the determination that a bid is non-responsive.
- No later than three (3) business days after receipt of the executed contract, the contractor must execute a complete subcontract agreement or purchase order with each MBE and WBE listed in the Compliance Plan. No later than eight (8) business days after receipt of the executed contract, the contractor must provide copies of each signed subcontract, purchase order, or other agreement to the Department of Procurement Services.

VI. Demonstration of Good Faith Efforts

I. In evaluating the Schedule H to determine whether the bidder or contractor has made good faith efforts, the performance of other bidders or contractors in meeting the goals may be considered.

II. The Chief Procurement Officer shall consider, at a minimum, the bidder's efforts to:

1. Solicit through reasonable and available means at least 50% (or at least five when there are more than eleven certified firms in the commodity area) of MBEs and WBEs certified in the anticipated scopes of subcontracting of the contract, as documented by the Schedule H. The bidder or contractor must solicit MBEs and WBEs within seven (7) days prior to the date bids are due. The bidder or contractor must take appropriate steps to follow up initial solicitations with interested MBEs or WBEs.
2. Advertise the contract opportunities in media and other venues oriented toward MBEs and WBEs.
3. Provide interested MBEs or WBEs with adequate information about the plans, specifications, and requirements of the contract, including addenda, in a timely manner to assist them in responding to the solicitation.

151

4. Negotiate in good faith with interested MBEs or WBEs that have submitted bids. That there may be some additional costs involved in soliciting and using MBEs and WBEs is not a sufficient reason for a bidder's failure to

meet the Contract Specific Goals, as long as such costs are reasonable.

5. Not reject MBEs or WBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The MBE's or WBE's standing within its industry, membership in specific groups, organizations, or associations and political or social affiliations are not legitimate causes for rejecting or not soliciting bids to meet the Contract Specific Goals.
 6. Make a portion of the work available to MBE or WBE subcontractors and suppliers and selecting those portions of the work or material consistent with the available MBE or WBE subcontractors and suppliers, so as to facilitate meeting the Contract Specific Goals.
 7. Make good faith efforts, despite the ability or desire of a bidder or contractor to perform the work of a contract with its own organization. A bidder or contractor who desires to self-perform the work of a contract must demonstrate good faith efforts unless the Contract Specific Goals have been met.
 8. Select portions of the work to be performed by MBEs or WBEs in order to increase the likelihood that the goals will be met. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate MBE or WBE participation, even when the bidder or contractor might otherwise prefer to perform these work items with its own forces.
- J. Make efforts to assist interested MBEs or WBEs in obtaining bonding, lines of credit, or insurance as required by the City or bidder or contractor.
- K. Make efforts to assist interested MBEs or WBEs in obtaining necessary equipment, supplies, materials, or related assistance or services; and
- L. Effectively use the services of the City; minority or women community organizations; minority or women assistance groups; local, state, and federal minority or women business assistance offices; and other organizations to provide assistance in the recruitment and placement of MBEs or WBEs.
1. If the bidder disagrees with the City's determination that it did not make good faith efforts, the bidder may file a protest pursuant to the Department of Procurement Services Solicitation and Contracting

152

Process Protest Procedures within 10 business days of a final adverse decision by the Chief Procurement Officer.

VII. Changes to Compliance Plan

- No changes to the Compliance Plan or contractual MBE and WBE commitments or substitution of MBE or WBE subcontractors may be made without the prior written approval of the Chief Procurement Officer. Unauthorized changes or substitutions, including performing the work designated for a subcontractor with the contractor's own forces, shall be a violation of these Special Conditions and a breach of the contract with the City, and may cause termination of the executed Contract for breach, and/or subject the bidder or contractor to contract remedies or other sanctions. The facts supporting the request for changes must not have been known nor reasonably could have been known by the parties prior to entering into the subcontract. Bid shopping is prohibited. The bidder or contractor must negotiate with the subcontractor to resolve the problem. If requested by either party, the Department of Procurement Services shall facilitate

such a meeting. Where there has been a mistake or disagreement about the scope of work, the MBE or WBE can be substituted only where an agreement cannot be reached for a reasonable price for the correct scope of work.

- Substitutions of a MBE or WBE subcontractor shall be permitted only on the following basis:
 - Unavailability after receipt of reasonable notice to proceed;
 - Failure of performance;
 - Financial incapacity;
 - Refusal by the subcontractor to honor the bid or proposal price or scope;
 - Mistake of fact or law about the elements of the scope of work of a solicitation where a reasonable price cannot be agreed;
 - Failure of the subcontractor to meet insurance, licensing or bonding requirements;
 - The subcontractor's withdrawal of its bid or proposal; or
 - De-certification of the subcontractor as a MBE or WBE. (Graduation from the MBE/WBE program does not constitute de-certification.)
- If it becomes necessary to substitute a MBE or WBE or otherwise change the Compliance Plan, the procedure will be as follows:
 - M. The bidder or contractor must notify the Chief Procurement Officer in writing of the request to substitute a MBE or WBE or otherwise change the Compliance Plan. The request must state specific reasons for the substitution or change. A letter from the MBE or WBE to be substituted or affected by the change stating that it cannot perform on the contract or that it agrees with the change in its scope of work, must be submitted with the request.
 - N. The City will approve or deny a request for substitution or other change within 15 business days of receipt of the request.
 - O. Where the bidder or contractor has established the basis for the substitution to the satisfaction of the Chief Procurement Officer, it must make good faith efforts to meet the Contract Specific Goal by substituting a MBE or WBE subcontractor. Documentation of a replacement MBE or WBE, or of good faith efforts, must meet the requirements in sections V and VI. If the MBE or WBE Contract Specific Goal cannot be reached and good faith efforts have been made, as determined by the Chief Procurement Officer, the bidder or contractor may substitute with a non- MBE or non-WBE.
 - P. If a bidder or contractor plans to hire a subcontractor for any scope of work that was not previously disclosed in the Compliance Plan, the bidder or contractor must obtain the approval of the Chief Procurement Officer to modify the Compliance Plan and must make good faith efforts to ensure that MBEs or WBEs have a fair opportunity to bid on the new scope of work.
 - Q. A new subcontract must be executed and submitted to the Chief Procurement Officer within five business days of the bidder's or contractor's receipt of City approval for the substitution or other change.

- D. The City shall not be required to approve extra payment for escalated costs incurred by the contractor when a substitution of subcontractors becomes necessary to comply with MBE/WBE contract requirements.

VIII. Reporting and Record Keeping

- During the term of the contract, the contractor and its non-certified subcontractors must submit partial and final waivers of lien from MBE and WBE subcontractors that show the accurate cumulative dollar amount of subcontractor payments made to date. Upon acceptance of the Final Quantities from the City of Chicago, FINAL certified waivers of lien from the MBE and WBE subcontractors must be attached to the contractor's acceptance letter and forwarded to the Department of Procurement Services, Attention: Chief Procurement Officer.
- The contractor will be responsible for reporting payments to all subcontractors on a monthly basis in the form of an electronic audit. Upon the first payment issued by the City of Chicago to the contractor for services performed, on the first day of each month and every month thereafter, email and/or fax audit

154

notifications will be sent out to the contractor with instructions to report payments that have been made in the prior month to each MBE and WBE. The reporting of payments to all subcontractors must be entered into the Certification and Compliance Monitoring System (C2), or whatever reporting system is currently in place, on or before the fifteenth (15th) day of each month.

Once the prime contractor has reported payments made to each MBE and WBE, including zero dollar amount payments, the MBE and WBE will receive an email and/or fax notification requesting them to log into the system and confirm payments received. All monthly confirmations must be reported on or before the

20th day of each month. Contractor and subcontractor reporting to the C2 system must be completed by the 25th of each month or payments may be withheld.

All subcontract agreements between the contractor and MBE/WBE firms or any first tier non-certified firm and lower tier MBE/WBE firms must contain language requiring the MBE/WBE to respond to email and/or fax notifications from the City of Chicago requiring them to report payments received for the prime or the non-certified firm.

Access to the Certification and Compliance Monitoring System (C2), which is a web based reporting system, can be found at: <<http://chicago.mwdbe.com>>

- R. The Chief Procurement Officer or any party designated by the, Chief Procurement Officer shall have access to the contractor's books and records, including without limitation payroll records, tax returns and records and books of account, to determine the contractor's compliance with its commitment to MBE and WBE participation and the status of any MBE or WBE performing any portion of the contract. This provision shall be in addition to, and not a substitute for, any other provision allowing inspection of the contractor's records by any officer or official of the City for any purpose.
- S. The contractor shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs, retaining these records for a period of at least five years after final acceptance of the work. Full access to

these records shall be granted to City, federal or state authorities or other authorized persons.

IX. Non-Compliance

- Without limitation, the following shall constitute a material breach of this contract and entitle the City to declare a default, terminate the contract, and exercise those remedies provided for in the contract at law or in equity: (1) failure to demonstrate good faith efforts; and (2) disqualification as a MBE or

155

I.

WBE of the contractor or any joint venture partner, subcontractor or supplier if its status as an MBE or WBE was a factor in the award of the contract and such status was misrepresented by the contractor.

- Payments due to the contractor may be withheld until corrective action is taken.
- Pursuant to 2-92-740, remedies or sanctions may include disqualification from contracting or subcontracting on additional City contracts for up to three years, and the amount of the discrepancy between the amount of the commitment in the Compliance Plan, as such amount may be amended through change orders or otherwise over the term of the contract, and the amount paid to MBEs or WBEs. The consequences provided herein shall be in addition to any other criminal or civil liability to which such entities may be subject.
- The contractor shall have the right to protest the final determination of noncompliance and the imposition of any penalty by the Chief Procurement Officer pursuant to 2-92-740 of the Municipal Code of the City of Chicago, within 15 business days of the final determination.

X. Arbitration

If the City determines that a contractor has not made good faith efforts to fulfill its Compliance Plan, the affected MBE or WBE may recover damages from the contractor.

Disputes between the contractor and the MBE or WBE shall be resolved by binding arbitration before the American Arbitration Association (AAA), with reasonable expenses, including attorney's fees and arbitrator's fees, being recoverable by a prevailing MBE or WBE. Participation in such arbitration is a material provision of the Construction Contract to which these Special Conditions are an Exhibit. This provision is intended for the benefit of any MBE or WBE affected by the contractor's failure to fulfill its Compliance Plan and grants such entity specific third party beneficiary rights. These rights are non-waivable and take precedence over any agreement to the contrary, including but not limited to those contained in a subcontract, suborder, or communicated orally between a contractor and a MBE or WBE. Failure by the Contractor to participate in any such arbitration is a material breach of the Construction Contract.

A MBE or WBE seeking arbitration shall serve written notice upon the contractor and file a demand for

arbitration with the AAA in Chicago, IL. The dispute shall be arbitrated in accordance with the Commercial Arbitration Rules of the AAA. All arbitration fees are to be paid pro rata by the parties.

156

The MBE or WBE must copy the City on the Demand for Arbitration within 10 business days after filing with the AAA. The MBE or WBE must copy the City on the arbitrator's decision within 10 business days of receipt of the decision. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

XI. Equal Employment Opportunity

Compliance with MBE and WBE requirements will not diminish or supplant equal employment opportunity and civil rights provisions as required by law related to bidder or contractor and subcontractor obligations.

157

EXHIBIT 10

DESIGN AND CONSTRUCTION STANDARD OPERATING PROCEDURES -
CONCESSIONS

xCDA

CHICAGO DEPARTMENT OF AVIATION ^

Design and Construction Standard Operating Procedures

Concessions Projects (C-SOP)

O'Hare International Airport Midway International Airport

Chicago Department of Aviation Revised June, 2020

xCDA
CHICAGO DEPARTMENT OF AVIATION +

Table of Contents

Definitions

3

<u>Introduction</u>	<u>5</u>
<u>Development and Design Process Overview</u>	<u>5</u>
<u>STEP 1.0: Project Initiation</u>	<u>5</u>
1.1: Concept Proposal and Design Presentation	5
1.2: Project Initiation Letter	6
1.3: Sustainable Airport Manual (SAM™)	7
<u>STEP 2.0: Design Review</u>	<u>7</u>
2.1: Concessionaire and Concessionaire's Consultants' Responsibilities	7
2.2: Design Overview	7
2.3: Design Submittals	8
2.4: Concessionaire and CDA Signage	8
2.5: Review Comments	9
2.6: Response to Comments	9
2.7: Requests for Information	9
2.8: Requests for As-Built Drawings	9
2.9: Requests for CDA Design Standards Variance	9
2.10: 30% Schematic Design (SD) Submittal	10
2.11: CDA Review and Response to 30% SD Submittal	10
2.12: 60% Design Development (DD) Submittal	10
2.13: Additional Submittals	10
2.14: Compliance Overview	11
2.15: 90% Construction Document (CD) Submittal	11
<u>STEP 3.0: Final CDA Document Review and Conditional Approval to Construct</u>	<u>11</u>
3.1: Final CDA Document Submittal	11
3.2: Pre-Permitting Drawing Set Review and Response	11
3.3: Applying for Permit with the Chicago Department of Buildings	12
3.4: Self-Certification	12
<u>STEP 4.0: Pre-Construction</u>	<u>12</u>
4.1: Pre-Construction Meeting	12
4.2: Pre-Construction Documentation	13
4.3: Logistics	13
4.4: Pre-Construction Meeting Attendance	133



<u>STEP 5.0: Notice to Airport User Form (eForm)</u>	<u>14</u>
5.1: Notice to Airport Users Form (eForm)	14
<u>STEP 6.0: Construction</u>	<u>14</u>
6.1: Site Maintenance/Construction Administration	14
6.2: Building Inspections	14
6.3: Chicago Department of Public Health Inspections and Liquor License	15
6.4: Safety and Security Plan	15
6.5: Demolition	155
6.6: Construction Meetings and Reporting	16
6.7: Non-Compliance and Unauthorized Construction	16
<u>STEP 7.0: Substantial Completion</u>	<u>166</u>
7.1: Substantial Completion Notification	17
7.2: Final Walk Through and Punch List	17
7.3: Business License and Certificate of Insurance	18
7.4: ComEd Verification of Meter(s)	18
7.5: Open for Business	19
<u>STEP 8.0: Project Closeouts</u>	<u>19</u>
8.1: Close Out Documents	19
8.2: Final SAM™ Checklist	20
8.3: Contractors Warranty	20
8.4: Subcontractors Manufacturer's and Equipment Warranties	20
8.5: Final Notice to Airport Users Form	20
8.6: Final Closeout Notice and Acceptance	21
<u>STEP 9.0: Compliance Overview</u>	<u>21</u>
9.1: City of Chicago Minority and Women Owned Business Participation Rules	21
9.2: Required MBE and WBE Documentation	21
9.3: MBE and WBE Compliance Plans	21
MBE and WBE Good Faith Efforts	22
9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements	22
9.5: Compliance Close Out Documents	23
<u>STEP 10.0: Supplemental Exhibits</u>	<u>23</u>



Definitions

In addition to the terms defined elsewhere, the following words, phrases, when capitalized, have the following meanings:

"Airport" refers to O'Hare International Airport (ORD) and/or Midway International Airport (MDW). "Airport Concession Program Handbook" refers to the manual created by CDA to coordinate operations of the Concession location with the CDA, including inspections, daily operations, and construction. "As-Built Drawings" refers to the drawings that document on-site changes to the original construction documents. The initial plan markups are submitted by the General Contractor to the Architect of Record for submission to CDA. These drawings are required by Chicago Department of Aviation as part of the close out documentation package. "Business Day" refers to a measurement of time that typically is a day in which normal business is conducted Monday through Friday; excluding Saturday, Sunday and City of Chicago holidays for all documentation and design submittals.

"Chicago Department of Aviation" (CDA) refers to the managing entity for the Airports on behalf of the City of Chicago.

"CDA CAD / BIM Standards" refers to the standards created by the Chicago Department of Aviation describing requirements for drawings

"CDA's Coordinating Architect of Design and Construction" refers to the designee appointed by the CDA to oversee the design creation and review process. This entity may also be involved in the review of the construction process to ensure coordination with the design.

"CDA Concessions" (CDA-C) refers to the department within CDA responsible for the oversight of the concessions program or its Concessions Management Representative (CMR)

"CDA Point of Contact" (CDA POC) refers to a designee assigned by CDA to oversee the development of the construction project on behalf of CDA.

"CDA Project Number" refers to the CDA project identification number that is required to be included on all correspondence and applications submitted throughout the design and construction process. "CDA Construction Safety Manual" refers to the manual, as amended from time to time, created by The City of Chicago, to incorporate health and safety regulations as the responsibility of the Contractor working on airport premises. See Exhibit D.5

"CDA Safety" refers to any party working for, or on behalf of, the CDA in regard to safety, security, or similar airport operations.

"Chicago Department of Public Health" (CDPH) refers to the City of Chicago entity responsible for enforcing Chicago Health Codes, by performing inspections and administering permits. "Concessionaire" refers to the leaseholder or tenant in the business of selling products or services to the public at the Airport. "Concessionaire Point of Contact" (Concessionaire POC) refers to any party working on behalf of a concessionaire; which will include architects and their engineers and consultants (POC Architect), and the general contractors and their subcontractors (POC Contractor).

"Concessions" refers to non-rental car concession businesses at the Airport selling products or services to the public.

"Concessions Design Guidelines for Midway" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development at Chicago Midway International Airport (MDW).

"Concessions Design Guidelines for O'Hare" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development at Chicago O'Hare International Airport (ORD).



"Concessions Management Representative" (CMR) refers to the entity or entities retained by the CDA to assist in overseeing Concessions, including construction of Improvements at the airport.

"Construction Services" refers to the portion of the project involving construction, including but not limited to trade labor, material purchase, equipment purchase, tool or equipment rentals, support services such as safety monitoring, clean up labor, delivery costs, taxes, etc. that directly results in a code compliant concession location.

"Department of Buildings" refers to the City of Chicago entities responsible for enforcing Chicago Building Codes, by performing inspections and administering permits including the Ventilation Department, Electrical Department, Plumbing Department, and New Construction Department.

"Design and Construction Standard Operating Procedures; Concessions Projects" (C-SOP) refers to the guidelines established by CDA and CDA Concessions as the process by which all Concessions projects are reviewed and approved.

"Design Documents" refers to the documents that illustrate and describe the project design by defining scope, relationships, forms, size and appearance of the project with specifications, plans, sections, elevations, perspectives, typical sectional details, diagrams and equipment layouts.

"Liquor License" refers to the City of Chicago entity responsible to enforce the Chicago Liquor Licensure by performing inspections and administering permits.

"Pre-Construction Meeting" refers to the mandatory meeting held prior to project construction.

"Project's Digital Design Coordinator" (DDC) refers to the Concessionaire's architect's and engineer's point of contact for document exchange. Multiple members of the design team may have password access, but only the DDC should contact the CDA POC if follow up coordination is required.

"Project Initiation Letter" (PIL) refers to the concessionaire's formal letter submittal to CDA Design and Construction requesting a CDA Project Number. The Project Initiation Letter should clearly define the project and scope. Please refer to Exhibit A for a list of items to be included in the PIL.

"Professional Services" refers to the portion of the project involving design, coordination, or post-construction work including but not limited to design, code review, project or program coordination, etc. that is associated with, but not necessarily required for the concession location. Note that work performed by an employee of the Concessionaire does not count as Professional Services.

"Retail Management System" (RMS) refers to the CDA's secure concessions portal, AirportWare™ Software Suite, for Capital Program Management, Lease Management, Aviation Statistics, and Facilities Inspection.

"Review Comments Form" refers to the CDA template used to document all reviewing parties' comments regarding the drawing submittal.

"Review and Conditions Letter" refers to the document that is issued by CDA and used at all submittals throughout the drawing review process as a communication and response tool between review parties and the Concessionaire.

"The Sustainable Airport Manual (SAM™)" refers to the manual created by CDA to incorporate and track sustainability in administrative procedures, planning, design and construction, operations and maintenance, and concessions and tenants with minimal impact to project schedules or budgets.



Introduction

O'Hare and Midway International Airports are owned by the City of Chicago and operated by the Chicago Department of Aviation (CDA). As a department within the City of Chicago, CDA is responsible for the management of the Airports, including the concessions program, and accordingly CDA reserves the right to review and approve the construction or modification of any Concession on Airport property.

For O'Hare International Airport official addresses and site map refer to:

- Exhibit 1: O'Hare International Airport Official Addresses and Site Map(s)

For Midway International Airport official addresses and site map refer to:

- Exhibit 2: Midway International Airport Official Addresses and Site Map

The procedures, submission requirements, and deadlines set forth in this C-SOP document are mandatory and may only be waived in unique circumstances upon written approval by CDA Concessions. CDA reserves the right to modify the requirements at any time.

The Concessionaire shall provide evidence of professional services throughout all stages of work. All project documentation shall be prepared, signed, and stamped by a licensed design professional. Throughout the design process the Concessionaire is to utilize the most sustainable design practices in the industry with reference to the Sustainable Airport Manual (SAM™) to the extent dictated in the Concessionaire's signed Lease and License Agreement. The CDA, through its Design and Construction Division & CDA Concessions, reviews, oversees, and approves design and work for all new construction, renovation, and remodeling projects at the Airports.

Project oversight varies based on milestones

CDAD&C/Facilities /CDAConcessions

Step 2 ■ Design Review

Step 4 • Field Construction

Step 5

- Midway Airport User Form (eForm)

Step 6

- Construction

Step 7

- Substantial Completion

Step 8 ■ Project Closeout

Step 9

- Compliant Overview

Development and Design Process Overview

The concept development and design process has been established to provide a systematic and organized process by which a concessions concept and design are reviewed and approved by CDA Concessions. It should be noted that field verification is mandatory for all projects.

STEP 1.0: Project Initiation

1.1: Concept Proposal and Design Presentation

In order to begin a remodel project, store renovation or concept change, CDA Concessions must approve the proposed project and/or concept. The Concessionaire's concept design should include spatial relationships or models as necessary to describe the image and function of the project for CDA's review. CDA Concessions will be available to assist with the presentation scheduling.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Pages of 23



The Concessionaire must provide the following items at the Conceptual Design presentation:

- 1) Site Plan
- 2) Concept plan
- 3) Proposed terminal, concourse and requested square footage,
- 4) The existing to remain or newly proposed lease line
- 5) Design perspectives / renderings (illustrative images)
- 6) Design plans / elevations
- 7) Proposed materials / finish board (to be mailed to the address below)
- 8) Preliminary overall project schedule
- 9) Preliminary construction budget
- 10) Sample menu

The concepts documents should be submitted via email to:

O'Hare International Airport Contacts

Chicago Department of Aviation Chicago Department of Aviation

Aviation Administration Building

Attn: Deputy Commissioner Concessions

10510 West Zemke Rd. 10510 West Zemke Rd.

Chicago, IL 60666 Chicago, IL 60666

Email: ordretailconstruction@cityofchicago.org <<mailto:ordretailconstruction@cityofchicago.org>>

mdwretailconstruction@cityofchicago.org <<mailto:mdwretailconstruction@cityofchicago.org>>

¹ Midway International Airport Contacts

Chicago Department of Aviation

Aviation Administration Building

Attn: Deputy Commissioner Concessions

10510 West Zemke Rd.

Chicago, IL 60666

Email:

These items will be reviewed by CDA Concessions for completeness. The Concessionaire will be contacted via email or hard copy letter with review results within ten (10) business days of the Concept presentation with comments and direction regarding items that need revisions or enhancements, and that should be addressed before the Concessionaire moves forward to submit a Project Initiation Letter.

1.2: Project Initiation Letter

When CDA Concessions issues written approval for the conceptual design, the Concessionaire shall submit to CDA's Coordinating Architect of Design and Construction, a Project Initiation Letter (PIL) on Concessionaire's or Concessionaire's Architect's letterhead. Within ten (10) business days of receiving the PIL, CDA will send a "Response to Project Initiation Letter" to the Concessionaire with comments and direction regarding the required number of and completion level of design submittals, along with the assigned CDA Project Number which must be included on all future project correspondence and submittals including permits.

CDA's Coordinating Architect of Design and Construction will determine if the scope of work requires a CDA Project Number as well as a full design and construction review. At that time, it is also determined if compliance with the SAM™ is required. Not all projects will be assigned a CDA Project Number or must be SAM™ compliant. Based on the construction scope and duration, some projects may be eligible to proceed through CDA's eForm system (for more information on eForms see Step 5). All Concessionaire questions, concerns, or requests for information or project coordination should be directed to the CDA POC.

For a list of required documentation to include in the PIL refer to: • Exhibit A:
Project Initiation Letter Submittal Check List

Please refer to Step 1.1 for where O'Hare and Midway Pre-Construction Submittals should be sent.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 6 of 23



Once the PIL has been received and acknowledged, the project owner and/or representative is responsible and required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

- Project written reports pertaining to all Design Reviews, Pre-Construction, Construction and PostConstruction updates e-mailed to the CDA POC as requested. The project owner and/or representative is to ensure all project meetings be attended by a project representative. Please refer to Step 6.6 for further information.

1.3: Sustainable Airport Manual (SAM™)

The Concessionaire is required to submit a Sustainable Airport Manual (SAM™) Checklist. The Designer will complete and submit a checklist for the SAM™ Terminal Occupants - Design & Construction Chapter (SAM™ TO-DC Credits 1.0 to 6.0) and include all relevant supporting documentation. Be advised that the Terminal Occupants -Operations & Maintenance (CT-OM) checklist is not required for construction projects (all projects would need to submit a checklist). Please refer to link below: SAM™ Manual

End of STEP 1

STEP 2.0: Design Review

All projects require review by CDA Concessions. The Concessionaire's design professional shall perform code review to determine what permits are required. If it is determined that the scope of work does not require permit(s), the design professional shall provide this determination in writing to CDA Concessions. Otherwise, building permits are issued by the Department of Buildings. CDA encourages the Concessionaire to allow ample schedule time to acquire the required building permits. Please note that if a sign construction permit is required, it can only be obtained by a licensed sign contractor. All projects are to conform and comply with all applicable CDA standards.

2.1: Concessionaire and Concessionaire's Consultants' Responsibilities

The Concessionaire is ultimately responsible for all work designed, approved and constructed in the Airport by its vendors and consultants.

2.2: Design Overview

The design review process includes design drawing, review, and approval. The project design timeline will vary based on multiple factors, such as scope of work, existing conditions, drawing completeness at time of submittal, and/or as dictated by CDA.

Please note:

- CDA's design review requires a minimum of fifteen (15) business days.
- Concessionaire's design professional is allotted thirty (30) business days after receipt of CDA comments to submit the next drawing package.

30% Design Submittal

100% Construction Document Submittal

Final CDA Document Submittal

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 7 of 23



The Concessionaire will receive a "Review and Conditions Letter" that either approves the submittal with qualifications, "Reviewed as Noted" or a "Revise and Resubmit".

2.3: Design Submittals

The Concessionaire will submit to the CDA's Coordinating Architect of Design and Construction, at the 30%, 60%, 90%, and 100% design completion levels, or other completion level combinations based upon review and completeness of the initial and follow-up submittals. Less complex projects may be approved to deviate from this requirement, which will be addressed in CDA's "Response to Project Initiation Letter".

The Concessionaire is required to prepare and submit architectural and engineering drawings, material samples, specifications, lighting schedule and catalog cuts, display fixture and equipment plans, and other technical data as necessary to create a complete design package. The submittal must be in accordance with General Procedures and as described in the Concession Lease and License Agreement.

- 1) The design drawing documents shall be prepared by design professionals licensed to practice in the State of Illinois.
- 2) Particular attention should be given to the non-combustible classification of the building, related flame spread ratings and smoke development classification of materials. Documentation should demonstrate compliance with these requirements.
- 3) Concessionaire documentation for all submissions shall be provided in imperial measurement at the following suggested minimum scales:
 - a) Key plans; 1/32" = 1'-0]", with the location of the space clearly identified by the column line designation.
 - b) Floor plans, reflected ceiling plans, merchandising plans, interior elevations, sections and related details; 1/8" = 1'-0" !

- C) Passenger traffic flow diagrams (queuing) and adjacency plans at 1/8" = 1'-0".
 - d) Storefronts, signage, logos and lettering, in elevation, section or detail; 14" = 1'-0".
 - e) Sample boards identifying all proposed materials, 11" x 17" panel minimum, include legend.
 - f) Sample boards identifying photos for all proposed furniture and lighting fixtures, 11" x 17" panel minimum, include legend]
 - g) Renderings 11" x 17" or larger for presentation, provide 11" x 17" hand-out copies to be distributed to the attendees.
- 4) All drawings shall be submitted in accordance to CDA CAD / BIM Standards. Electronic submittals will also be accepted in AutoCAD format or the current CDA standard format. A complete set of PDFs is also required as part of each Concessionaire design submission. During design development, at the Concessionaire's request, CDA will make available known as-built files.
- 5) Concessionaire and design team to relay existing condition findings to CDA Facilities for review and approval before submitting the 30% design submittal. An in-person meeting maybe required. The CDA POC will help facilitate a meeting date and time.

2.4: Concessionaire and CDA Signage *

Sign design documents must be submitted for review and approval by CDA separate from the phase submittals. Each project must include an illuminated storefront sign. Where it is applicable a blade sign may also be included. Design documents for the signage must express the image, location, specifications, materials, and dimensions. All signage, with or without electrical components, require a sign permit from the Department of Buildings; which can only be obtained by a licensed sign contractor.

1

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 8 of 23



The Concessionaire must inform the CDA Concessions POC if the project requires airport owned signage removal or modification. A walk through with CDA Concessions will be scheduled to ensure adequate time will be allotted for the required airport owned sign work to occur during the construction phase. Any CDA signage needing to be removed or relocated within the project area must be performed by CDA. If CDA signage is located within the project area, the Concessionaire must include specifications in the construction documents, detailing steps to be taken by the contractor to adequately protect all CDA signage to ensure it is not damaged during construction.

2.5: Review Comments

CDA's Coordinating Architect of Design and Construction will distribute a blank "Review Comments Form" form to the appropriate review team. This document will be distributed as an Excel Workbook file and will only be used by the reviewer for their comments. After all comments have been made, each reviewer will send back their comments to the CDA's Coordinating Architect of Design and Construction.

The designer is to provide written line item responses to all comments in the workbook file. This process will repeat for each review phase, as designated in the CDA's "Response to Project Initiation Letter".

Please refer to:

- **Exhibit B: Submittal Review Comments Form Concessions 2.6: Response to**

Comments

The Concessionaire is required to respond to all review comments listed on the Review Comments Form, as well as any issues identified in the "Review and Conditions Letter". The spreadsheet column titled "Concessionaire Response" must be completed and accompany the preceding design submittal. Failure to do so will affect the design review process timeline. Concessionaire must respond to all review comments, in writing and submit within or no less than three (3) business days prior to the request for a Pre-Construction Meeting.

2.7: Requests for Information

Concessionaire questions, concerns or requests for information or project coordination should be directed to the CDA Concessions POC.

2.8: Requests for As-Built Drawings

The Concessionaire, their architect and/or engineer may submit an as-built drawing request from CDA for use in their design. Use the link below "Document Request Form" and submit it to the CDA for approval. As-built drawings will not be available until the form is signed by CDA. The Concessionaire, their architect and/or engineer will be notified by the CDA if and when the drawings are available. Please refer to:

Exhibit B.1: CDA Standard Electronic Document Request Form 2.9: Requests for

CDA Design Standards Variance

The Concessionaire, their architect and/or engineer may submit a request for a variance to the CDA Design Standards. Use the link below to access the "Designer's Request for CDA Design Standards Variance" form. The variance must be reviewed and approved by CDA Design and Construction. Please refer to:

Exhibit B.2: Designer's Request For CDA Design Standards Variance Form

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 9 of 23



2.10: 30% Schematic Design (SD) Submittal

The 30% SD submittal illustrates further development of the Concessionaire's design concept. The 30% SD should respond to the feedback given during the Concept Design Presentation and include, at a minimum, more definitive spatial relationships, updated perspectives, plans, elevations, sections, and overall dimensions and other illustrative materials critical to describing the development of the project.

Work required outside the Concessionaire's lease/license line should be clearly identified on all drawings and communicated directly to the CDA POC. Designs must also specify affected Airport base building structure or utilities, including but not limited to: advertising space, public telephones, vending devices, internet kiosks, charging stations, AED's, fire extinguishers, signage, public address speakers, mechanical, electrical, plumbing, fire protection equipment, etc.

For a detailed list of 30% SD Submittal refer to:

- Exhibit C: 30% Schematic Design (SD) Submittal Check List

2.11: CDA Review and Response to 30% SD Submittal

The CDA will provide a "Review and Conditions Letter" as well as a Review Comments Form (see Steps 2.5 and 2.6), which is used for all submittals throughout the design review process between CDA review parties and the Concessionaire's architect or design professional. The letter will include the following information:

- 1) Identify the project status as "Reviewed as Noted" or "Revise and Resubmit".
- 2) Provide comments and direction regarding the proposed scope of work and design submittals.
- 3) If applicable, display the assigned CDA Project Number.
- 4) Determine if the project will require (SAM™) compliance.

2.12: 60% Design Development (DP) Submittal

The 60% DD drawings further enhance the previous submittals and should include: architectural, structural, mechanical, electrical, plumbing, fire protection, and equipment demolition plans as well as MEP existing conditions, floor and reflected ceiling plans, elevations, sections, details, specifications, system diagrams, and structural load calculations. Additionally, this submittal should include meter locations: water, gas and electrical. The 60% DD drawings should convey the full scope of work and all impacts to the Airport base building and adjacent spaces. The Concessionaire, their architect and/or engineer may also be required to attend coordination meetings with CDA to present and clarify the submittal documents. For a detailed list of 60% DD Submittal refer to:

Exhibit C.1: 60% Design Development (DD) Submittal Check List Exhibit C.2: Electrical Submittal Check List • Exhibit C.3: Mechanical, Fire Protection & Plumbing Submittal Check List

2.13: Additional Submittals

CDA Concessions or CDA Design and Construction may determine that the proposed design is more complex and will require an intermediate design review, page turn with the CDA, or site walkthrough to confirm all concerns and questions are sufficiently resolved. The CDA will identify in the 60% "Review and Conditions Letter" that an additional submittal is required and will list the reasons for the request before continuing to the next major phase.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 10 of 23



The additional submittal(s) must address the issues identified by CDA. The Concessionaire is encouraged to schedule a coordination meeting with CDA to discuss the issues identified. See Step 2.15 for where to send Design submittals via email and hardcopies. All submittals to include the project number and design submittal phase on the email subject line i.e. THXXX.19-00 Concession's Project Name 60% Submission

2.14: Compliance Overview

All Concessionaires are required to comply with the City of Chicago construction compliance rules, city residency requirement and certified payroll requirements. See Step 9 for more information.

2.15: 90% Construction Document (CD) Submittal

The 90% CD drawings further enhance the previous submittals and should include: specifications, signage details and locations, and additional mechanical, electrical, fire protection, and plumbing details. With the 90% submittal, comments should include minimal outstanding issues that need to be incorporated into the 100% CDs.

For a detailed list of 90% CD Submittal refer to:

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List

O'Hare International Airport Contacts Midway International Airport Contacts

CDA Aviation Administration Building CDA Aviation Administration Building

Attn: Coordinating Architect, Design and Construction Attn: Coordinating Architect, Design and Construction

10510 West Zemke Rd. 10510 West Zemke Rd. Chicago, IL 60666

Chicago, IL 60666

cc: ordrctailconstruction@cityofchicago.org <<mailto:ordrctailconstruction@cityofchicago.org>> cc: mdwrctailconstruction@cityofchicago.org

End of STEP 2

STEP 3.0: Final CDA Document Review and Conditional Approval to Construct 3.1: Final CDA Document

Submittal

When the documents are 100% complete, the Concessionaire will need to submit the final documents to CDA for review. If approved, CDA will issue a "Review and Conditions Letter" with a "Reviewed as Noted" status to the Concessionaire, and if applicable, a separate letter to the City of Chicago, Department of Buildings, indicating the construction documents have been reviewed and approved, allowing for the start of the permit application process.

For a detailed list of 100% CD Submittal refer to:

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List

3.2: Pre-Permitting Drawing Set Review and Response

The Concessionaire is required to respond to all review comments listed on the Review Comments Form throughout all design phases. The Concessionaire is to submit a Pre-Permitting Drawing Set for CDA review and approval prior to applying for the project required permits. If any or all review comments have not been incorporated into the Pre-Permitting Drawing Set, the set will not receive approval and/or no construction activities are able to take place until all review comments are incorporated.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 11 of 23



3.3: Applying for Permit with the Chicago Department of Buildings

Following approval of 100% CDs, the project is bid and construction contracts are awarded. It is necessary for the awarded contractor

to apply for the required permits from the City of Chicago's Department of Buildings, and any other applicable state and federal authority. The Concessionaire must coordinate the method, process and schedule for the permit application submittals as well as coordinate conduction of final inspections. It is the Concessionaire's sole responsibility to follow-up on the permit issuance process. Note, the Description of Work on the permit must include the associated terminal (i.e. Terminal 2), the closest gate (i.e. E4), the project name and, if applicable, CDA project number.

A list of required work permits is located on the Department of Buildings website. Please note that when a sign construction permit is required, it can only be obtained by a licensed sign contractor.

All Chicago Department of Buildings permit applications and submittals are fully electronic and available via the City's online system "E-Plan" at the following website: <<https://www.chicago.gov/city/en/depts/bldgs>>

3.4: Self-Certification

The Self-Certification Permit Program simplifies the building permit process for eligible residential, business and mercantile and small assembly projects where the Architect of Record takes full responsibility for code compliance. The Department of Buildings plan reviews are eliminated by allowing the Professional of Record to certify that the permit drawings comply with the Chicago Building Code. The Professional of Record must have prepared and sealed the permit drawings, completed DOB's Self-Certification Training Class, and hold an active Self-Certification registration. Structural work cannot be self-certified.

For more information please visit: [Chicago Dept. of Buildings Self Certification Program](#)

End of STEP 3

STEP 4.0: Pre-Construction 4.1: Pre-Construction

Meeting

The Concessionaire POC shall request a Pre-Construction Meeting through CDA as directed in the final CDA review comments. All Pre-Construction documents must be compiled, and electronic copies sent to the CDA prior to scheduling the Pre-Construction Meeting. The Pre-Construction Meeting can be scheduled no sooner than three (3) business days after the final pre-construction document is received.

CDA or the CDA POC will schedule a Pre-Construction Meeting and notify the Concessionaire of the meeting time and location. At the Pre-Construction Meeting, the Concessionaire and their representatives should be prepared to answer any questions regarding the required documentation and the proposed construction. If applicable, the General Contractor must provide proof that the barricade graphic has been produced and is ready for installation; the barricade and graphic must be installed within (7) seven business days from the start of construction. The Pre-Construction Meeting will NOT take place until MBE/WBE Compliance Plans have been reviewed and accepted by the CDA. Please refer to Step 9 for more information on compliance.

At the conclusion of the pre-construction meeting, CDA will determine if the documentation and Concessionaire's

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 12 of 23



response to any questions are complete and, if so, CDA will issue a letter authorizing construction to start. Note that an eForm must also be submitted and approved before construction can start. Please refer to Step 5 for more information on the eForm.

4.2: Pre-Construction Documentation

It is the Concessionaire's POC's responsibility to compile and submit the required documentation in a timely manner in order to maintain the overall project schedule. The list of required documents can be found in Exhibit D. Allow two (2) to four (4) weeks to acquire badging, vehicle permits, building permits and other necessary pre-construction documentation, identified below. Processes for all required Airport badges and permits must be completed for every employee/worker and vehicle involved in the project before work begins. Construction will NOT begin until all required documentation has been submitted and reviewed by the CDA POC.

Pre-Construction document submittal shall include the following: one (1) full size hard copy set of stamped approved plans by the Department of Buildings, one (1) half size set of stamped approved plans by the Department of Buildings, and one (1) PDF of stamped plans approved by the Department of Buildings.

The Pre-Construction Documentation includes the following: Exhibit D: Pre-Construction Meeting Check List Exhibit D.1a or D.1b:

Pre-Construction Meeting Form

Exhibit D.2: FAA Approved 7460 Forms - FAA Letter of Determination Exhibit D.3: Impact to CDA Security and TSA Approval Exhibit D.4: Certificate of Insurance (COI)

Exhibit D.5: General Contractor Safety, CDA Construction Safety Manual & Safety Manager Credentials Exhibit D.6: Safety and Security Plan Exhibit D.7 & D.8: Incident Notification Plan Exhibit D.9: Building Permit (example)

4.3: Logistics

The General Contractor must develop a logistic plan prior to the Pre-Construction Meeting. The logistic plan should identify the following:

- 1) Hours of Construction are 10:00 PM to 5:00 AM, unless approved otherwise by the CDA.
- 2) **Obtain employee/worker and vehicle badging, employer /worker information, authorization form and permits. (See Exhibits D.10 & D.11)**
- 3) **Identify dock location for deliveries / Determine dumpster locations. (See Exhibit D.12 & D.13)**
- 4) **Determine site access / Elevator matrix & maps. (See Exhibits D.14 - D.17)**
- 5) **Vehicle Access Form - Airfield (See Exhibit D.18)**
- 6) **Operations Plan - Material delivery and debris removal. (See Exhibit D.19)**
- 7) Create a detailed project schedule that identifies all work phasing
- 8) Identify, any building systems that will be required to be shutdown
- 9) All material storage and staging areas, should be off site or within the barricaded concession area; and
- 10) Contractors and Sub-Contractors new to the Airport are required to perform an onsite facilities training. The CDA POC will facilitate a meeting date time

Please refer to Step 2.15 for where O'Hare and Midway Pre-Construction Submittals should be sent. 4.4: Pre-

Construction Meeting Attendance

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 13 of 23 /



The following is a list of required attendees: Concessionaire and/or Owner's representative(s); General Contractor's, Project Manager, Superintendent, and Safety Manager. Concessionaire's design consultant's attendance is optional. The CDA Concessions POC will notify all Airport stakeholders necessary to attend the meeting.

End of STEP 4

STEP 5.0: Notice to Airport User Form (eForm) 5.1: Notice to Airport Users

Form (eForm)

For all construction projects, the Concessionaire is required to submit a Notice to Airport User Form. The Concessionaire shall register or login to the online Notice to Airport Users Form at <<https://eforms.citvofchicaro.org/uformsand>> create a project start up form indicating scope, start and completion dates. Additional User Forms required during the course of construction will be discussed at the Pre-Construction Meeting. All User Forms must be submitted at least three (3) business days in advance of the anticipated start of construction to allow adequate time for review. Select the link below to learn more about how to submit a Notice to Airport Users Form for O'Hare International Airport and Midway International Airport. The eForm must be approved by the CDA before the Concessionaire can begin construction.

ORD *Quick* *Reference* *Guide* *MDW* *Quick* *Reference*
Guide

Any work on the fire protection system within the tenant space which requires a fire protection shutdown should have a separate user form submitted and follow the CDA fire shutdown procedures.

Any work on the domestic water service within the tenant space which requires partial domestic water service shutdown should have a separate user form submitted and follow the CDA domestic water service shutdown procedures.

End of STEP 5

STEP 6.0: Construction

6.1: Site Maintenance / Construction Administration

All permits, user forms, emergency contact directory, and construction alerts shall be prominently displayed in a locked glass display cabinet 30" high by 36" wide approved by the CDA. One full size stamped set of drawings and the original permit must be kept on site at all times.

6.2: Building Inspections

Department of Buildings Inspection Bureau will be conducting inspections throughout construction. Contractors must request inspections of ventilation, electrical, plumbing, and new construction on all projects with issued building permits, regardless of scope, for both rough and final inspections. Failure to request these inspections may result in suspension or revocation of the permit, and issuance of citations by the Chicago Department of Buildings for violation



of licensing requirements against the General Contractor and subcontractors.

Chicago Department of Buildings inspections shall be scheduled via the on-line inspection scheduling system at www.cityofchicago.org/buildiniis <<http://www.cityofchicago.org/buildiniis>>. All requests for rough and final Chicago Department of Buildings inspections should be requested at least fourteen (14) business days in advance.

If needed, contact the Department of Buildings Inspection Bureaus by phone as listed below:

- Ventilation Department-(312) 743-3573 Electrical Department -(312) 743-3622 Plumbing Department-(312) 743-3572 New Construction Department - (312) 743-3531

In addition, contractors must offer the terminal manager and building engineer an opportunity to perform an inspection at demolition, rough, and final phases. The Concessionaire shall contact the CDA Concessions POC to coordinate these inspections.

6.3: Chicago Department of Public Health Inspections and Liquor License

Food establishments and retail establishments serving food require a health inspection to be conducted by the Chicago Department of Public Health (CDPH). Concessionaires applying for a liquor license require a separate inspection coordinated by the Business Affairs and Consumer Protection Department, in addition to the Department of Buildings inspections. For both inspections, allow one (1) to three (3) weeks to schedule and obtain a final inspection and certificate.

Please note, the construction barricade cannot be removed until applicable licenses and inspections are complete.

- PDF of the Health Inspection Approval and supporting documentation must be supplied and sent to CDA Concessions prior to store opening.

For Chicago Department of Public Health (CDPH) visit their website at: <<https://www.cityofchicago.org/city/en/depts/cdph.html>> or call (312) 747-9884.

For Business Affairs and Consumer Protection Department information visit their website at: <<https://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6249.

6.4: Safety and Security Plan

All contractors and subcontractors and the work they perform are subject to the CDA Construction Safety Manual. Each project requires an onsite full time Safety Manager who is solely responsible to monitor job site safety and security (See Exhibit D.5 for more details).

Please refer to link below:
[CDA Construction Safety Manual](#)

CDA Safety will perform site safety walkthroughs during construction to ensure all work is being performed per the CDA Construction Safety Manual. CDA Safety and the CDA POC have the authority to stop work if unsafe conditions or practices are observed.

6.5: Demolition

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 15 of 23



Prior to demolition, pre-construction photos must be taken, documenting all of the existing conditions. Failure to provide photo documentation of the existing conditions before construction will result in the contractor and Concessionaire assuming responsibility for all damages and perceived damage to existing base building materials. Damaged materials must be repaired or replaced at the contractor's and/or Concessionaire's expense. Once demolition is complete, the CDA terminal manager, the CDA building engineer, and CDA POC shall perform a site inspection prior to the start of construction.

Core drilling, cutting of floors, walls or roofs may be required for tenants needing plumbing and/or additional mechanical HVAC provisions. Under no circumstances shall the Concessionaire or its contractor(s), at any time be permitted to drill or cut conduit, pipe sleeves, chases or duct equipment openings in the floor, columns, walls or roofs of the structure without prior review and acceptance of the proposed locations and sizes by the CDA's structural consultant. The Concessionaire is required to x-ray or scan the area prior to beginning work utilizing a 3D ground penetrating radar and will provide a copy of x-ray / scan results to CDA. Scan / x-ray to be submitted via eForm three (3) business days prior to performing coring or drilling work.

6.6: Construction Meetings and Reporting

During construction, the General Contractor is required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

- 1) Minutes from a weekly contractor led meeting (in person or via telecom) including the project owner and/or representative and CDA POC, at an agreed location (project site or POC conference room).
- 2) A weekly status summary report describing the progression of the work. The weekly status report must contain at a minimum the following:
 - Project title
 - Project number
 - Forecasted / actual start / completion date(s)
 - What construction occurred since the last weekly report
 - Revised three (3) week "Look Ahead" construction task schedule (CDA Design and Construction / CDA Concessions will determine if applicable to a given project)
 - What issues occurred and / or are projected
 - At least three (3) photos taken daily to document in-progress installation of materials
 - Other items as requested by CDA
- 3) A revised overall schedule when necessary
- 4) All Issued for Construction Drawings (1FC), addenda to the permit drawings, and resolved RFIs as they become available

6.7: Non-Compliance and Unauthorized Construction

Non-compliance or construction that deviates from the approved permit documents without CDA's prior written approval may be just cause for CDA to order work stoppage until corrective measures are taken and compliance is obtained. Any cost or claims due to this work stoppage shall be borne by the Concessionaire and the General Contractor.

End of STEP 6

STEP 7.0: Substantial Completion

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 16 of 23



7.1: Substantial Completion Notification

The General Contractor shall notify the CDA POC a minimum of seven (7) business days prior to the anticipated substantial completion date to request a site inspection project completion walk through. The construction space must be clean and all tools and surplus materials must be removed from the site or the walk through will be canceled. Mandatory attendance at the walk through includes: Concessionaire and/or Owner's Representative[^]), and the General Contractor's Project Manager and Superintendent. The CDA POC will notify the CDA terminal manager, the CDA building engineer, the CDA Project Manager, and any other attendees identified during the Pre-Construction meeting or as deemed necessary. The items listed below are required to support the substantial completion walk through process:

- 1) The Concessionaire's architect should compile their punch list items. The Concessionaire, or concessionaire's architect will provide a copy of their punch list to CDA for review prior to the walk through.
- 2) The concessionaire will receive final CDPH and Department of Buildings inspector's approval before the substantial completion walk through.

(3) The substantial completion walk through must occur 5-10 business days prior to concessions opening.

7.2: Final Walk Through and Punch List

At the substantial completion walk through, the General Contractor will conduct a brief meeting to distribute and discuss the punch list items that they have identified and the proposed date of substantial completion. The General Contractor and Concessionaire must show proof of all final Department of Buildings and CDPH inspections, Certificate of Occupancy, Business and Liquor licenses and Certificate of Insurance. If a Certificate of Occupancy is required as determined by the Department of Buildings, it will need to be submitted to the CDA prior to any occupancy of the renovated or newly constructed space. It is the Tenant's responsibility to arrange for inspection by the Department of Buildings for the Certificate of Occupancy. The Concessionaire should identify meter locations to be properly labeled and provide the meter number and the room name of meter location(s).

After all attendees have completed the walk through, the parties will reassemble to discuss their punch list items with the Concessionaire and General Contractor. CDA Concessions will review the Concessionaire's architect's punch list and relay any additional items identified during the substantial completion walk through on a separate punch list. Any punch list items that are noted as critical and thus require immediate correction will be identified during the substantial completion walk through. The concessions location cannot open until these critical punch list items have been corrected.

Within five (5) business days after the substantial completion walk through, the Concessionaire, Concessionaire's architect, and/or the contractors will consolidate all agreed upon punch list items and issue via e-mail, a composite formal punch list. This list will be distributed to all parties invited from the substantial completion walk through. The Concessionaire's architect will also submit their substantial completion letter to the CDA.

Depending on issues presented, CDA will determine which option below is acceptable.

For Retail Concessions:

- (^)Concessionaire may proceed to stock, train, and open their concession, while non-critical punch list repairs continue.
- (2)Concessionaire may stock and train for their concession but cannot open until the identified critical punch list items are corrected.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)

Page 17 of 23

6/15/2020 - Revised



- (3)Concessionaire may NOT stock, or train for, or open their concession until the identified critical punch list items are corrected.

For Food and Beverage Concessions:

- 1) Concessionaire may proceed to train, furnish, and prep their food and beverage; while noncritical punch list repairs continue.
- 2) Concessionaire may proceed to train, furnish, and prep their food and beverage but cannot open until the identified critical punch list items are corrected.
- 3) The Concessionaire may NOT furnish, prep, or train for their facility until the identified critical punch list items are corrected.

CDA Concessions will review and then issue a response/acceptance letter back to the Concessionaire or Concessionaire's architect after receipt of the substantial completion letter. The concession location cannot open until they have received CDA Concession's notice to open.

The Concessionaire will track the completion of the punch list and periodically send CDA the list of completed and outstanding punch list items (with reason for incomplete items and lead times for materials not immediately available).

Please note, the construction barricade may not be removed without written approval from CDA Concessions.

The General Contractor is to complete the punch list items within thirty (30) business days of the initial walk through or as dictated in the Concessionaire's signed Lease and License Agreement.

If after thirty (30) business days, the punch list items remain incomplete CDA may elect to:

- Impose a fine of \$200 per item, per day, until the work is finished.

If after sixty (60) business days, the punch list items remain incomplete CDA may elect to:

- Hire contractors to complete the work at the Concessionaire's expense.

The punch list completion tracking document will be sent to CDA Concessions for review within the thirty (30) business day period after the substantial completion walk through takes place. All punch list items should be resolved to the satisfaction of CDA or

include an agreed upon completion schedule.

7.3: Business License and Certificate of Insurance

Prior to opening, the Concessionaire must obtain a Business License from the City of Chicago Business Affairs & Consumer Protection Department (BACP) City Hall, Room 805, 121 N. LaSalle St, 60602.

Concessionaire is also responsible for providing a current Certificate of Insurance per the Concessionaire's signed Lease and License Agreement.

- PDF of the Business License must be sent to CDA Concessions prior to store opening.

For Business License and Certificate of Insurance information visit their website at:
<<https://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6060.

7.4: ComEd Verification of .Meter(s)

Prior to opening, the Concessionaire must reference the meter #, and provide its tax ID and billing mailing address. For more information call (877) 426-6331.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 18 of 23 ■



7.5: Open for Business

After written approval has been obtained from CDA Concessions, the construction barricade may be removed no earlier than the evening prior to the concession's opening.

- **Please refer to the 'Airport Concession Program Handbook' for other operational procedures as dictated in the Concessionaire's signed Lease and License Agreement.**

End of STEP 7

STEP 8.0: Project Closeouts 8.1: Close Out

Documents

The Concessionaire's architect and engineer of record must transmit to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement all architectural and engineering "As-Built Documents". If no time period is specified, then the "As-Built Documents" must be submitted within thirty (30) business days. The items listed below are required to support maintenance of accurate facility records and future construction. The Concessionaire must submit two (2) copies of the below documents on CD and (1) full size hard copy:

- 1) One (1) full size hard copy As-Built Documents, including the General Contractor's redline markups and clouding construction changes
- 2) One (1) CD / DVD of CAD files either in AutoCAD and/or BIM format - all CAD files to be submitted per CDA BIM standards
- 3) One (1) CD / DVD of all image files in PDF format
- 4) If applicable, one (1) PDF of the finalized SAM™ Construction Checklist
- 5) If applicable, one (1) PDF of all Operating and Maintenance Manuals (O&M Manual) for equipment being maintained by the

CDA

- 6) One (1) PDF of the General Contractor's, and if applicable, subcontractor's, manufacturer's, and equipment warranties
- 7) One (1) PDF of all the specifications
- 8) One (1) PDF of the Building Permit (both sides) with all required rough and final inspection signoffs
- 9) If applicable, PDFs of the preventative maintenance schedules listing:
 - a) the systems and equipment that require preventative maintenance
 - b) scope of maintenance to be performed
 - c) frequency
 - d) clarification on which entity is responsible for maintenance

Midway International Airport Contacts

CDA Aviation Administration Building

Attn: Coordinating Architect. Design and Construction

10510 West Zemke Rd.

Chicago, IL 60666

cc: mdwretailconstruction@citvofchicago.org <<mailto:mdwretailconstruction@citvofchicago.org>>

Closeout and Warranty documents should be both emailed and one (1) full size hard copy sent to O'Hare or Midway Airport, see address below:

O'Hare International Airport Contacts CDA Aviation Administration Building Attn: Coordinating Architect. Design and Construction 10510 West Zemke Rd. Chicago, IL 60666

cc: ordretailconstniclion@citvorchicago.org <<mailto:ordretailconstniclion@citvorchicago.org>>

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 19 of 23



In addition, the following close out documents must be transmitted to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement. If no time period is specified, then the documents must be submitted within sixty (60) business days

- 1) PDFs containing the Concessionaire's Sworn Statement of Improvement Costs, and all final lien waivers, including change orders.
- 2) PDFs containing the General Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.
- 3) PDFs containing the Professional Services Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.

8.2: Final SAM™ Checklist

If applicable, the Concessionaire must submit a final construction SAM™ Checklist that incorporates information on final quantities, contractor submittals, and other SAM™ related data that is incorporated during the construction phase. The Sustainable Review Panel (SRP) will evaluate the final SAM™ checklist and as recognition for participation in the SAM™ Checklist, a Green Airplane Certification will be awarded to the Concessionaire.

8.3: Contractor's Warranty

The General Contractor must warrant to the City of Chicago and CDA that the work, materials, and equipment furnished and installed under the contract are of good quality and new, and that the work conforms to the requirements of the contract documents. Work not

conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. The Contractor's warranty shall exclude remedy for damage or defect caused by abuse, modifications, improper or insufficient maintenance and operation, or normal wear and tear, and normal usage, not executed by the contractor.

8.4: Subcontractor's Manufacturer's and Equipment Warranties

The General Contractor must ensure that all required subcontractor's, manufacturer's, and equipment warranties are passed on to the CDA. The warranties must include the name of the project as designated in the contract documents, project reference number and must be signed by an officer of the company having authority to provide the warranty. Include wording such as "this document serves as a (list duration of the warranty) written guarantee for the work performed, and the material and equipment installed on the above referenced project. This warranty incorporates all provisions of the contract documents that refer or relate to the guarantee. This warranty will commence on the date of the store opening."

During the warranty period, the Contractor must repair and replace at its own expense, all materials or equipment that may develop defects whether these defects may be inherent in the equipment or materials, in the functioning of the piece of equipment, or in the functioning and operation of pieces of equipment operating together as a functional unit. Any equipment or material that is repaired or replaced will have the warranty period extended for a period of one additional year from the date of the last repair.

8.5: Final Notice to Airport Users Form

After the punch list is complete, the General Contractor shall close out the Notice to Airport Users Form by electronically attaching a PDF of the all permits, front and back sides showing the inspector sign-offs. Enter the last day the punch list was completed, and the anticipated submittal date of the General Contractor redlined drawings.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)

Page20o!23

6/15/2020 - Revised



8.6: Final Closeout Notice and Acceptance

After all the close out documentation has been reviewed and verified complete, CDA will issue a response/acceptance letter.

End of STEP 8

STEP 9.0: Compliance Overview

Throughout the Design and Construction process, the Concessionaire will be responsible for complying with various City of Chicago participation requirements. The Concessionaire will also be responsible for tracking their participation and providing verifying documents to CDA for review.

9.1: City of Chicago Minority and Women Owned Business Participation Rules

In accordance with the Municipal Code of Chicago 2-92-650, or as dictated in the Lease and License Agreement, the City's

Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts has set goals of MBE participation and WBE participation on all contracts.

Please refer to link below for additional information pertaining to this Compliance Rule:

- **Exhibit E.1: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Professional Services**
- **Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts**

MBE and WBE participation shall be separately documented for Construction Services and Professional Services. 9.2: Required MBE and WBE Documentation

Required compliance documentation will be submitted through the web-based Retail Management System ("RMS") which is the City of Chicago, Department of Aviation's, secure concession's portal. All compliance reporting must be submitted electronically using RMS.

The Concessionaire and General Contractors are required to enter the Compliance Plans, Certified Payroll and Sworn Statements into RMS. Once the Concessionaire selects a Professional Service Contractor and General Contractor, the designated Concessionaire POCs will be provided with RMS log in information. The RMS links and User Guide are listed below. The individual Exhibits E.1 - E.12 listed below should be used as reference only; all required documents must be submitted electronically using RMS.

- **RMS Portal:** <<https://www.airportware.com/rms>> prod/App forms/General/Login.aspx
- **Exhibit E.3: RMS Construction Compliance User Guide**

9.3: MBE and WBE Compliance Plans

Once the Final or 100% Construction Document Submittal is approved by CDA (see Step 3.0), and the Concessionaire has selected a General Contractor, then the Concessionaire is required to submit, via RMS, the Concessions' Compliance Plans: Affidavit of Concessionaire, Affidavit of Prime Contractor for Construction and Affidavit of Prime

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 21 of 23



Contractor for Professional Services. Exhibits E.4 - E.7, which includes a selection of MBE, WBE and Non-Minority Sub-Contractors.

- **Exhibit E.4: Concession's Compliance Plan - Affidavit of Concessionaire**
- **Exhibit E.5: Concession's Compliance Plan - Affidavit of Professional Services**
- **Exhibit E.6: Concession's Compliance Plan - Affidavit of Prime Contractor**

PLEASE NOTE:

If at any point during the construction phase of the project, there is a change in MBE or WBE participation, the CDA POC must be immediately notified.

Resource:

To aid in outreach efforts to meet or exceed the City of Chicago's Construction and Professional Services Program goals, a list of City of Chicago certified MBE and WBE firms may be found at:

- <https://www.cityofchicago.org/city/en/depts/dps/supp%20info/process%20improvements.html>
- <http://www.idot.illinois.gov/doing-business/certifications/disadvantaged-business-enterprise->

MBE and WBE Good Faith Efforts

If the Concessionaires' and Prime Contractors' Compliance Plans fall short of the MBE or WBE Construction Program goals, a Good Faith Efforts form must be included with the submitted Compliance Plans. Good Faith Efforts are achieved by actively soliciting MBE and WBE firms to perform work on the contract in accordance with Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts. The Good Faith Efforts form must contain contact information for not less than five (5) MBEs and/or WBEs.

Exhibit E.7: Good Faith Efforts Form

A Compliance Plan may be rejected as non-responsive if the Concessionaire and/or General Contractor fail to submit one or more of the documents (Exhibits E.4 - E.7) with the response.

PLEASE NOTE:

If a Concessionaire's and/or General Contractor's Compliance Plan fails to meet the Construction Program goals for MBE and WBE participation, the project will be delayed and not move toward a Pre-Construction Meeting until either the goal is satisfied or Good Faith Efforts have been demonstrated and approved.

9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements

In accordance with the Municipal Code of Chicago 2-92-330 and Article 5 of the Concession Lease and License Agreement, at least 50% of the total construction worker hours worked by persons on the site of the Work must be performed by actual residents of the City and at least 7.5% by project area residents. The Airport will identify the project area for the purposes of calculating project area residents.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 22 of 23



The Concessionaire will provide each general contractor bidding on the project with a Compliance Plan (Exhibit E.5) and the "City Resident Construction Worker Employment Requirement" (Exhibit E.8) for use in the bid preparation process.

Once a project has been approved by CDA and construction has commenced, the General Contractor must submit on a weekly basis, the following Certified Payroll Report for all contractors and subcontractors:

- Exhibit E.8: City Resident Construction Worker Employment & Certified Payroll Requirements
- Exhibit E.9: Excel Certified Payroll Worksheet (example)

9.5: Compliance Close Out Documents

Within sixty (60) business days of substantial completion, the Concessionaire, the General Contractor and the Professional Services Contractor are required to submit the following documents, along with final lien waivers.

- Exhibit E.10: Concession's Sworn Statement - Affidavit of Concessionaire
- Exhibit E.11: Concession's Sworn Statement - Affidavit of Prime Contractor for Professional Services
- Exhibit E.12: Concession's Sworn Statement - Affidavit of Prime Contractor for Construction Services

End of STEP 9

STEP 10.0: Supplemental Exhibits

These Guidelines should be read in conjunction with the Design and Construction Standard Operating Procedures Concessions Projects Exhibits (C-SOP Exhibits) and referenced with the Concessionaire Design Guidelines. Please refer to links below:

[Concession Projects \(C-SOP Exhibits\) ORD Concessionaire Design Guidelines MDW Concessionaire Design Guidelines](#)

End of STEP 10

EXHIBIT 11

ECONOMIC DISCLOSURE STATEMENTS AND AFFIDAVITS

**HOST
INTERNATIONAL,
INC.**

02022-1215

Exhibit A-1

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal, name of the Disclosing Party submitting, this EDS. Include d/b/a/ if applicable:

Host International, Inc.

Check ONE of the following three boxes:

Indicate, whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name:

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name, of the entity in which the Disclosing Party holds a right of control.

B. Business address of the Disclosing Party: 6905 Rockledge Drive.

■Bethesda, Maryland 20817

C. Telephone: 240-694-4100 Fax: N/A Email: stephen.douglas@hmshost.com
<mailto:stephen.douglas@hmshost.com>

D. . Name of contact person: Stephen Douglas-

E. Federal Employer Identification No. (if you have one): /

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

License Agreement for operating food and beverage concessions at O'Hare International Airport Terminal 5.

Chicago Department of Aviation (CDA)

G: Which City agency or department is

requesting this EDS? Chicago O'Hare International Airport

If the Matter is a contract being handled by the City's. Department of Procurement Services, please complete the following::

Specification # N/A and Contract # -N/A
Ver.2018-1 Paget of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input type="checkbox"/> Limited liability company |
| <input checked="" type="checkbox"/> Publicly registered business corporation. | <input type="checkbox"/> Limited liability partnership |
| fx] Privately held business corporation | <input type="checkbox"/> Joint venture |
| <input checked="" type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership | (Is the not-for-profit corporation also a 501(p)(3)).? |
| <input checked="" type="checkbox"/> Limited partnership | <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No |
| f 1 Trust | <input type="checkbox"/> Other (please specify) |

.2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the/organization registered to do business in the State, of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names, and titles, if applicable, of: (i) all executive officers and aU directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities."); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that, directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf

Name Title See Attached Officers Report

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest;(including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
Sec Attached		

SECTION m -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [] Yes [X] No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [] Yes [X] No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:
N/A

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

[] Yes [x] No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).
N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained Or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under, this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page.3 of 15

Name (indicate whether retained Or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

see attached

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement? N/A

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any

public contract, the services: of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract.in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago; including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of

another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an

officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

13. To the best of the Disclosing Party's, knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it, or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here-(attach additional pages if necessary): N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements..

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

1995, as amended, who have made lobbying contacts on behalf of the, Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
 Yes No
2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
 Yes No Reports not required
3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
 Yes No

SECTION VII - - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

- A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
- B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.
- C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.
- D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this

EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Host International, Inc.

(Print or type exact legal name of Disclosing Party)

(Sign here)

Paul Mamalian

(Print or type name of person signing)

President

(Print or type title of person signing)

Signed and sworn to before me on (date) April 12, 2022 at Montgomery^ County, Maryland (state).

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-15.4-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor,

any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship. N/A

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

N/A

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

Host International, Inc. Directors and Officer List

Host International, Inc. Beneficial Ownersh

(as of April 7, 2022)

Autogrill S.p.A.

(Public on the Milan Stock Exchange)

Centro Direzionale Milanofor, Strada 5 -Palazzo Z, 20089 -
Rozzano (MI).- Italy.

┆•

HMSHost Corporation 100%

6905 Rockledge Drive, Bethesda, Maryland .20817

~|

HostInternational, Inc. 100%

(3 shares Preferred Stock held individually)

6905 Rockledge Drive,- Bethesda, Maryland 20817

The Retained party is Host RPE LSC ORD FB, LLC, which will be a subtenant of the Applicant, Host International, Inc.

Business Address:

HOST RPE LSC ORD FB, LLC
6905 Rockledge Drive
Mail Stop 7-1
Bethesda, Maryland 20817

HOST RPE LSC ORD FB, LLC is comprised of the following partners:

Reggio's Pizza Express II, Inc. (ACDBE Partner) Attn: Shari S. Wilson 1001 E. 99th Street Chicago, IL 60628
Ownership interest = 21%

Host International, Inc. (Partner)

6905 Rockledge Drive Mail Stop 7-1 Bethesda, Maryland 20817 Ownership interest = 65%

LS41 Cafe Inc. (ACDBE Partner) Attn: Jorge Perez 3023 East 83rd Street Chicago, IL 60617 Ownership interest = 14%

HMSHOST CORPORATION

02022-1215

Exhibit A-1

CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

HMSHost Coiporation

Check ONE ofthe following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: Host International, Inc.

OR

3. a legal entity with a direct or indirect right of control ofthe Applicant (see Section U(.B)(1)) State the legal name ofthe entity in which the Disclosing Party holds a right ofcontrol:

B. Business address ofthe Disclosing Parly: 6905 Rockledge Drive
Bethesda, Maryland 20817

C. Telephone: 240-694-4100 Fax: N/A Email: stephen.doiiglas@hmshost.com

<mailto:stephen.doiiglas@hmshost.com>

D. Name of contact person: Stephen Douglas

E. Federal Employer Identification No. (if you have one).

F. Brief description ofthe Matter to which this EDS pertains. (Include project number and location of properly, if applicable):

License Agreement for operating food and beverage concessions at O'Hare International Airport Terminal 5

Chicago Department of Aviation. (CDA)

G. Which City agency or department is requesting this EDS? Chicago O'Hare International Airport

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A -

Ver.2018-1 Page 1 of IS

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

NATURE OF THE DISCLOSING PARTY

M

1. Indicate the nature of the Disclosing Party

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title
See Attached Officers Report

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
See Attached		

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:
N/A

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?
 Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).
N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)	NOTE: "hourly rate" or "tb.d." is not an acceptable response.
---	-------------------------	---	---	--

N/A

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement? N/A

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment, of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in

connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary): N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-1.10: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning

of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records: N/A

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501 (c) (4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501 (c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.) N/A

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements? N/A

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause? N/A

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

13. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

HMSHost Corporation
(Print or type exact legal name of Disclosing Party)

By:
(Sign here)

Paul Mamalian
(Print or type name of person signing)

Executive Vice President, General Counsel and Secretary (Print or type title of person signing)

Signed and sworn to before me on (date) April 12, 2022

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 1.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1 a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

N/A

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

N/A

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-3 85(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

HMSHost Corporation Officer and Director List

HMSHost Corporation Beneficial Owners

(as of April 7, 2022)

Autogrill S.p.A.

(Public on the Milan Stock Exchange)

Centra Direzionale Milanofiori, Strada 5 -Palazzo Z, 20089 -
Rozzano (MI) - Italy

HMSHost Corporation 100%

6905 Rockledge Drive, Bethesda, Maryland 20817

AUTOGRILL GROUP

ANNUAL REPORT 2021

Translation from the original version issued in Italian. PDF courtesy copy. This version has been prepared for convenience of use and does not contain the ESEF information as specified in the ESEF regulatory technical standards (Delegated Regulation (EU) 2019/815).

LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

2021 was a year of great importance in our history. Thanks to the effective work of our team - of which we must be very proud for the capacity of reaction and initiative - we have significantly improved the operating efficiency of the company and developed new business initiatives.

This has enabled us to generate free cash flow of euro 117 million, exceeding the expectations we had at the beginning of the year.

We have also significantly strengthened our capital structure, thanks to a fully subscribed capital increase of euro 600 million and the disposal of our US motorway business.

Our capital structure has been optimized by implementing a euro 1 billion debt refinancing program.

Despite the limited number of tenders due to the prevailing uncertainty, the Group has secured a portfolio of euro 4.3 billion of new contracts and renewals, including the two-year extension of concessions on Italian motorways. The quality and solidity of the offer of the brands in our portfolio is testified by the prestigious awards we received for the twelfth consecutive year during the Food & Beverage Awards, the international event dedicated to airport catering.

The year just past, 2021, was also significant for our acceleration on sustainability, which has now been a core value of our corporate culture for over 15 years, with the launch of the new ESG "Make It Happen" strategy, focused on three strategic pillars: We nurture People, We offer sustainable Food Experiences, We care for the Planet.

Each pillar identifies clear and measurable objectives such as: achieving 40-50% of female representation in leadership roles by the end of 2030; reaching 98% of sustainable coffee purchased for proprietary brands by 2025; and reducing greenhouse gas emissions from electricity consumption in the motorway channel by 20-30% by the end of 2030.

Despite the recent dramatic geopolitical events that exacerbate uncertainty around economic developments in the near future, I am convinced that the work we have done up to now and our future projects have positioned us well to continue along our growth path, leveraging on the opportunities that will be offered by the market.

Gianmario Tondato Da Ruos Chief Executive Officer

ANNUAL REPORT 2021

BOARDS AND OFFICERS

BOARD OF DIRECTORS ¹

Chairman ²

Paolo Roverato ^{E,3}

CEO⁴

Gianmario Tondato Da Ruos ^E Directors

Alessandro Benetton Franca Bertagnin Benetton Ernesto Albanese ^{1,5} Rosalba

Casiraghi ¹⁶ Francesco Umile Chiappetta ^{**5*6} Laura Cioli * ^ * n Barbara

Cominelli^{1,7}

Massimo Di Fasanella D'Amore di Ruffano ⁷-Maria Pierdicchi ⁸ Simona Scarpaleggia ^{1,8} Paolo

Zannoni⁹

Secretary

Paola Bottero

Board of Statutory Auditors ¹⁰ Chairman

Francesco Michela Maurelli

Standing auditor

Antonella Card Massimo Catullo

Alternate auditor

Michaela Castelli Roberto Miccu

Independent auditors ¹²

Deloitte & Touche S.p.A.

¹ Elected by the Annual General Meeting of 21 May 2020, in office until approval of the 2022 financial statements

² Duties and powers of ordinary administration, with individual signing authority, per Board resolution of 18 November 2021 installing Mr. Roverato as chair further to the resignation of Paolo Zannoni

³ Formerly member of the Control, Risks and Corporate Governance Committee, the Human Resources Committee, and the Strategies and Sustainability Committee, from which he resigned upon installation as chair of the Board on 18 November 2021 Member of the Related Party Transactions Committee

⁴ Duties and powers of ordinary administration, with individual signing authority, per Board resolution of 21 May 2020

⁵ Member of the Related party transactions Committee

⁶ Member of the Control, Risks and Corporate Governance Committee.

^{6-bu} Member of the Control, Risks and Corporate Governance Committee from 18 November 2021 until resignation from the Board of Directors on 28 February 2022

⁷ Member of the Strategies and Sustainability Committee

⁸ Member of the Human Resources Committee.

⁹ Formerly chair of the Board of Directors, until his resignation with effect from 18 November 2021

¹⁰ Elected by the Annual General Meeting of 23 April 2021, in office until approval of the 2023 financial statements

¹¹ Laura Cioli resigned from Autognil S p A's Board of Directors on 28 February 2022, effective immediately (until that date she was a member of the Board committees specified in the Notes to the financial statements).

¹² Assignment granted by the Annual General Meeting of 28 May 2015, to expire on approval of the 2023 financial statements

E Executive director

I Independent director as defined by the Corporate

Governance Code for listed Companies (version approved in July 2018 by the Corporate Governance Committee and endorsed by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria) and pursuant to Articles 147-ter (4) and 148 (3) of legislative Decree 58/1998

CONTENTS

2021 HIGHLIGHTS	5
WHO WE ARE: THE AUTOGRILL GROUP	6
Autogrill at a glance	7
Mission, vision, values	8
History	9
Autogrill around the world	10
Brand portfolio	13
Ownership and stock market performance	16
OUR WAY: STRATEGY AND SUSTAINABLE INNOVATION	18
The external context and industry challenges	19
Strategy and value creation	21
How we "Make It Happen": our ambition for a more sustainable future ²³	
Simplified Group structure and organizational structure	24
CORPORATE GOVERNANCE AND RISK MANAGEMENT	26
Corporate governance	27
Risk management and control system	34
1. DIRECTORS' REPORT	54
GROUP PERFORMANCE	60
General business context	61
Change in scope of consolidation	62
Organic growth	62
Income statement results	63
Balance sheet results	71
OPERATING SEGMENTS	76
OUTLOOK	85
SUBSEQUENT EVENTS	87
NON-FINANCIAL STATEMENT	88
About the non-financial statement	89
Approach to sustainability	91
Make It Happen - Shaping a Better Future	93
We nurture People	98
We offer sustainable Food Experiences	116
We care for the Planet	124
Autogrill Group social and environmental data	131
Reconciliation of GRIs/material topics	143
GRI content index	144
Independent auditors' report	153

CONTENTS

OTHER INFORMATION	156
Corporate governance	157
Management and coordination	157
Intercompany and related party transactions	158
Statement pursuant to Art. 2.6.2(7) of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A.	158
Research and development	158
Treasury shares	158
Significant non-recurring events and transactions	158
Atypical or unusual transactions	159
Information pursuant to Arts. 70 and 71 of Consob Regulation no. 11971/1999	159
Reconciliation between Parent and consolidated equity	159

2. CONSOLIDATED FINANCIAL STATEMENTS 160

CONSOLIDATED ACCOUNTS	162
Statement of financial position	163
Income statement	164
Statement of comprehensive income	165
Statement of changes in equity	166
Statement of cash flows	168
NOTES TO THE FINANCIAL STATEMENTS	170
1. Accounting policies and consolidation methods	171
2. Disposals	188
3. Notes to the statement of financial position	190
4. Notes to the income statement	218
5. Net financial indebtedness	226
6. Financial instruments-fair value and risk management	228
7. Disclosure of non-controlling interests	236
8. Segment reporting	236
9. Seasonal patterns	238
10. Guarantees given, commitments and contingent liabilities	239
11. Other information	240
12. Significant non-recurring events and transactions	247
13. Atypical or unusual transactions	247
13.14. Subsequent events	247
13.15. Authorization for publication	247
ANNEXES	248
List of consolidated companies and other investments	248
Attestation by the CEO and the Financial Reporting Manager	254
External Auditors' Report	255

2021 HIGHLIGHTS

CAPITAL AND FINANCIAL STRENGTHENING

€ 600m pre-emptive capital increase successfully completed; refinancing of the Group's indebtedness

UNLOCKED VALUE OF NORTH AMERICAN MOTORWAY CHANNEL

Successfully unlocked the value of North American motorway channel through the disposal of the US motorways business to a consortium led by Blackstone Infrastructure Partner

STRATEGY FOR A SUSTAINABLE FUTURE

Renewed approach to sustainability as a fundamental element for an improved business model, through the implementation of an new ESG strategic framework: Make It Happen

CASH GENERATION

Cash Flow* of € 117m thanks to the product mix improvement and cost efficiency initiatives implemented during the year

* Free cash Flow excluding the impact of non-recurring transactions in North America

ANNUAL REPORT 2021

WHO WE ARE: THE AUTOGRILL GROUP

WHO WE ARE- THE AUTOGRILL GROUP

AUTOGRILL AT A GLANCE

The Autogrill Group is the world's leading provider of food & beverage services for travelers. The Autogrill brand was created in 1977 following the merger of three divisions: Alemagna, Motta and Pavesi, providers of motorway catering services in Italy. Today Autogrill is active in 30 countries in North America, Asia, Europe and Oceania, where it manages about 3,300 points of sale with more than 34,000 employees and a portfolio of over 300 proprietary and licensed brands.

The Autogrill Group serves 829 locations in different travel channels, near cultural attractions, and in shopping centers:

- Airports: management of airport concessions, including snack and beverage bars, cafes, restaurants, and retail shops selling food products and other items (books and magazines, souvenirs, other consumer goods);
- Motorways: management of service areas (owned or under concession) through which the Group provides food & beverage services and sells food products and other items (books and magazines, souvenirs, other consumer goods, items sold under government monopoly), as well as fuel;
- Railway stations: management of train station concessions, including snack and beverage bars, cafes, and restaurants;
- Other channels: management of points of sale at shopping centers, high streets, trade fairs, and cultural attractions through which the Group provides food & beverage services.

Autogrill runs its food & beverage business mainly through concession contracts signed with the landlords, owners, or managers of airports, motorways, and railway stations. The concessions are generally awarded through competitive auctions in which the criteria for judging bids vary according to the business channel, type of offering, and country.

To satisfy the constantly changing needs of landlords and consumers, the Group makes use of an extensive portfolio of international and local brands, both proprietary and licensed, which constitute one of the strengths of Autogrill's marketing strategy. Some of the proprietary brands developed internally are Ciao, Puro Gusto, ACafe, Spizzico, Motta, Bubbles, Burger Federation, Grab & Fly, and Le CroBag; Licensed brands include international household names (Starbucks Coffee, Burger King, Pret a Manger, etc.) as well as emerging national brands such as Chick-fil-A, Panera, Leon, and I'anda Express.

The Autogrill Group's business model is based on innovative, sustainable and long-term growth built on valuing the consumer experience, developing trustworthy relationships and partnerships, maintaining a solid and diversified contracts portfolio, and creating shared value in the short, medium, and long term supported by an active capital allocation strategy. The Group recognizes the fundamental importance of seeing current and future trends as opportunities for growth and for upholding its standards of excellence in every country served.

MISSION, VISION, VALUES OUR MISSION

We want travelers to reach their destination happier, safer, and more satisfied thanks to our products and services.

We value their time and strive to make their trip more enjoyable by adding value to their experience, whether by eating, drinking or shopping.

OUR VISION

To be recognized as the world's undisputed customer centric and trustful company in food and beverage services for travelers.

OUR VALUES

Each of us, in every corner of the globe, has the same objective: feel good and make the travellers feel good. Be passionate, be open, set the pace, be reliable and keep it simple are the values which guide us in our work.

WHO WE ARE- THE AUTOGRILL GROUP

HISTORY

From a rest stop for a handful of motorists after World War Two into a global leader in travel catering: Autogrill's history is both a success story of international expansion and a mirror of the transformations of the Company and the regions where the Group has developed its presence over the years.

Key milestones

A new food&beverage concept: born of Autogrill

Autogrill SpA was incorporated after the merger of F&B business of Motta, Alemagna and Pavesi

First acquisitions abroad

Listing on the Milan stock exchange

Acquisition of Host Marnot Services, leading operator in F&B and retail service for travelers in America

Business diversification through Aldeasa acquisition

First sustainability report

Development of Travel Retail & Duty Free business through the acquisition of Alpha Group

Acquisition of World Duty Free, leading operator in the UK

First sustainability strategic framework: Afuture

Demerger of Travel Retail & Duty-Free business of Autogrill SpA in favor of World Duty Free SpA

First sustainability roadmap

Renewed approach to sustainability. Make It Happen

ANNUAL REPORT 2021

AUTOGRILL AROUND THE WORLD

North America

10

WHO WE ARE- THE AUTOGRILL GROUP

Europe

Austria Belgium France Germany Greece

Italy Poland Slovenia Switzerland

Australia China Denmark Finland India Indonesia Ireland Maldives Malaysia New Zealand
 Norway Qatar Russia Sweden
 The Netherlands
 Turkey
 UAE
 United Kingdom Vietnam

The Autogrill Group, by revenue, is the leading global operator in food & beverage services for travelers with recognized leadership of the North American and Italian markets and a significant and growing presence in Europe and Asia.

Autogrill is active in 30 countries, through three business units (North America, International, Europe), each one characterized by a different mix of channels and brands. It manages about 3,300 points of sale at 829 locations: airports, motorways' service stations, railway stations, high streets, museums, tradefairs, and shopping centers. The Group's presence in different Countries around the world and different channels allows it to identify new opportunities to expand the business, to promote best commercial practices through local and international partnerships, and to react quickly and effectively to changes in the external context. The Group doesn't have a meaningful direct exposure to Russia.

LOCATIONS BY CHANNEL

CHANNEL OF ACTIVITY	N. AMERICA	INTERNATIONAL	EUROPE	TOTAL
Airports	80	43	16	139
Motorways			442	442
Other	1	42	205	248
TOTAL	81	85	663	829

Airports: the Group's main channel in terms of revenue. The 139 airports served are located around the world, with 80 in North America, 43 in the International area, and 16 in Europe.

Motorways: the second largest channel in terms of revenue, with 442 sites in Europe.¹

Other channels: these include railway stations, urban areas, shopping centers, tradefairs, and cultural attractions, with 248 sites, mainly in Europe (205) and in the International business unit (42).

REVENUE BY CHANNEL

REVENUE BY GEOGRAPHY

International

North America

Europe

1 The US motorway business disposal was completed in July 2021.

WHO WE ARE- THE AUTOGRILL GROUP

BRAND PORTFOLIO

The wide variety of national and international brands, both proprietary and licensed, represents the key strength of Autogrill's marketing strategy and characterizes its business model, with the aim of satisfying the customers' and landlords' needs in every region and channel.

The Group's commercial offer includes a unique brand mix that blends quality and innovation with diversification and sustainability. With a portfolio of more than 300 international, national, and local brands, including about 150 proprietary brands, 140 trademarks under license, and numerous bespoke brands and concepts, Autogrill responds to travelers' needs while making the most of what the local landscape has to offer.

Gad*

BULGED ICE T

ri
[ALIA] Minimi flftsintnnncKi!™ "gsm
K*> Spjzzico r,, , lc

^fV~K? GRAB&FLY lffiEs"" beaudeviq- |e-"n!o

About V^BUI^f uft FAHILft [BOURBON ']

National and local franchise brands

DUNKIN' Crli)fetOO H*Hr%tt&H* 4

Partners with outstanding national or local brands, to capture the taste and character of specific countries & regions

THE ITALY

e-e+e-n MAGGIANO'S LANDRY'S
^ E A FO DD

E ATALY

@PFOIANC:i LEON. Km SHAKE gsHACK

Wide array Proprietary and licensed bespoke brands

Concepts created for specific locations
and needs

upperdeck

FULLY ■ 61' 0(111

13

ANNUAL REPORT 2021

One of the key aspects of its marketing strategy is to create successful concepts, developed in different countries and channels, as well as tailor-made concepts for specific locations. Ties with local and international brand partners allow the Group to offer travelers a brand mix that engages with the territory, while also meeting the need for familiarity by way of internationally recognized brands.

Below are some of the most iconic brands recently developed by the Group:

PURO GUSTO: TRUE ITALIAN COFFEE, FOOD & APERITIVO

PURO GUSTO

Developed internally and inaugurated in 2006 in Milan, Puro Gusto is among the most popular brands internationally. Inspired by the convivial atmosphere of the Italian bar, it offers an experience centered on those everyday customs and rituals that the world so admires in Italy. Authentic offerings and Italian quality for any time of day: from breakfast to the evening aperitivo.

Locations: about 30 worldwide, from Washington, D.C. to Paris-Carrousel du Louvre and the airports of Beijing, Abu Dhabi, Bangalore, Frankfurt, and Milan Linate

WASCOFFEE LAB: FIRST A CUP OF COFFEE, THEN A SECOND LIFE

The first Autogrill concept store made entirely from WASCOFFEE® the 100% natural, recyclable material created from coffee grounds and used for store design and furnishings. A welcoming, minimalist WASCOFFEE environment inspired by the specialty coffee trend, with a menu fully aligned with the latest consumption models. Wascoffee meets the varying needs of travelers looking for breakfast or a snack, including healthy, plant-based alternatives for any time of day.

Location: Milan Central Station

WHO WE ARE: THE AUTOGRILL GROUP

VIT: TRENDY JUICE & SALAD BAR WITH AN EMPHASIS ON HEALTHY

A proprietary concept tailored to the growing numbers of consumers who seek healthy foods and beverages, even when they travel. Offerings are based on 100% natural products without preservatives or added sugars. Juices, smoothies and salad bowls are made fresh every day with quality ingredients, for eat-in or takeaway. Store design is just as fresh and lively, inspired by natural colors and elements.

Locations: Schiphol, Manchester and Brussels airports

SHAKE SHACK: THE BETTER BURGER RESTAURANT FOR CONSUMERS WHO CARE

SHAKE = SHACK

A rapidly growing US brand, managed by the Group under license. Shake Shack's mission, "Stand for something good", applies to all of its choices: from how it treats its employees and local communities to its sustainable sourcing of ingredients and emphasis on animal welfare. It is famous for its 100% all-natural Angus beefburgers and free-range chicken sandwiches, without the use of hormones or antibiotics. Its commitment to sustainable, high-quality menus and its fun decor have quickly made Shake Shack a cult favorite with a large and loyal client base.

Locations: 9 airport locations in Los Angeles, Orlando, and Fort Lauderdale

LEON: NATURAL GOURMET FAST FOOD

LEON.

NA1UI1SI.LY fam food

A successful brand created in the UK in 2004 and managed by the Group under license. Leon has revolutionized the concept of fast food through the effective combination of rapid service and healthy menus, based on fresh, organic ingredients. The brand maintains a strong focus on the supply chain, relationships with local producers, and promoting sustainable and ethical conduct.

Locations: 11 outlets in the Netherlands and the UK, including at Amsterdam Schiphol and London Heathrow airports and Eurotunnel stations

OWNERSHIP AND STOCK MARKET PERFORMANCE

AUTOGRILL SHAREHOLDERS STRUCTURE

Schematrentaquattro (Edizione)

Treasury 0.8% shares
Freefloat

Autogrill shares (Bloomberg: AGL:IM / Reuters: AGL.MI) are listed on the Milan Stock Exchange operated by Borsa Italiana S.p.A. The key shareholder is Schematrentaquattro S.p.A. (owned 100% by Edizione S.p.A., the investment arm of the Benetton family) with a share of 50.3%, while treasury shares amount to 0.8% of the share capital. The remaining shares constitute the Company's free float, held by institutional and retail investors.
(Euro)

8 7 6 5 4

The graph below shows the performance of Autogrill shares in 2021, against the two benchmarks, FTSE MIB and FTSE Italia Mid Cap.

(Mn shares)

10

8 6 4 2 0

Jan. Feb Mar Apr. May Jun. Jul. Aug. Sep. Oct. Nov Dec.

- Autogrill share - FTSE MIB rebased - FTSE Italia Mid-Cap rebased

2021 AUTOGRILL SHARE PERFORMANCE

Closing price - as of 31 December 2021	{€} 6.246
Annual change	+29.1%
Maximum price [€]	7.578
Minimum price [€]	3.704
Average price [€]	5.962
Average traded share units (min)	1.81
Market capitalization - as of 31 December 2021 (€ min)	2,385

NON-FINANCIAL RATINGS

As part of its renewed approach to sustainability, in 2021 Autogrill was assessed by some of the leading non-financial rating firms, obtaining a score of 24.4¹ from Sustainalytics (a member of the Morningstar Group), and an ESG Overall Score of 46³ from VigeoEiris

² Sustainalytics scores From 0 (negligible risk) to 40 (severe risk) The lower the score, the better the rating

³ VigeoEiris scores from 0 to 100 The higher the score, the better the rating

AUTOGRILL'S VALUE ECOSYSTEM

Autogrill operates mainly under concession agreements, fostering the creation of stable, long-lasting relationships based on transparency, integrity, impartiality, and contractual equity. The concession system allows operators to plan their activities over a medium/long-term horizon. The duration of contracts is usually commensurate with the level of investment required and varies according to the type of offering and the travel channel.

1 BRANDS

The wide variety of National and International brands, proprietary and licensed, represents the key strength of Autogrill's marketing strategy. Thanks to the continued experimentation, gastronomic research and valorization of local communities, Autogrill offers to its clients innovative, sustainable and quality products.

2 LANDLORDS

Autogrill Group boasts a large and long-duration concession portfolio, based on partnership with landlords building on constant collaboration and improvement. The continuous development of innovative solutions and concept helps to enhance the infrastructure efficiency benefitting both parties in the interest of travellers

3 CONSUMERS

Thanks to the deep comprehension of customer behaviours, the Group develops a commercial offer focused on evolving consumer trends and purchasing preferences

THE BIDDING PROCESS

Tender

Presentation of offer. Highly competitive stage

Public notice

Public notice of tender and notification to operators

Main selection criteria

Landlord

Owner/manager of the location

Design & layout Know-how & track record Financial commitments take on

9, ir

Expiry

The process recommences from the starting point

Outcome

Award of contract

f*) The length of contracts is variable according to the channel

17

OUR WAY: STRATEGY AND SUSTAINABLE INNOVATION

OUR WAY: STRATEGY AND SUSTAINABLE INNOVATION

THE EXTERNAL CONTEXT AND INDUSTRY CHALLENGES

Autogrill is currently facing a number of challenges: first and foremost, the evolution of the transport industry and traffic trends in the airport, motorway, and railway channels, in a situation of high volatility due to the Covid-19 pandemic. In addition, megatrends like innovation and digitalization, responsible consumption, and a focus on communities and climate and environmental impacts are proving to be powerful transverse factors that companies in every industry have to consider when developing their business.

TRAFFIC FLOWS AND TRAVELERS' BEHAVIOR

The Autogrill Group's business is concentrated along the major transportation routes (airports, motorways, and railway stations) and is therefore heavily affected by trends in traffic volumes, traveler mix, mobility models, and inclination to travel.

By nature, the industry is also influenced by:

- a propensity to consume driven by immediate needs and impulse buying;
- limited competition from online businesses because the captive clientele and security controls at airports limit the capacity for penetration by e-commerce and food delivery services;
- an increasingly complex regulatory framework, in which scale, track record, and service level are fundamental to the landlord's choice of operator.

Starting in the early months of 2020, the national and international scenario was overwhelmed by the spread of the SARS-COV-2 virus and the restrictive measures taken by public authorities in the affected countries in order to limit contagion. Such measures included limiting personal movement both within and beyond national borders, which reduced the volumes of travelers passing through airports to a bare minimum.

As the vaccine campaign progressed in 2021, there was a gradual recovery in personal movement and a easing of the restrictions, especially in countries that achieved high vaccination rates.

Nevertheless, all regions served by the Group will likely continue to suffer from the crisis in terms of passenger volumes, although areas with large domestic markets (the United States, for example) will probably enjoy better performance.

DIGITAL TRANSFORMATION AND INNOVATION

Over the past decade, digital transformation has been a fundamental driver of development in all business sectors. New forms of technological

innovation will radically change the transportation, tourism, and food & beverage sector, by acting on the relationship and means of interaction between a company and its consumers. Having accelerated further as a result of the pandemic, digitalization will continue to be one of the main megatrends influencing the internal and external growth strategies of companies in the Autogrill Group's industry.

RESPONSIBLE CUSTOMER EXPERIENCE

Consumers have always been central to the implementation of business strategies in the sector of food & beverage services for travelers. Customers are increasingly focused on the services the Group offers and on the impact they have. The customer experience has become more informed and responsible, with a particular focus on environmental issues and quality, new interaction and communication channels, the enjoyment of in-store services in total safety, and a growing demand for personalized offerings.

FOCUS ON THE COMMUNITY

The global macroeconomic context is undergoing powerful changes: rapid urbanization and the spread of new demographic trends are generating novel social and economic challenges for the communities served by Autogrill. It is important to monitor and intercept present and future changes in order to protect the quality and accessibility of the services offered and ensure the resilient growth of the business at the service of the community.

CLIMATE CHANGE

The entire world, and developed economies in particular, have a duty to make radically different choices than they have in the past for the sake of a new environmental model that aims to create shared wellbeing through the reuse and regeneration of resources. For this to happen, a profound change of mentality is necessary on the part of institutions, businesses, and individuals.

One of the trends with the greatest impact on both business models and consumer expectations is climate change awareness; companies are asked to take a growth path focused on decreasing waste, offering high-quality, nutritious, recyclable, and sustainable products, monitoring the sourcing process across the entire value chain, and reducing environmental impacts.

The Autogrill Group answers this call with its own business model and a renewed Environmental, Social and Governance (ESG) strategy, with the primary goals of growing sustainably and monitoring the effects of climate change on its business while creating long-term value for the people it works with and the communities it serves.

OUR WAY: STRATEGY AND SUSTAINABLE INNOVATION

STRATEGY AND VALUE CREATION

The Autogrill Group's business model is based on growth and long-term strategic reinforcement, developed through the valuing of internal and external resources, the innovation of commercial offerings, the creation of key partnerships within the sector, and the generation of shared value for the short, medium and long term.

STRATEGIC GUIDELINES

- Competence, experience and talent of the people;
 - Integrity and sharing of distinctive values of Autogrill
- ESG strategy We care for the Planet
We offer sustainable food experience
We nurture people

- Professional development;
- Diversity and inclusion;
- Health and safety

- Relationship with landlords for business development,
- Network of franchised brands,
- dialogue with stakeholders

- Economic resources deployed for the development of the business and for the Group's operations

- responsible management of raw materials, waste and energy

Build an recovery

i Strengthening \ the Group's
business model

Make the Group's capital structure more flexible

CHANNELS

Other channels

(fil) Motorways (^) Airports

MARKET SEGMENTS

^ (3) Food & Beverages

Convenience

ISMill@(MgKIDI?>

- Strengthening of the relationship with landlords, brand partners and stakeholders;
- Strengthening of the Group's reputation

LKg®K]®/M](g

- Financial solidity;
- Long-term value creation and distribution;
- Support to local communities

- Sustainable sourcing of raw materials and natural ingredients valorization;
- Environmental and climate protection

STAKEHOLDER

six

Employees

f

Customers

m

•> ©

Suppliers

Landlords &

Shareholders
licensed brands

Local Government,
and investors

communities institution
and NGO

21

ANNUAL REPORT 2021

Autogrill follows an active strategy of capital allocation and financial flexibility for the constant strengthening of its contracts portfolio, with the aim of pursuing the best opportunities for revenue growth in the channels and geographical areas served while boosting profitability and cash generation.

Over the next few years, Autogrill aims to strengthen its global leadership by leveraging a clear, targeted strategy focused on:

- build on recovery, optimizing Group's concession portfolio, taking advantage of the opportunities the market currently offers and implementing new initiatives, including digital innovation, data analytics, and an increased focus on the customer base;
- strengthen the Group's business model, focusing on cash generative locations, shifting towards higher margin products and propositions, and fully leveraging the benefits of the structural cost efficiencies achieved in 2020 and 2021;
- renewed approach to sustainability as a fundamental element for an improved business model, through the implementation of an ESG strategic framework based on three pillars: 1) We nurture People; 2) We offer sustainable Food Experiences; 3) We care for the Planet;
- make the Group's capital structure more flexible, to accelerate growth and support long-term value creation.

In 2020 and 2021 the Group reacted promptly to the global difficulties caused by the Covid-19 pandemic. In this delicate phase, its top priority was to protect the health and safety of its employees, customers, and the communities it serves, while preserving liquidity and taking measures to limit costs and develop ESG initiatives in all areas where it operates.

The initiatives implemented by the Group, especially as regards productivity, cost cutting, and the development of ESG initiatives, form the basis on which the Group will develop its strategy for the years to come.

OUR WAY: STRATEGY AND SUSTAINABLE INNOVATION

HOW WE 'MAKE IT HAPPEN": OUR AMBITION FOR A MORE SUSTAINABLE FUTURE

Travel channels, especially airports and railway stations, are no longer just places of transit but became living environments: microcosms available 24-7 for the most advanced forms of dining, shopping, and entertainment for people

on the move. Across the globe, lifestyles and consumption habits are embracing ethical criteria. The food & beverage industry is no exception, and the most tangible proof is people's interest in healthy, sustainable, high-quality dining even when they travel. In addition, growing pressure on resources makes it imperative to study new approaches, consistent with informed, sustainable production and consumption styles.

For this reason Autogrill has started a journey of renewal with the aim of taking its ESG strategy to the next level, leveraging on more than 15 years of efforts and initiatives that have made an indelible mark on its business.

This resulted in a new strategic framework built on three pillars - We nurture People, We offer sustainable Food Experiences, and We care for the Planet - that are articulated in nine key sustainability themes that the Group has decided to take on through the definition of specific KPIs and targets with well-defined deadlines.

Strategic pillars

We nurture People
We offer sustainable Food Experiences

We care for the Planet

- Priority themes
1. Employee engagement talent development & retention
 2. Diversity, equal opportunities & inclusion
 - 3 Customer experience
 4. Food quality & safety
 5. Product choice, nutrition & transparency
 6. Responsible sourcing
 - 7 Waste management & packaging
 8. Energy, emissions & climate change
 9. Food waste

SIMPLIFIED GROUP STRUCTURE⁴ ⁵ AND ORGANIZATIONAL STRUCTURE

AUTOGRILL S.P.A

1

\ /

AUTOGRILL ADVANCED BUSINESS SERVICE S.P.A.

AUTOGRILL AUSTRIA GMBH

AUTOGRILL D.O.O. (SLOVENIA)

AUTOGRILL EUROPE S.P.A.

AUTOGRILL DEUTSCHLAND GMBH *

AUTOGRILL BELGIE N.V. •

HMSHOST CORP. (USA)

13 SUBSIDIARIES

17

HOST INTERNATIONAL, INC. (USA)

HOLDING DE PARTICIPATIONS AUTOGRILL S.A.S. *
AUTOGRILL SCHWEIZ A.G. '

AUTOGRILL CdTE FRANCE S.A.S. *
AUTOGRILL HELLAS E.P.E.
HMSHOST
INTERNATIONAL B.V. (OLANDA)

Companies with directly or indirectly controlled subsidiaries

- 4 See the annexes to the Notes For a complete list of equity investments
- 5 Company names and the Group structure are up-to-date as of March 2022

OUR WAY: STRATEGY AND SUSTAINABLE INNOVATION

BOARD OF DIRECTORS

GROUP INTERNAL AUDIT DIRECTOR

GROUP CHIEF EXECUTIVE OFFICER

GENERAL MANAGER CORPORATE,
GROUP CHIEF FINANCIAL OFFICER AND CHIEF SUSTAINABILITY OFFICER
GROUP GENERAL COUNSEL & COMPANY'S

GROUP CHIEF MARKETING OFFICER
GROUP PUBLIC AFFAIRS DIRECTOR

HEAD OF GROUP
CORPORATE
COMMUNICATION

GROUP COMPLIANCE DIRECTOR

CEO BU INTERNATIONAL⁷

⁶ USA and Canada.

⁷ Northern Europe (Denmark, Finland, Ireland, Norway, Netherlands, United Kingdom, and Sweden) and Rest of the World (Australia, China, United Arab Emirates, India, Indonesia, Malaysia, Maldives, New Zealand, Qatar, Russia, Turkey, and Vietnam)

⁶ Italy and Other European Countries (Austria, Belgium, France, Germany, Greece, Poland, Slovenia, and Switzerland)

ANNUAL REPORT 2021

CORPORATE GOVERNANCE AND RISK MANAGEMENT

CORPORATE GOVERNANCE AND RISK MANAGEMENT

CORPORATE GOVERNANCE

Autogrill has adopted a governance system based on the proper balance between international best practices and the particularities of its business. It is geared toward transparency in managerial decisions and on behavioral practices that create a trustful relationship with the stakeholders. '

It is made up of the following bodies:

SHAREHOLDERS' MEETING

BOARD OF STATUTORY AUDITORS

>

MHWIGAAA A6 SCl 01 0H snareD'Aers' wno express the company's will through debate and voting.

BOARD OF STATUTORY AUDITORS

The control body responsible for ensuring compliance with the law and the articles of incorporation.

BOARD OF DIRECTORS

INDEPENDENT AUDITORS

The company's "executive arm", responsible for setting strategic and organizational guidelines.

The company that audits the accounts of the Company and the Group

FINANCIAL REPORTING MANAGER

COMMITTEES

The executive responsible of the drafting of the accounting documents with organizational and certification responsibilities within a broader range of measures aimed at reinforcing the reliability of public financial dis-closures.

The committees formed by the Board of Di-rectors with due diligence, advisory, and proactive functions in specific matters; one of these, the committee for operations with related parties, is tasked with ensuring the transparency and the substantial procedure correctness of operations with related par-ties.

SUPERVISORY BOARD

A body with independent powers of initiative and control, responsible for ensuring the functioning of and compliance with the Or-ganization and Management Model and for keeping it up to date.

BOARD OF DIRECTORS

The Board of Directors plays a central managerial role. It is Autogrill's "executive branch", responsible for setting the Group's strategic and organizational guidelines. It is currently made up of 12 Directors of whom 6 are independent and only 2, the CEO and the Chairman, are executive Directors.

In keeping with international best practices, the roles of Chairman and CEO are separate so as to ensure the impartiality and balance required of the Chair of the Board of Directors.

The Board of Directors intervenes directly in the most important decisions, without limit, except for those reserved by law to the Shareholders' Meeting. It is responsible for determining the strategic guidelines of the activities and management of the Company and the Group, for overseeing general performance, and for defining the corporate governance system and reviewing the internal control procedures, including for the purpose of mapping the risks the Group is exposed to. It acts consistently with its own internal regulation, adopted on the basis of the recommendations contained in the Corporate Governance Code approved by the Italian Corporate Governance Committee and endorsed by Borsa Italiana S.p.A. (January 2020 edition) (the "Corporate Governance Code").

Executive Independent

Paolo Roverato

^ Group Chief

Exec-utive Officer

Alessandro Benetton

Franca Bertagnin Benetton

Rosalba Casiraghi

Laura Cioli *

Barbara Cominelli

Massimo Di Fasanella D'Amore di Ruffano

Maria Pierdicchi

> 50 M Director

Simona Scarpaleggia

Ernesto Albanese

Francesco Umile Chiappetta

Laura Cioli resigned from Autogrill S.p.A.'s Board of Directors on 28 February 2022, effective immediately (until that date she was a member of the Board committees specified in the subsequent notes)

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is elected by the Shareholders' Meeting - which also determines its members' remuneration - on the basis of lists submitted by the shareholders in accordance with laws and regulations that also concern gender parity. The lists contain a number of candidates not greater than the number of members to be elected, who are presented in sequential order.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Autogrill's current Board of Statutory Auditors is made up of 3 standing auditors and 2 alternates and will remain in office for financial years 2021-2023.

Name	Age	Gender	Role	Independent
Francesco Michela Maurelli	30-50	F	Chairperson	X
Antonella Caru	> 50	F	Statutory auditor	X
Massimo Catullo	> 50	M	Statutory auditor	X

Michaela Castelli	> 50	F	Alternate auditor	X
Roberto Miccu	> 50	M	Alternate auditor	X

The Board of Statutory Auditors oversees compliance with the law and the by-laws, the observance of sound management principles, and to the extent of its responsibilities, the adequacy of the Company's organization, internal control system, and administrative accounting system, and the reliability of the latter in representing business events. In addition, the Board of Statutory Auditors oversees the concrete implementation of the corporate governance rules stated in the codes of conduct published by operators of regulated markets or trade associations, with which the Company declares compliance by way of public disclosures. Finally, in accordance with current legislation, the Board of Statutory Auditors supervises the financial reporting process, the effectiveness of the internal control and risk management system, the statutory audit of the annual and consolidated accounts, and the independence of the audit firm, in particular with regard to the provision of non-audit services.

In performing its functions, the Board of Statutory Auditors coordinates with Internal Audit and with the Control, Risk and Corporate Governance Committee.

In accordance with the provisions of the "Rules of Conduct of the Board of Statutory Auditors of Listed Companies", the Board of Statutory Auditors conducts an annual internal review to make sure its members continue to meet the required qualifications and to assess its own work with respect to the activities planned.

HUMAN RESOURCES COMMITTEE

Appointed on 21 May 2020, the committee will remain in office for the entire term of the current Board of Directors. Consistently with the recommendation of the Corporate Governance Code, the Committee is made up of non-executive Directors, most of whom are independent.

Currently, its members are:

Name	Office
Simona Scarpaleggia	Chairperson of the committee - Independent director
Maria Pierdicchi	Independent director
Massimo Di Fasanella D'Amore di Ruffano	Director

The Human Resources Committee, pursuant to Recommendation no. 25 of the Corporate Governance Code, is responsible (among other matters) for periodically assessing the adequacy and overall consistency of the policy for the remuneration of Directors and senior executives, which must be functional to the pursuit of the Company's sustainable success. In addition to serving as a "remuneration committee", the Human Resources Committee also carries out tasks related to the organization and development of human resources and sets the guidelines for appointing the corporate body members of important subsidiaries.

CONTROL, RISKS AND CORPORATE GOVERNANCE COMMITTEE

Appointed on 21 May 2020, the committee will remain in office for the entire term of the current Board of Directors. Consistently with the recommendation of the Corporate Governance Code, the Committee is made up of non-executive Directors, most of whom are independent.

Currently, its members are:

Name
Chairperson of the committee - Independent director
Francesco Umile Chiappetta
Independent director

Member of the Committee from 18 November 2021 until resignation from Autogrill S.p.A.'s Board of Directors on 28 February 2022

The Control, Risks and Corporate Governance Committee is responsible for assisting the Board of Directors with due diligence, advisory and proactive functions in assessments and decisions relating to the internal control, risk management and corporate governance system of the Company and the Group, and the approval of periodic financial reports.

STRATEGIES AND SUSTAINABILITY COMMITTEE

Appointed on 21 May 2020, the committee will remain in office for the entire term of the current Board of Directors. Consistently with the recommendation of the Corporate Governance Code, the Strategies and Sustainability Committee is made up of non-executive Directors, most of whom are independent.

Currently, its members are: Name Office

Massimo Di Fasanello D'Amore di Ruffano Chairman of the committee - Director

Ernesto Albanese * Independent director

Barbara Cominelli Independent director

* Appointed on 10 March 2022 to replace Laura Cioli, who resigned on 28 February 2022

It has due diligence and advisory functions with regard to the Group's strategy and investment policy guidelines, and with regards to the sustainable business success, fosters the integration of sustainability within the strategies and culture of the Group, and assesses the stakeholder engagement activity and the periodic valuation of the Group's positioning on sustainability themes (including financial market analysis, sustainability ratings and indexes). Among its other duties, it reviews the CEO's proposals to be submitted to the Board of Directors on matters of:

- business strategies;
- multi-year plans and budgets for the Group and its strategically significant operating companies, as well as important transactions, expressing opinions and/or recommendations;
- annual budget and multi-year investment plans, updated and supplemented as necessary;
- the Group's investment policy and relative updates;
- specific investment projects of strategic and/or economic importance;
- sustainability guidelines.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Strategies and Sustainability Committee also monitors the implementation of the business strategies and investment programs approved by the Board of Directors.

COMMITTEE FOR RELATED PARTY TRANSACTIONS

Appointed on 21 May 2020, the committee will remain in office for the entire term of the current Board of Directors. In accordance with regulations, the Committee for Related Party Transactions is made up solely of independent Directors.

Currently, its members are:

Office

Coordinator - Independent director

Simona Scarpaleggia *

Independent director

Appointed on 10 March 2022 to replace Laura Cioli, who resigned on 28 February 2022.

Its functions are aimed at ensuring the transparency and the substantial procedure correctness of operations with related parties, in compliance with applicable laws and regulations.

POLICIES AND DOCUMENTS THAT GUIDE OUR ACTIONS

POLICIES AND DOCUMENTS THAT GUIDE OUR ACTIONS

ORGANIZATIONAL MODEL

Adopting an Organization and Management Model helps prevent the risk of unlawful conduct. As part of the broader corporate policy and culture of ethics and social responsibility, in order to ensure fairness and transparency in the conduct of the Group's business and activities, Autogrill has adopted an Organizational Model in line with the requirements of Legislative Decree 231 of 8 June 2001 ("LD 231/2001"), which requires policies and measures suitable for ensuring across-the-board legal compliance and eliminating corporate liability risks (the "Model").

The Model consists of a general part that describes the contents of LD 231/2001, illustrating offences that bring on administrative responsibility for an entity, the possible sanctions and the conditions for waiver of responsibility, as well as the Company's organizational and governance structure and the actions carried out to build, disseminate and update the Model; and a special part containing the "Protocols", i.e. all the regulations and conduct and control principles deemed suitable for governing the areas where a risk of potential offences being committed was detected, presupposition of administrative responsibility pursuant to LD 231/2001.

Overseeing the Model and its proper implementation is the responsibility of the Supervisory Board, which verifies its functioning and the observance of its rules, making sure actual conduct is consistent with the Model and recommending corrective action and disciplinary procedures against parties involved.

CODE OF ETHICS

This document contains the ethical principles and values that guide Autogrill in doing business. Autogrill is committed to the principles of loyalty, legality, and fairness, on which it has built its growth and success.

ANNUAL REPORT 2021

In pursuing these goals, in November 2002 Autogrill approved the Code of Ethics on which its operations are founded. The Code of Ethics sets the behavioural guideline of the Group. Its observance of this behavioral guideline is essential to the Group and extremely important for its functioning, reliability, reputation, and image and for the satisfaction of its customers. The principles it contains are the foundation for the current and future development of the Group's businesses and for the prevention of legal offenses.

The commitments described in the Code of Ethics concern everyone who interfaces with Autogrill: customers, employees, consultants, suppliers, competitors, and shareholders, who are all called in equal measure to protect the Group's image and integrity.

ANTI-CORRUPTION POLICY

In addition to the Model, adopted by Autogrill S.p.A. and its Italian subsidiaries, the Group has also adopted an Anti-corruption Policy, approved by the Board of Directors, which specifies the obligations and principles of conduct applicable to all Group companies. Through the Code of Ethics, the Group confirms its across-the-board commitment to reject and prohibit corruption under all circumstances, with public officials and private parties alike, and commits to observe anti-corruption laws in every country served. Group General Counsel is in charge of monitoring proper enforcement of the Anti-corruption Policy, while the local Legal Counsels monitor its implementation and enforcement by the companies in the Group.

Group companies and all personnel must report any infringement (or reasonable suspicion of infringement) of the Anti-corruption Policy and/or anti-corruption laws, using the Group's whistleblowing system.

All new hires, during the induction or onboarding phase, are informed of the standards of conduct to be followed on the job in accordance with the Code of Ethics. In some countries the Group offers specific trainings and information sessions on anti-corruption and ethics, as well as targeted trainings on individual pieces of legislation. This latter includes, in Italy, training every three years in the Model (since 2019 this has been part of the "School of Excellence" program for new managers and future store managers), and in North America and the International area (for higher-risk

positions), training in the Foreign Corrupt Practices Act (FCPA), a legal corpus with rules to prevent American companies from bribing foreign public officials in order to create or maintain business relationships.

TAX RESPONSIBILITY

With tax responsibility becoming an area of increasing scrutiny, Autogrill has strengthened its overall management of fiscal risks through the implementation of a Tax Control Framework. The aim is to define new roles and responsibilities, formalize internal regulatory tools, and create new information and reporting flows, but above all to implement a routine process of identification, evaluation and management of tax risks, using testing and other innovative tools to ensure constant monitoring and provide assurance of the operational effectiveness of controls.

Currently in the development phase, the project will improve and formalize the current policy of tax transparency and full compliance with the tax laws in effect in the countries where the Group operates.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

For three-year period 2019-2021, Autogrill S.p.A. followed the tax consolidation regulations of the ultimate parent Edizione S.p.A., as permitted by the Consolidated Income Tax Act (Regolamento di Consolidato Fiscale). Under those regulations, the Company is also part of the fiscal subconsolidation with the other Italian subsidiaries, which for IRES (corporate income tax) purposes only, involves the settlement of accounts receivable or payable with the Parent company Autogrill S.p.A.

Note that country-by-country reporting has been transferred to the ultimate parent, Edizione S.p.A., which is responsible for filing with the Italian tax authorities.

OTHER DOCUMENTS

The consolidated non-financial statement includes detailed descriptions of other policies and guidelines that govern the Group's actions, such as the Whistleblowing Policy, the Sustainability Guidelines, and the Diversity, Equity & Inclusion Policy. For further details, see the "Approach to sustainability" section of the consolidated non-financial statement.

ANNUAL REPORT 2021

RISK MANAGEMENT AND CONTROL SYSTEM

Risk, defined as the possibility that an event will hinder the achievement of the Group's strategic objectives, with impacts on operating activities, reputation and economic-financial metrics, is inherent to all activity and is thus an integral part of the Group's business. Understanding and managing risk factors and opportunities therefore means making the best-informed decisions and reducing the volatility of strategic goals, while increasing the long-term sustainability of the Group's performance and strengthening its competitive edge as a means of safeguarding Group's value.

According to the Committee of Sponsoring Organizations of the Treadway Commission (CoSO), through the Enterprise Risk Management ("ERM") model, management is able to establish an acceptable level of risk on the basis of which it can evaluate strategic alternatives and set their objectives. ERM, through a rigorous methodology that also includes impact measurement, helps identify the most appropriate response to the identified risk, thus increasing the Group's ability to reduce the frequency of unforeseen events and the consequent costs and losses. The risk management model also allows to identify and take advantage of the many opportunities to develop the Group's business and improve the capital deployment.

The Group's ability to make informed decisions that take risk into account is not only a factor of competitive success, but also a driver of medium- and long-term sustainability based directly on the Group's risk management approach. To that end, Autogrill has implemented an ERM model for the identification, measurement, management, and monitoring of risks and opportunities, with a proactive approach integrated with company processes that strengthens the management and governance of risk and allows management to deal effectively with uncertainties and the consequent risks and opportunities, thereby improving the Group's capacity to generate value over time.

AUTOGRILL'S RISK MANAGEMENT MODEL

Autogrill's risk management model is aimed at supporting the organization in its strategic decision-making process and business operations, thanks to the proactive identification and the management and measurement of risks that may affect the Group's ability to achieve strategic objectives and to effectively execute its business operations.

The Group's ERM is based on a global approach that addresses all potential areas of risk and opportunity, focusing on the most significant ones in terms of possible impacts on the achievement of strategic objectives or on the value of the Group's assets.

The Group Enterprise Risk Management unit ("ERM Unit") promotes awareness of the market environment and exogenous risk factors that may influence the Group's future planning, strategy and performance. The ERM function uses statistical methods to predict risk scenarios and in particular to forecast trends in passenger traffic within the geographical areas and transport channels of interest, and periodically updates management on these forecasts.

The risk management process, the risk taxonomy, and the main statistical, modelling and financial risk simulation tools, an integral part of the Group's ERM methodological framework, are detailed below.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

RISK MANAGEMENT PROCESS

The risk management process can be effectively summarized in the following phases:

Risk Measurement

identification of the risks and opportunities and the potential events causing them
quantification of the impact in case of occurrence of such events
actions to prevent the occurrence and/or mitigate their impact
monitoring of events/scenarios and implementation of mitigation plans

IDENTIFICATION

The risk management process begins with the sharing of the analysis of passenger traffic trends in the geographical areas of interest (based on analyses conducted by the Group Advanced Analytics Datalab@Autogrill) and the factors that may significantly affect the normal evolution of traffic, as well as the analysis of the main country-by-country exogenous risk factors (macroeconomic, technological, environmental, demographic, social, and geopolitical) periodically carried out by Group ERM.

: TRAFFIC FORECAST

! The short- and medium-term forecast of passenger traffic trends in the regions of main i interest to the. Group is prepared with support from the Group Advanced Analytics I | Datalab@Autogrill in order to periodically assess significant disalignment from [i existing projections. '

| Statistical forecasting makes use of regressors that are both macroeconomic (GDP per ; capita, demographics, inclination to travel, CPI, unemployment, trade index) and local/ ; channel-based in nature. j

Subsequently, through the structured Operational Risk Assessment process coordinated centrally by Group ERM, the managers of the business units identify and qualify the individual risks in terms of impact and probability (risk identification phase). The risks are treated as the realization of an unforeseen event, caused by an exogenous or internal risk factor. The ERM methodology distinguishes adverse events, which always have a negative impact and could therefore affect the Company's ability to successfully implement its strategy and achieve its objectives, from risk-opportunity events, with both a negative and a positive potential outcome.

Autogrill's Integrated Risk Model includes different types of unforeseen events organized into risk macrocategories and subcategories, which make up the Risk Registry, a central tool for the Risk Assessment process which the managers of the business units help create and periodically revise.

■ The Autogrill Group's Enterprise Risk Management Model breaks down risks into six macrocategories, catalogued in the Risk Registry, a structured classification of the risks to which the Group is exposed. The six categories are as follows:

• Strategy risks, which are those stemming from relationships with landlords, customers, partners, and brand owners; the tendering process and the competitive landscape; M&As within the industry; the development strategy in each area, in the airport and railway channels, for Western regions, and in developing economies; reputational issues; marketing strategy and digital innovation.

• Financial risks relating to the Group's financial condition, debt, covenants, and the volatility of financial performance indicators.

• Governance and compliance risks. The mitigation of legal and compliance risks is part of the work performed by the "First level control" apparatus.

• Operational risks, which are those stemming from business processes: human resources, operations, business continuity, safety, workforce management, training, supply chain, logistics, product and service development, | planning.

• IT, data, and cybersecurity risks as the impact of cyberthreats and data breaches on the Company's core systems and the sensitive data of customers, the business, and the IoT, as well as the malfunctioning of IT systems critical to business continuity and the locking of suppliers and critical systems.

• The sixth category, added in 2021, is ESG risk relating to energy transition, sustainability policies, and Group processes designed for the achievement of ESG targets.

AUTOGRILL 6 MACRO-CATEGORIES OF RISK

Risks connected to liquidity, financial market and credit

FINANCIAL

Risks related to IT systems malfunctions, IoT and to the exposure to data breaches and cyber attack

Risks related to the potential exposure to legal and economic sanctions driven by the evolution/amendment of laws and regulations

Risks related to changes in the business sector and/or wrong management decisions.

improper implementation of the strategic plans, poor reactivity to sector changes

ESG

Risks connected to the impacts generated by natural disasters, climate change and social events

Once risks have been identified, the Risk Measurement phase quantifies their impact in case such events take place. The main objective is to assess the severity of each risk, considering the likelihood that the event will occur over a specified horizon, and its impact, i.e. the estimated effect on strategies, economic and financial factors, the Group's image and reputation, the environment, health, and social security.

To quantify risks effectively, the ERM model uses scenario analyses that look at the worst-case scenario, the baseline scenario, and the best-case scenario for every identified risk, to identify how the risks may materialize, the entities affected by their impact, and any issues that may change how the Company pursues its goals.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Also, Monte Carlo simulations are implemented to determine the probability distribution of the impact of a combination of multiple risks on the single financial dimension for each Business Unit of the Group..

Having identified and measured the most significant risks for the business, management devises an effective response plan in order to develop all necessary countermeasures (Risk Response phase). In this sense, the Group can take actions to prevent and/or reduce the likelihood of occurrence of potentially risky events, actions to mitigate their impact, and actions to reinforce monitoring plans.

Finally, the Group's ERM model provides for the process of monitoring and identifying the actions of the mitigation plans (Monitoring phase). The main objectives of the risk monitoring and mitigation phase are to assess the status/effectiveness of any action plans implemented, to periodically review the severity of the risks previously identified, including through the analysis of events occurring after the risk assessment, and to identify new risks that might affect performance and business development. To complete the monitoring phase effectively, the Group uses key indicators built for

specific clusters of risk, which send an alert when the indicators fall below pre-determined minimum thresholds.

! CLIMATE CHANGE RISKS AND OPPORTUNITIES

; Autogrill knows that the distribution of goods has an impact on the environment. Over j
I time, it has developed technical monitoring and management capabilities in order to j
i reduce its greenhouse gas emissions and minimize the climate risks to which its
' business is exposed.

i The retail and food & beverage sectors face physical and transition risks from climate j
I change with direct or indirect repercussions on its operations, goods, customers, and j
j employees, and with consequences for its financial position. j

■ The physical risks mainly concern agricultural output, with negative effects on crop j i yields and livestock production. As such, physical risks
may involve the interruption of

supply chains (including the provision of raw materials) and production processes.

! Physical risks can also take the form of natural disasters (e.g. earthquakes and floods),
I which may impact supply chains and the Group's own operations. Transition risks refer ;

■ to the possible introduction of carbon prices on the direct emissions of livestock farms, I
! agriculture, and production and transformation activities, but they can also manifest as j
i higher raw material prices (due to effects on crop yields) and energy costs, especially for !
j energy-intensive production processes. Uncertain weather conditions can also have an j
j impact on customer behavior and on the demand for certain products. |
j

!■ This enormous challenge presents many new opportunities that the Group is ready to | ; embrace through its strategic ESG initiatives. j

RISK GOVERNANCE AND ORGANIZATION OF THE GROUP ERM UNIT

BOARD OF STATUTORY AUDITORS

GROUP INTERNAL AUDIT

CEO

CONTROL, RISK AND CORPORATE
GOVERNANCE COMMITTEE

**GROUP CFO
(AFC. BUDGET & PLANNING)**

BUSINESS UNITS MANAGEMENT

Body

Board of Directors

Role

Supervision and guidance

Design, implementation and maintenance

Identification, assessment and management

- Identifies and assesses pertinent risks
- Defines strategies and response plans
- Ensures that risks are managed in keeping with Group guidelines and policies
- Facilitation, methodological support, statistical forecasting, quantitative analysis of financial risk, coordination and reporting
- Provides statistical forecasts of passenger traffic by geographical area (with assistance from the Group Advanced Analytics Datalab@AutogriI)
- Identifies and informs about the main exogenous risk factors, e.g. macroeconomic, technological, so-cial, and geopolitical, by supplementing and tailoring the analyses of major research institutions to the Group's circumstances
- Coordinates the risk analysis and management process
- Develop the analysis of the Group's financial risk through the Financial Risk Assessment and Monte Carlo simulations
- Promotes the awareness and knowledge of risk factors within the Group
- Ensures consistency of method within the Group
- Periodically monitors the Group's exposure to risks and the implementation of mitigation plans (residual risk)
- Prepares reports for Management and internal control bodies

Board of Statutory Auditors Supervision

Group Internal Audit Assurance

Due diligence and recommendations to the Board of Directors

Enterprise Risk Management ensures the uniform identification, measurement, and management of risks by the Group's different organizational units. The entire organization contributes proactively to the management of risks, promoting a risk management culture that can permeate all of the Group's environments and support strategic decisions.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Each business unit is directly responsible for identifying and assessing potential risk factors and for defining response strategies. In this context, the ERM unit plays a central role of coordination and support for the Business Unit managers, providing methodology, monitoring, and opportunities for dialogue and ensuring a uniform approach throughout the Group. For the Board of Directors, the ERM unit is also instrumental in determining whether a given level of risk is acceptable in light of the Group's objectives.

Mitigating factors

MARKET CONTEXT, MACROECONOMIC AND GEOPOLITICAL FACTORS AND INFLATION

Given AutogriI's particular exposure to trends in passenger traffic, in 2021 the business was affected by the ongoing Covid-19 pandemic, which caused passenger traffic to be highly volatile and made it more complex to plan store operations (reopenings) especially in the first half of the year.

In parallel with the gradual rebuilding of passenger traffic, in the second half of 2021 new exogenous risk factors came onto the horizon, including:

- rising inflation with the risk of higher raw material and labor costs, leading to a significant erosion of margins;
- the sluggish post-Covid labor market, with a reduced workforce and low unemployment rates causing worker shortages in the industry;
- the heightening of geopolitical tensions between China and the United States and between Russia and NATO, with the risk of a slowed economic recovery, the militarization of cyberspace, and in the medium term, the beginning of a "deglobalization" with a structural decline in personal interregional mobility;
- an increase in the severity and frequency of cybercrime, as better explained in the dedicated section, which threatens the Company on several fronts: business continuity, the risk of ransomware, and reputation and compliance risk in the event of a data breach;
- the energy transition and sustainability, which will transform people's mobility and consumption style in the coming years, creating risks and opportunities for the Group.

The growing geopolitical tension in Europe, which led to the Russian Federation's invasion of Ukraine in early 2022, adds new uncertainties that may directly and indirectly affect the channels served by Autogrill.

- Direct impact on traffic: the EU's decision to close the airspace from and to Russia and to prevent Russian airlines from flying has a limited impact on Autogrill's business. The no-fly zone around Ukraine, as a result of the conflict, reduces traffic from and to Western Europe by 0.6%. The total volume of traffic between Russia and Western Europe accounts for 1.52%⁽¹⁾.

Given the breadth of the pandemic and its persistence over time, many of the mitigation efforts made in 2020 were confirmed and extended to 2021, although in gradually reduced form or, thanks to a learning curve for the entire chain of partners, suppliers, and customers, with a lesser impact on the business.

The risks were mitigated mainly by:

- focusing strongly on all matters related to the safety of workers and consumers, with the prompt enforcement of all safety standards put in place by individual countries (regular disinfection of the premises, provision to employees of all personal protective equipment required by local regulations);
- defining an ad hoc communication strategy for customers, employees, and the market, informing them of the measures taken to protect workers and the public;
- arranging for the systematic sharing of actions proposed by management with the Boards of Autogrill S.p.A. and its subsidiaries;
- the actions of the Crisis Committee, formed following the pandemic, to manage business continuity and monitor the Group's financial position;
- renegotiating contracts with landlords, in some cases by invoking special clauses (e.g. force majeure);
- monitoring all support measures implemented by the governments of the countries where the Group operates, in order to take due advantage of them in the interests of keeping workers employed;
- studying new commercial offers more closely related to consumer safety and the use of digital technology (including the improvement of grab'n'go services and digital payments);
- taking measures to optimize the deployment of resources to the more heavily trafficked stores;
- streamlining and simplifying the hiring process as domestic airport traffic resumes in North America;
- refinancing loans and capital increase in order to strengthen the financial structure and have more resources available for future investments, as the Group continues to grow and innovate. Additional details provided in the Director's Report and Notes to the financial statement;

⁹ Source: Oxford economics and IATA

ANNUAL REPORT 2021

Strategic risks

- Decreased purchasing power: inflation in Europe, already high at the end of 2021, is expected to rise further as a consequence of the war and the sanctions imposed by Europe and the United States, with even greater increases in the energy and food industries. The loss of purchasing power could have a significant impact on leisure traffic and consumption by travelers, in particular of food and drink, although in the short term this might be offset by the savings accumulated during the pandemic and the growing demand for travel after two years of restrictions.
- Indirect impact in the form of rising gas prices and airfares and hesitation to travel: the increase in oil prices may lead to more costly airfares. In the short term, airlines may compensate for this with the recovery of load factors post-pandemic, which might limit the effect on consumer prices. The scenario of a prolonged war scenario could increase hesitation to travel, slowing the positive trend observed since the second half of 2021.
- Side effects of the sanctions on the European social and economic system occurring mainly through financial system exposure, which may bring fragility to the lending apparatus and slow down post-pandemic growth; the economic system, especially in Europe, is also exposed to the weakness of the energy supply which in some countries depends on Russian natural gas for nearly half the national energy requirement. On the other hand, the direct impact on GDP for exports is relatively limited since exports were already reduced as a result of the Crimean war in 2014. According to preliminary estimates, the EU's economic recovery over the next 3 years should be around 0.9 -1.5¹⁰ points lower than previous forecasts. The risk of strong financial system volatility may cause difficulties for investments in the real economy. If the war drags on, additional sanctions could cause a more profound slowdown in economic growth and lead to a significant loss of traffic within Europe, compounded by a

decrease in purchasing power (inflation) and a drop in demand due to hesitation to travel on intercontinental routes, especially for inbound European flows (tourism).

- Humanitarian risk: the risk from the flow of refugees has an indirect impact on Autogrill, aside from the health risk stemming from lower vaccination rates against Covid-19. In case of a prolonged conflict and a massive flow of refugees (on the order of 4-10 million) from war zones to Western Europe, the risk would be transmitted mainly through political instability and the economic costs of assistance.
- Widening of the conflict: any extension of the war to Ukraine's neighboring regions (Moldova/Transnistria in particular) or other areas (Balkans/Serbia/Kosovo) could lead to incidents with NATO countries (Romania and Poland are highly exposed) and the potential escalation of the conflict, with uncertain outcomes and the potential use of a tactical if not strategic nuclear arsenal. The time scale in this case would be compressed

Mitigating factors

- engaging in extraordinary business disposals (disposal of the US motorway operations; see the Notes to the financial statements for details);
- optimizing credit facilities in order to shore up the erosion of cash and the stability of working capital.

Statistical tools were also used to predict how the pandemic would evolve and its impact on geographies and traffic channels relevant to the Group's business, with a view to constantly measuring the short- and medium-term operational and financial risks (scenario analysis and Monte Carlo simulation).

The Group, which has a very limited direct exposure to Russia, is constantly monitoring the war between Russia and Ukraine and is following the instructions and directives of the European Union and its partners in order to comply with the sanctions imposed and to protect the business and the safety of its operators and customers.

10 Source Oxford Economics

40

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Strategic risks

Mitigating factors

and events would accelerate (days, hours). The risk for Autogrill is part of the general risks of a wide-scale conflict. The involvement of strategic facilities like nuclear power plants in Ukraine and neighboring territories could lead to ecological disasters with an impact on human life and mobility.

CONCESSION CONTRACTS

Most of the Group's operations are conducted under long-term contracts, awarded through competitive bidding, that grant it the right to operate in designated areas of airports, motorways and railway stations. Concessions are therefore fundamental to the Group for achieving its strategic goals.

Risks in this area concern:

- the Group's ability to renew concessions and win new ones;
- the risk that contracts will be less profitable than expected at the time they were awarded, which would reduce the return on investment given that many contracts include an obligation to pay minimum annual guaranteed rent (MAG) regardless of the revenue earned;
- the possibility that contracts will be terminated or otherwise cease to be valid for various reasons-some of them beyond the Group's control-such as cancellation by the authorities or the courts, the loss of permits, licenses or certificates required by national laws, or counterparties' failure to obtain approval in the case of extraordinary operations;
- any clauses that place limits on the Group's management of local operations and prevent it, for example, from adapting menus or commercial practices to customers' changing needs and preferences;
- the option generally given to concession grantors, even without breach of contract by the operator, to change certain conditions unilaterally (and sometimes without compensation for the operator) by invoking public interest or safety;
- the effect of the pandemic-related decline in traffic on the value of concessions in terms of the ability to intercept and capture traffic, with the consequent overvaluation of fixed concession fees and MAG. The risk translates into an imbalance between the amount of rent agreed before the pandemic and the current situation faced by the food & beverage and travel industries.

The Group mitigates these risks by following an approach aimed at building and maintaining a collaborative partnership with landlords, based in part

on the constant development of innovative concepts and commercial solutions that aim to improve infrastructure efficiency and reduce its environmental impact, in the interests of both parties and also of the public.

In 2021 the Group continued its efforts to confirm, where necessary, new terms and conditions for existing concession contracts. These efforts produced different results at the Group level, including (i) discounts on rent (or the waiver of minimum annual guaranteed rents (MAG) clauses); (ii) more flexible terms linked to results and passenger traffic; and (iii) an extension of lease durations.

BRANDS AND CONCEPTS

The Group operates through proprietary brands and concepts as well as many owned by third parties, which range from local favorites to international household names.

The main risk mitigation factor is the breadth of the Group's portfolio, which limits its dependence on any third-party brand.

There are teams dedicated to keeping menus up-to-date

41

ANNUAL REPORT 2021

Strategic risks

The main risks concern:

- the loss of significant partnerships or the inability to strike up new ones allowing the Group to attract customers with concepts and brands;
- the decreased attractiveness of concepts or brands in the portfolio, both of which could affect the ability to compete for new contracts and therefore to achieve growth targets.

Mitigating factors

through the development of new concepts consistent with emerging trends, the monitoring of up-and-coming brands, and the ongoing review of partner brands, so that the most innovative and attractive brands the market has to offer are always in the Group's portfolio.

Finally, this risk is mitigated by the Group's emphasis on building and maintaining good relationships with its most important partners whose brands enjoy the widest popularity.

COMPETITION

The travel food & beverage industry has been among hardest hit by the pandemic, resulting in a somewhat flattened competitive landscape.

Companies with greater financial resources that were quicker to adapt to the new circumstances have proved to be more resilient, while newer and/or smaller operators or those with less solid finances before the pandemic now risk extinction or absorption by other entities.

The current market rewards better structured players that are more able to seize opportunities for growth (organic or external), to the detriment of less structured and/or slower-reacting companies.

The prompt restructuring of its financial position and the measures taken to reduce running costs have allowed the Group to react well to the crisis. Autogrill carefully monitors market trends in order to grasp new investment opportunities, wherever feasible.

At the same time, the Group is always careful to uphold its reputation with landlords, which is an important factor in the awarding and renewing of concessions.

To that end, the Group's broad range of proprietary and third-party brands, both local and international, enable it to compete successfully for commercially viable and profitable locations.

In addition, the Group's solid response to the crisis sets it apart as a reliable, sought-after tenant for landlords who as a result of the pandemic are increasingly attentive to financial solidity and business continuity in addition to brand quality, service, and technical capability.

The Group also has a system for analyzing industry and channel trends so it can monitor its market position at all times.

Finally, it uses a proactive model to assess business development initiatives, analyzing the strategic rationale and main risks and opportunities with the aim of responding quickly to the best opportunities for growth (internal or external) and for the creation of value for its stakeholders.

INNOVATION

The Group's ability to maintain a constant process of innovation for its products, concepts and services allows it to react promptly to changes in the consumption habits and tastes of its clientele and is therefore key to increasing the satisfaction of customers and concession grantors.

The risk is that this ability would be diminished, especially given the greater speed with which new trends take root. COVID-19 has aggravated this risk, by requiring businesses to anticipate what the new market trends will be and how

The Group mitigates this risk by:

- monitoring performance (quality of service, positioning, attractiveness of menus and of the brand and concept portfolio);
- continuously revising menus in terms of products, concepts and services, while adapting to the latest technologies and the digital world. Special efforts have been made to offer an easier, safer experience for travelers, such as grab'n'go products and digital ordering and payment services;

42

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Strategic risks

travelers' habits will evolve. Themes such as healthy, environmentally conscious food choices have been joined by new challenges regarding product safety and the protection of consumers through reduced interpersonal contact and social distancing, in accordance with public health measures aimed at containing the spread of the virus.

Mitigating factors

constantly updating the portfolio of partner brands to offer the most attractive, innovative names available on the market;
developing customer retention initiatives and client satisfaction analyses;
training workers periodically to ensure high standards of service.

REPUTATION

The outbreak of the pandemic highlighted the risk of in-store contagion that can compromise the safety of employees and customers. If not dealt with in a timely manner, such a risk can also hurt the Group's image.

The second risk factor affecting reputation, which increased in 2021, is cyber risk in general and more specifically the risk of data breaches. The theft of data pertaining to the business, customers, employees, partners, and suppliers, the potential leak and online publication of such data, or the use and abuse of such data outside the relationship with the Group exposes Autogrill to a strong risk of loss of image and violation of data protection laws.

It is important to protect our reputation with all stakeholders: customers, landlords, and licensors. An operator's reputation is an important factor in the tendering and renewal of concessions. Serious reputational damage entails the risk of:

- making the brand less attractive to customers;
- harming relationships with landlords and licensors;
- threatening contract renewals.

The causes stem primarily from the perceived deterioration of service, an inability to satisfy contractual commitments with grantors and licensors, and an inability to let the business model evolve in response to stakeholders' expectations of social and environmental sustainability.

Loss of reputation can also have indirect causes beyond Autogrill's control. In Italy, the fact that many travelers use the Group's name to refer to highway rest stops in general ("let's stop at the autogrill") may expose its operations in the motorway channel to reputational risk caused by any shortcomings in competitors' services that are mistakenly attributed to the Group.

For operations involving the sale of third-party brands under license or commercial partnerships (a model used widely in emerging markets), any reputation damage suffered by the licensor or partner may expose Autogrill to a potential loss of business due to factors beyond its control.

The widespread and ever growing use of online channels (websites, social media, etc.) is a powerful communications tool because large numbers of people are reached very quickly, but it also means that false or defamatory news can be magnified.

The Group constantly monitors its quality of service with respect to customers (perceived satisfaction and product safety), landlords (quantitative and qualitative parameters set out in the contract) and licensors (observance of operating and development standards); for the largest and most sensitive brands, this includes brand champions hired by headquarters and assigned to support local teams. In addition, suitable brand protection measures are taken in Italy if unpleasant experiences are wrongly attributed to Autogrill.

The Group's commitment to social and environmental sustainability is clear from the values espoused in its Code of Ethics.

On environmental issues, it works to promote responsible behavior in the conviction that protecting individuals and the environment is a global priority for people, businesses and institutions all over the world.

With a strong focus on safety issues, for events caused by Covid-19 infection the Group follows all government directives and protocols.

To protect its web reputation, Autogrill has implemented specific policies designed to regulate interaction with the web community and to govern crisis management procedures.

It also engages regularly in forms of commercial, television, and social media communication to reassure the public and draw attention to the high safety and personal protection standards the Group has adopted to keep employees and consumers safe. The systematic communication of its pandemic response has also been a constant in the investor relator activities that keep investors and shareholders up to date.

43

ANNUAL REPORT 2021

Strategic risks

DEVELOPMENT IN EMERGING MARKETS

The Group operates in various emerging markets through partnerships with local operators that in some cases require their active participation in store management.

In addition to the typical risks of such markets, it is possible that local partners will fail to meet their contractual obligations including in terms of the operating standards needed to ensure satisfactory quality and service, which could affect the Group's profitability and reputation.

In general, the pandemic and the resulting global crisis have changed the expectations of rapid expansion in certain geographical areas.

Southeast Asia and the Pacific, which have been part of the Group's International growth strategy, have suffered a severe loss of revenue and a lesser capacity for recovery in 2021 than Western countries. These areas were hit especially hard by the strict "zero Covid policy" mandated by China (but also Australia and New Zealand, which are connected to these regions by airport traffic); the sluggish vaccination campaign; and the drop in international leisure traffic towards the most popular tourist destinations, which are hugely significant in certain regions both for their impact on national GDP (Thailand, Malaysia) and for traffic volumes.

Going forward, emerging markets are still a profitable area expected to see swift economic, demographic, and per capita wealth expansion in the coming years, and a potential for non-linear growth in airport traffic that is difficult to reproduce in mature western economies.

Mitigating factors

The Group pursues and favors contracts that leave it in control of operations and commercial aspects. In any case, Autogrill is entitled by contract to perform audits ensuring compliance with service and quality standards. The spread of Covid-19 in emerging markets has caused the Group to take a prudent attitude to various countries.

HUMAN CAPITAL

Autogrill believes that a transparent policy of responsibility to its employees gives it a competitive edge, because employees are the Group's human capital: the wealth of skills, competencies and qualifications that make it stand out.

Therefore, any lessening of the Group's ability to attract, motivate and retain key employees would make it vulnerable to losing personnel with relevant expertise.

Furthermore, although Autogrill promotes behaviors that value the dignity and protect the rights of all individuals from the selection process throughout their careers, it cannot rule out the risk of discriminatory conduct in the workplace, which could damage the working environment, affect employee retention and harm its reputation.

Issues of gender diversity are discussed in the ESG risks section.

To mitigate these risks, the Group:

- uses bonus systems designed to reward employee dedication and success, thereby fostering a sense of belonging, and follows salary policies that ensure constant comparison with multinational and Italian companies in the consumer goods industry whose complexity, distribution intensity and capital expenditure are comparable to the Group's. To foster fairer treatment among its companies, the Group distributes international guidelines on various aspects of compensation, while fully respecting national laws and local differences. It also adopts policies and initiatives designed to motivate and retain talent;
- provides dedicated phone lines or email addresses in most of the countries where it operates, to receive any complaints of behavior that does not live up to its standards of fairness, integrity, transparency, honesty, ethics and legality. It has also created a European platform as a direct means of drawing attention to any

44

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Strategic risks

Mitigating factors

conduct inconsistent with the Group's Code of Ethics, but also of signaling excellent behavior, while ensuring the confidentiality of information and the privacy of individuals;

- develops specific training opportunities and initiatives to develop and fine-tune soft skills and meta-skills, so employees can build their professional and interpersonal qualifications;
- follows a human resource management policy based on principles laid down in the Code of Ethics, which encourages the Group to instill good relationships with its employees and help them develop their skills and abilities;
- is committed, as enshrined in the Code of Ethics, to promote a safe, healthy, and non-discriminatory workplace that lets everyone reach their potential.

To protect its people, the Group follows the strictest international protocols for the protection of individuals who work indoors in contact with the public. On this note it has taken all appropriate measures to ensure safety during working hours.

Financial risks

Regarding the management of financial risks, consisting mostly of interest rate, exchange rate and liquidity risk, see the financial risk management

section of the Notes to the financial statement.

Mitigating factors

Autogrill manages its financial risks by defining Group-wide guidelines that inform financial management of its operating units, as part of an overall policy of financial independence.

In financial and strategic planning, Group Enterprise Risk Management - in close collaboration with Group Advanced Analytics (Datalab@Autogrill) - provides statistical forecast scenarios of the main factors that might influence business performance, such as vehicle and passenger traffic; this aims to determine the maximum expected oscillation of traffic by channel within a given range (90% confidence interval), and identifies the worst-case scenario, the best-case scenario, and the most likely (base) scenario on which to position the baselines of financial projections. Such projections contribute to the assessment of the Group's financial resilience for the coming years.

The Finance department ensures that the financial risk management policies are harmonized, identifying the most suitable financial instruments and monitoring the effectiveness of the policies followed.

The Autogrill Group does not allow the use of speculative derivative instruments.

Actions have been taken to periodically monitor working capital on a country-by-country basis, with daily estimates of revenue and weekly estimates of the main outflows.

45

ANNUAL REPORT 2021

Financial risks

Mitigating factors

In 2021, in addition to the strengthening measures described in the "Market context, macroeconomic and geopolitical factors and inflation" section, the Group's capitalization was strengthened through:

- a capital increase of €600 million, approved on 25 February and finalized in early July 2021;
- a new five-year credit facility of up to €1 billion, used primarily to pay down debt and improve the Group's financial flexibility, in continuity with its corporate finance transactions;
- the disposal of the US motorway business, which generated positive cash flow of €322.7 million.

See the "Group performance" section and the Notes to the financial statements for more details.

Mitigating factors

COUNTRY-SPECIFIC

Business may be interrupted briefly or for longer periods, generally as a result of uncontrollable events such as:

- pandemics;
- biological risks, natural disasters and weather emergencies;
- acts or threats of terrorism;
- hostilities or wars;
- strikes;

- political instability. Such events could:
 - involve Autogrill locations directly and force them to close;
 - halt or significantly reduce traffic;
 - hurt critical points of the supply chain (suppliers or partners interdependent with Autogrill);

- damage or affect the functioning of IT systems and network infrastructures that support key business processes.
- To mitigate this kind of risk, the Group has security and prevention systems and emergency management plans specific to each type of event.

Autogrill has Group-wide and local policies with major insurance firms, which include coverage for "material damage and interruption of business" and for "third-party liability".

In addition, many concession agreements protect the Group against infrastructure closures (and therefore business interruption) caused by force majeure.

LABOR

Labor is a significant factor for the Group, whose business has a strong customer service component. The need to keep service quality up to customers' and landlords' standards, and the complexity of regulations in the many countries served by the Group, give it less flexibility to manage its workforce.

The main risk is a significant increase in the cost per employee, as a result of labor market trends caused by the economy or government regulations, with a consequent decline in productivity. For example, the recent "living wage laws" enacted in some states of the US increase minimum wages and will continue to extend gradually to other states in 2022.

The human resource management policy is based on principles laid down in the Code of Ethics, which encourages the Group to instill good relationships with its employees and help them build their skills and abilities.

The risks in question are mitigated through the constant review of operating procedures, including the incorporation of digital technologies, to make the best, most efficient use of labor by matching skills to the tasks at hand.

The Group has systematically monitored the relief measures that states and governments have offered to support jobs during the pandemic, with the aim of taking all

46

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Operational risks

Another risk relates to the difficulty in recruiting personnel, at a time when unemployment rates have returned to pre-pandemic levels and the lack of demand for jobs contrasts with an increase in vacancies as companies in various sectors, including those where the Group is active, attempt to ride the post-pandemic recovery. This could lead to an increase in wages as a means of attracting new workers, and may also affect conversion capacity due to a reduced capacity for service in comparison with pre-Covid periods.

QUALITY, HEALTH AND SAFETY

Autogrill's industry is highly regulated in terms of operating practices and worker and customer health and safety. This applies to personal protections and product quality, from raw materials to the finished product, through the use of proper food preparation processes and quality ingredients in compliance with all local regulations and accepted standards of food and environmental safety.

Any violation of or non-compliance with these complex norms at the local, national or supranational level, as they apply to concession operators or companies in the oil business, may not only expose the Group to lawsuits and civil or criminal penalties but could also diminish its reputation.

The outbreak of the pandemic has exacerbated this risk and required the food & beverage industry to adopt even higher standards of personal safety and protection.

Mitigating factors

available opportunities to reduce economic and social hardships for its workers and their families.

The Group has streamlined its hiring procedures to allow for a faster ability to recruit new workers and reduce the impact of the labor shortage in the current market.

The Group has set up region-wide quality assurance systems to ensure high standards for all its products and services. These are based on risk assessment processes for raw materials, products and their suppliers to measure compliance with quality standards defined by the company following the HACCP procedures; on systematic monitoring and control using specific KPIs; and on verifying the effectiveness of these measures through different kinds of audits conducted periodically by internal and external industry professionals.

The Group has always been committed to the highest standards of health and safety for its employees, primarily through the ongoing review of policies and procedures, but also through technical improvements, constant technology upgrades, personal protective equipment, and training on the job.

The Group also complies with the highest international safety standards in terms of COVID-19 transmission, even where not required by local laws, such as the periodic sanitization of workplaces, the provision and constant replacement of all medical devices required by law, and the installation of plexiglass barriers.

In almost all countries served, the Group has set up health and safety committees involving management and workers' representatives (depending on each country's policies), to monitor compliance with laws and regulations and take steps to reduce, if not eliminate, the risk of accidents.

There is also a monitoring system that constantly audits the quality of service with respect to customers' expectations contractual/legal requirements, as well as the controls in place with regard to reducing accidents in the workplace.

SUPPLY CHAIN

The main risks associated with the supply chain are as follows:

- events that might interfere with the proper functioning and continuity of the supply and logistics chain, hindering the Group's ability to provide a complete, balanced and effective assortment that meets the expectations of customers;

The Group has contingency plans to make sure its locations are suitably stocked, including by providing support to strategic suppliers that have been hard hit by the pandemic crisis. To put these suppliers on more solid ground, where necessary, business terms have been revised with a particular focus on payment times.

47

ANNUAL REPORT 2021

Operational risks

- the impact of high inflation, which began in 2021 with pressure on semiconductors and utilities and then gradually extended to the raw and semi-processed materials used to prepare menu items, with a consequent increase in sourcing costs; the potential erosion of margins as inflation is absorbed to a lesser degree.

The general crisis and its effects on demand have slowed down, or in the worst cases halted, production by certain suppliers. The risk inherent to this situation is that the Group's locations will not be adequately stocked. The impact is further magnified if such problems affect suppliers of products that are not easily replaced, logistical service providers, or vendors to which the Group is highly exposed.

Rising globalization has also raised the risk that suppliers will not adopt socially responsible behavior in their commercial dealings or will ignore international standards and principles on matters of personal dignity, working conditions, and health, safety and the environment.

For additional details on the impact of the conflict between Russia and Ukraine on the supply chain and supply costs, please refer to the section "Market context, macroeconomic and geopolitical factors and inflation"

Mitigating factors

Where possible, new agreements have been offered that extend rebate arrangements over a longer, multi-year term, in the expectation that the macroeconomic situation will improve and business will turn around in the coming years.

As for raw material prices, specialized internal units constantly strive to meet efficiency targets by negotiating agreements with key suppliers; for strategic materials, prices may be indexed to protect the Group, at least temporarily, from spikes.

On the topic of sustainability and human rights, the Group expects its suppliers to comply with the principles laid down in its Code of Ethics.

In addition to supplier selection procedures based on a risk assessment approach, the Group has adopted the "Autogrill Group Supply Chain Sustainability Guidelines" that set general standards for the evaluation of vendors and instruct Group companies to work with suppliers that share its sustainability principles and run their businesses ethically and responsibly with respect to people and the environment. The Guidelines set supplier qualifications that are based on the most important international agreements, conventions and standards and are in line with the Group's Code of Ethics.

Cyber & IT Risks

Cyber risks are exacerbated by the growing enjoyment and distribution of goods and services over expanding global networks, the use of information technologies to communicate and transfer data in real time with people all over the world, and the adoption of work-from-home arrangements due to the Covid-19 pandemic).

The main cyber risks consist of:

- cyber attacks through the use of malware or ransomware;
- the hacking or counterfeiting of a company's e-mail in order to steal information or order payments to non-entitled parties.

The impact may extend to:

- reputational damage caused by an attack designed to steal sensitive data or identities or attempted extortion/ blackmail schemes;
- the loss of customer data and violation of customer privacy;
- difficulty with standard operations if the attack aims to thwart access to necessary computer systems by authorized users (e.g. supply chain management);
- fines, in the event that sensitive data has not been protected in accordance with the latest international directives.

The war that has broken out in early 2022 between Russia and Ukraine has further demonstrated how the internet and

Mitigating factors

The Group conducts periodic training programs on the risks of using internet, social media and e-mail, as well as a graduated system for evaluating threats and the resiliency of existing protections to cyber attacks, including through the use of vulnerability tests.

The Group's Information Security Policy provides guidelines for ensuring suitable, uniform levels of security for the information stored and transmitted using ICT, adopting common methodologies, frameworks, processes, and technology (if possible), assuring legal compliance, and effectively handling risk. It defines the roles and responsibilities of the various players involved in information security. The security guidelines have been set in accordance with international standards (e.g. ISO 27001), laws on information security and company requirements.

As for work-from-home arrangements, the Group has provided staff with individual business productivity tools (laptops) along with communication and security services such as virtual private networks (VPNs), threat emulation tools/firewalls, and the use of SSL certificates and two-factor authentication. It has defined and distributed behavior policies and training activities and provided constant information on new cyber threats. It has set up a cyber risk help desk for the use of IT devices and formed a cyber security unit at the Corporate level that aims to bring all geographies into line with internationally recognized

48

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Cyber & IT Risks

government information systems have been used as cybernetic battlefields and strategic targets (cyberwarfare) as the conflict unfolds. Cyber weapons like Hermetic Wiper, deployed against Ukraine's internet and government systems as occurred in 2009-2010 with Stuxnet, have the potential to spread across the digital substrate as there is no possibility for structural confinement and compromise important Western systems, infrastructure, and European agencies.

In the event of prolonged conflict, the EU's exposure would exponentially increase the risk of direct attacks by both war-related and independent

hackers. For Autogrill's business the direct risk is limited, but indirect exposure to attacks on transportation infrastructure or the energy and fuel distribution network (like the Colonial Pipeline attack) could have repercussions for business continuity in specific areas.

Mitigating factors

operational models and security frameworks (e.g. NIST), intensify monitoring and response to cyber issues with coordination between the various regions, and measure the level of cyber risk exposure in order to identify mitigation actions.

The Autogrill Group is aware of the increased risk of cyber attacks and social engineering as a result of the increased use of malware in the war zones; it has boosted the monitoring of its computer systems and continues to inform employees of cyber risks and the proper use of ICT tools.

Compliance risks

Violations of the Code of Ethics or of anti-corruption and other laws by Autogrill, its commercial partners, agents or other parties acting in its name or on its behalf may expose the Group and its employees to criminal or civil penalties and damage the Company's and the Group's reputation.

Mitigating factors

The Group is scrupulous in observing the laws, directives, and regulations that apply to its sectors; in 2021, it created the Group Compliance unit to focus attention on these issues. The new unit will strengthen the Company's organizational and operational apparatus to ensure full compliance with Group procedures, in accordance with applicable laws.

In addition, the Group has adopted:

- its own Code of Ethics, which requires all Group companies along with their top executives, managers and employees to conduct themselves according to the principles of legality, fairness and integrity;
- an Anti-Corruption Policy that instructs all directors, managers, employees, and internal auditors of Group companies, and everyone who works in Italy or abroad in Autogrill's name or on its behalf, what principles and rules they must follow to ensure compliance with anti-corruption legislation. Through this policy, the Group formalizes its across-the-board commitment to reject and prohibit corruption under all circumstances, with public officials and private parties alike, and its promise to observe anti-corruption laws in every country served.

ESG RISKS

ESG (Environmental, Social & Governance) factors are a great opportunity for corporate change and are increasingly central even in the context of quantitative disciplines like risk management, specifically as regards diversity, equal opportunities, non-discrimination of workers, inclusiveness, environmental protection, use of renewable energy, scarcity of resources, and reduction of waste.

Accordingly, risk management processes are undergoing a transformation that needs to be guided by strong discipline in terms of methods, practices, responsibilities, and policies, and requires new key performance indicators (KPI) and key risk indicators (KRI) with reference to ESG.

Mitigating factors

GENERAL ESG

In recent years, society's growing attention to social and environmental issues, and changes in national and international legislation, have given momentum to the disclosure and measurement of non-financial results that are now full-fledged indicators of how a company is managed and how competitive it is.

Socio-environmental topics, diversity, equal opportunities, non-discrimination of workers, inclusiveness, environmental protection, use of renewable energy, scarcity of resources, and reduction of waste are ever more integrated into companies' strategic decisions and increasingly attract the attention of the various stakeholders who are attentive to sustainability.

The risk is that these issues will not be adequately addressed, exposing the Company to penalties (if it fails to comply with legislation), and in some cases damaging its image and reputation if it does not effectively communicate its strategy.

The Autogrill Group has always been at the forefront in implementing policies and strategies that value socio-environmental issues, including highly innovative ways of managing employee and customer relations that put people at the center of its policies, and the creation of stores and products that focus on sustainability and reduced environmental impact. Over the years the Group has constantly promoted innovative concepts and solutions in terms of energy efficiency, developed programs to reduce and properly handle waste, and engaged in circular economy projects along the supply chain. The Group also takes care to find qualified, certified business partners to ensure a supply chain that is efficient and eco-sustainable.

In 2021 the Group sharpened its focus on ESG. To best respond to the demands of the market, customers, and other stakeholders it took specific steps to place ESG policies at the center of its strategies, in particular by:

- creating an ESG roadmap that will lead to a positive transformation for the business above and beyond mere compliance, while prioritizing relevant, measurable actions;
- forming a Group Sustainability Committee that will maintain the Group's focus on these issues, by periodically monitoring progress with the roadmap and recommending areas for its further development;
- naming "Sustainability Champions" at the business units for the implementation of ESG initiatives in the Company's processes;
- rationalizing ESG projects within a specific, long-term program, in order to make these topics as fundamental pillar to all business decisions and strategies; leveraging three strategic pillars:
 - *we nurture People*
 - *we offer sustainable Food Experiences*
 - *we care for the Planet*
- monitoring the effectiveness of the roadmap actions through the creation and monitoring of specific ESG KPIs;
- setting up a 2021 Performance Share Units Plan with sustainability performance targets;
- focusing on energy efficiency, through the definition of an Energy Saving Book that defines low-impact design, construction, and management guidelines for new locations.

PEOPLE FIRST

Autogrill puts people at the center of its business model: human capital is a strategic priority for which the Group plans to implement initiatives and safeguards that can mitigate risks and seize the many opportunities for development.

The Group's performance is strictly dependent on its ability to attract, motivate, and retain employees; ensure an inclusive, equitable working environment that values

Autogrill's commitment to protecting and valuing people is affirmed in the first pillar of its new ESG framework. The Group promotes human engagement throughout the organization, by listening to employees' and consumers' needs, and attracts, develops, and nurtures talent in order to cultivate tomorrow's leaders. It supports an inclusive, diverse environment and has committed to having women in 40-50% of leadership positions by the end of 2030, while rooting D&I culture throughout the organization by

50

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Mitigating factors

diversity; and understand market trends and consumer demands.

Employee engagement

Risks concern the loss of key personnel; inappropriate behaviors that undermine rules and everyday operations; and employee health and safety.

Diversity, equal opportunities and inclusion

Risks concern employees' negative perception of the Group and the failure to achieve goals of diversity and female empowerment.

Consumer experience

Risks concern consumer complaints and the negative perception of branding.

SUSTAINABLE PRODUCTS AND SUPPLY CHAIN TRANSPARENCY

training inclusive, responsible leaders. From the consumer standpoint, Autogrill provides travelers around the world with the best possible experiences, treating their needs as the basis for a constant process of improving service.

The Group's present and future success is closely correlated with its ability to preserve, improve, and leverage the customer experience and the value of its brand. Brand value is based not only on the Group's purpose and mission but also on consumers' perception, which is influenced by a range of factors including food safety and quality, the variety and transparency of offerings, and the Group's commitment to responsible sourcing.

Brand perception, therefore, also depends on the correct implementation of the sustainability practices that Autogrill ensures through systemic coordination in all channels and countries served.

Food quality and safety

Risks concern the violation of food safety laws and standards.

Transparency and variety of offerings Risks concern the failure to meet consumers' expectations; sub-par sustainability and innovation; and a lack of transparent information for consumers (packaging and in-store communications).

To mitigate the risks arising from new consumption trends, the Group strives to develop products that are innovative, sustainable, and certified. This commitment is formalized in the second pillar of the new ESG framework, with the goal of offering 98% sustainably produced coffee to consumers in the Group's eight largest markets by 2025.

The Group is highly attentive to all aspects, environmental and social, of supply chain management. The Group Supply Chain Sustainability Guidelines set general standards for evaluating suppliers and lay out the basic principles of the Group's approach to sustainable management of the supply chain, also thanks to stable, long-term relationships with suppliers based on integrity and cooperation.

Supply chain

Risks concern the complexity of the supply chain in relation to the traceability and availability of raw materials, and suppliers' failure to comply with the Group's sustainability and human rights policies.

CLIMATE CHANGE AND ENVIRONMENT

Climate change, environmental protection, and the energy transition will cause significant changes in how businesses are run in every industry. Autogrill is sharply focused on environmental and climate compliance and takes numerous actions to mitigate emerging risks and seize the many opportunities for strategic development, with particular reference to energy sourcing, emissions reduction, and waste management.

A key component of Autogrill's renewed ESG approach is care and attention for the planet. The Group strives to develop solutions that can mitigate its impact on the climate and the environment, setting ambitious targets for the reduction of GHG emissions from the use of energy by 2030. To support this process Autogrill has developed a series of initiatives to design, construct, and modernize its stores in accordance with industry best practices, pursuing

ANNUAL REPORT 2021

ESG risks

Energy sourcing

Risks concern the insufficient supply of energy from renewable/non-renewable sources and the failure to achieve GHG emission reduction targets.

Environmental impact

Risks concern non-compliance with laws and standards on recycling and waste reduction; materials and product packaging that do not meet consumers' expectations in terms of innovation and sustainability; and the failure to meet the food waste reduction targets set by the Group.

Mitigating factors

reduced consumption and opting for a sustainable energy mix that can effectively power all of the Group's operations, and aiming to reduce the use of plastic and improve business circularity through goods reuse and recycling habits while promoting food waste reduction in all of the countries it serves.

In accordance with the ESMA recommendation "European common enforcement priorities for 2021 annual financial reports" of 29 October 2021, although the project to map and quantify the impacts of climate change is currently underway, as the recommendation allows, the Group has conducted a preliminary analysis to identify climate change risks and their potential impact on the Group's operations, especially as regards certain financial statement items whose measurement or amount may be impacted by climate change such as revenue, tangible and intangible assets, right-of

-use assets, risk provisions, and inventory.

In light of the impairment tests performed on the goodwill allocated to each cash-generating unit (CGU), which were carried out considering the 2022 budget, 2023-2026 financial projections, and prudent valuation parameters, at this time the existing coverage is considered sufficient to rule out impairment losses due to climate risk impacts and there is not yet cause to write down operating assets for technological obsolescence. Likewise, the amount of any costs relating to Autogrill's environmental impact or to the neutralization of that impact, and the nature of raw materials and merchandise in stock, do not currently suggest the need to write down inventory for the risk that it will go unsold.

Management also believes that the Group's presence in different travel channels and different parts of the world help protect its revenue from climate risk.

The Group will study these issues in greater depth with a view to the ongoing anticipation and monitoring of climate change risks and their potential impact on future performance.

52

CORPORATE GOVERNANCE AND RISK MANAGEMENT

THE INTERNAL CONTROL SYSTEM

Autogrill's internal control system is the set of rules, procedures, and organizational structures allowing for sound, proper management consistent with the Group's strategic objectives and for compliance with the law and the articles of association. An effective internal control system helps make sure that the Group's operations are efficient, knowable, and verifiable, and in general assures the integrity and reliability of the Group's corporate and business management.

It also ensures and verifies the quality and reliability of accounting and management data and of the information provided to the boards and the market, including by overseeing how such information is recorded and exchanged.

Autogrill's internal control and risk management system, as concerns operational responsibilities, is in line with international best practices consistent with the principle of three levels of control, as follows:

FIRST LEVEL CONTROL SECOND LEVEL CONTROL THIRD LEVEL CONTROL

Control on Company's processes is delegated to the local management of each operating units, becoming an integral part of every process
Control entrusted to specific function, separated from the operating units, supporting the local management to develop the system of control and risk management and in its

proper functioning

Control delegated to the Internal Audit

function, which is in charge of evaluating the design and functioning of the control and risk management system regarding the operating activities, the IT systems and the governance of the Group

The internal control and risk management system functions according to an audit plan, developed on the basis of a specific analysis of risks, on activities and processes mapped out within the Group companies. The plan consists of independent first- and second-level controls, in the form of specific auditing projects of business, administrative, and accounting processes; checks of IT system reliability; and follow-ups of the corrective actions determined during the auditing phase to help improve the control and risk management system.

In accordance with its Code of Ethics and the Autogrill Code, the Group acts to develop the principle of responsibility in every individual involved in the control system and to give an appropriate control structure to its business wherever it operates. It promotes, at all levels, the need for an adequate internal control and risk management system as the indispensable premise for achieving its goals.

1. DIRECTORS' REPORT

COMPARABILITY OF DATA; ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

COMPARABILITY OF DATA

As mentioned in the Notes to the consolidated financial statements for the year ended 31 December 2021, estimation and measurement criteria are the same as those used the prior year. Where applicable, they have been adjusted consistently with the new amendments and standards that took effect during the year, as detailed in the pertinent section of the Notes.

As in previous years, more than half the Group's operations are located in countries which use a non-euro currency, primarily the United States of America, Canada, Switzerland, and most of the countries in the International division. Due to the local nature of the business, in each country revenue is generally expressed in the same currency as costs and investments. The Group also has a currency risk policy, financing a portion of its net assets in the principal non-euro currencies with debt in the same currency, or entering into currency hedges that achieve the same effect. However, this does not entirely neutralize the impact of exchange rate fluctuations when translating individual financial statement items. The comparability of data is therefore affected by exchange rate trends, which are neutralized through the comparisons "at constant exchange rates" as described in the section below.

ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

The Directors' Report and the consolidated financial statements include the consolidated financial and economic measures used by management to monitor the Autogrill Group's performance. These measures are not defined or specified in the applicable regulations for financial reporting. As the specific makeup of these measures is not governed by the accounting standards, the criteria used by the Autogrill Group to determine them could be different from those used by other groups, so they may not be comparable.

The Alternative Performance Measures are constructed solely on the basis of the Group's historical financial figures and are determined in accordance with the ESMA Guidelines on Alternative Performance Measures of 5 October 2015 (ESMA 2015/1415) as per CONSOB Communication no. 92543 of 3 December 2015, considering the additional ESMA guidance of 17 April 2020 "ESMA Guidelines on Alternative Performance Measures (APMs)" and 29 October 2021 (section 3 of the "European common enforcement priorities for 2021 annual financial reports").

The following Alternative Performance Measures were used in this Directors' Report:

- Revenue: in the Directors' Report this refers to operating revenue, excluding fuel sales. Costs as a percentage of revenue are calculated on this basis. Fuel sales are classified net of the corresponding cost under "Other operating income".
- Change "at constant exchange rates": in comparisons with prior-year figures, the phrase "at constant exchange rates" signifies the increase or decrease that would have occurred had the comparative figures of consolidated companies with functional currencies other than the euro been calculated at the same exchange rates employed in the previous year's consolidated financial statements.
- Organic revenue growth: this is calculated by adjusting revenue for the two years for the effect of acquisitions, disposals and exchange rates (by translating prior-year sales at the current-year exchange rate) and then comparing the two figures. Organic revenue growth is expressed at constant exchange rates.
- Like-for-like revenue growth: calculated by adjusting organic revenue growth for the impact of new store openings and the revenue generated in the comparison period by stores that are no longer in the portfolio, as well as calendar differences (e.g. leap years) which are shown separately. Like-for-like revenue growth is expressed at constant exchange rates.

57

ANNUAL REPORT 2021

- EBITDA: profit (loss) for the year excluding "Income tax", "Financial income", "Financial expense", "Share of the profit (loss) of equity method investments", "Revaluation (write-down) of financial assets", "Depreciation and amortization", and "Impairment losses on property, plant and equipment, intangible assets and right-of-use assets". EBITDA can be gleaned directly from the consolidated financial statements, as supplemented by the Notes thereto. Because it is not defined in IFRS, it could differ from and therefore not be comparable with EBITDA reported by other groups.
- EBITDA margin: EBITDA expressed as a percentage of revenue.
- EBIT (earnings before interest and tax): the "Operating profit" gleaned directly from the consolidated income statement.
- EBIT margin: EBIT expressed as a percentage of revenue.
- Underlying Alternative Performance Measures: results for the year and their comparison with the previous year may include elements that are unusual or unrelated to operating performance which significantly impact the Group's results over time in an inconsistent, non-systematic way. This could hinder a correct interpretation of the Group's normalized profit when comparing it to the normalized figure for the previous year or future periods, which would limit the value of the information provided in the comparative condensed consolidated income statement and the comparative consolidated income statement prepared in accordance with IAS 1. These elements, specified in the "Group performance" section of the Directors' Report, can be classified as follows:
 - capital gains and capital losses from the disposal of businesses, with the corresponding transaction costs;
 - costs incurred for successful acquisitions, treated as transaction costs that management considers to be unrelated to operating performance;
 - costs for stock option plans (phantom stock options and performance share units). The estimated cost of the phantom stock option plan is heavily impacted by the price and fluctuation of Autogrill shares, which are not strictly dependent on the Group's performance;
 - net costs incurred for non-recurring refinancing debt, consisting mainly of a make-whole fee for the early repayment of the American private placements;
 - the costs for strategic, non-recurring Corporate reorganization and efficiency projects which temporarily penalize the performance measures gleaned from the consolidated income statement prepared in accordance with IAS 1.

These elements are identified separately and described in specific statements of reconciliation, and result in the following underlying alternative performance measures:

- Underlying EBITDA: determined by excluding the impact of the above mentioned unusual or non-performance-related elements from

EBITDA;

- Underlying EBITDA margin: underlying EBITDA expressed as a percentage of revenue;
- Underlying EBIT: determined by excluding the impact of the above mentioned unusual or non-performance-related elements from EBIT;
- Underlying EBIT margin: underlying EBIT expressed as a percentage of revenue;
- Underlying net profit: determined by excluding the impact of the above mentioned unusual or non-performance-related elements from net profit;
- Underlying basic earnings per share: underlying net profit per share;
- Underlying diluted earnings per share: determined by adjusting the underlying net profit attributable to holders of ordinary shares, as well as the weighted average of outstanding shares, to take into account the effects of all potential ordinary shares with dilutive effect and the share options granted to employees; if there is a loss per share there are no dilutive effects.

In the Directors' Report the following definitions are also used:

- Capital expenditure: the investments referred to in the notes "Property, plant and equipment" and "Other intangible assets" to the consolidated financial statements;
- Corporate costs: the costs pertaining to the Group's centralized units;
- Underlying Corporate costs: the costs pertaining to the Group's centralized units minus the effect of the above mentioned unusual or non-performance-related elements;

1. DIRECTORS' REPORT

- Net financial position (net financial indebtedness): the sum of net debt, determined (including as of 31 December 2020) in accordance with the "Guidelines on disclosure requirements under the Prospectus Regulation (04/03/2021 ESMA32-382-1138)", "Finance lease receivables" (current and non-current), and "Other financial assets" (current and non-current), excluding "Security deposits" and "Interest-bearing sums with third parties";
- Net financial position (net financial indebtedness) excluding lease receivables and liabilities: the net financial position less current and non-current assets and liabilities arising from leases.

Unless otherwise specified, amounts in the report are expressed in millions of euros (€m) or millions of US dollars (\$m). In the Notes to the financial statements, unless otherwise specified, amounts are expressed in thousands (€k and \$k).

Where figures have been rounded to the nearest million, sums, changes, and ratios are calculated using figures extended to thousands for the sake of greater accuracy.

ANNUAL REPORT 2021 /

GROUP PERFORMANCE

1. DIRECTORS' REPORT

/

GENERAL BUSINESS CONTEXT THE TREND IN AIRPORT TRAFFIC¹¹

Airports are the Group's primary channel and generate around 55% of total revenue, with a widespread presence in North America, Europe, Asia and the Pacific.

The first half of 2021 was affected by the ongoing uncertainty caused by the spread of the Covid-19 virus and the restrictive measures taken by public authorities in the affected countries in order to limit contagion. Such measures included limiting personal movement both within and beyond national borders, which reduced the volumes of travelers passing through airports. In the second half of the year, thanks to progress with the vaccination campaign, the situation gradually improved with the partial lifting of restrictions and a recovery in air traffic, especially in North America.

In North America, the Group's largest airport market, passenger traffic in 2021 increased by 72% over the previous year, thanks to the recovery of domestic traffic. In Europe, airport traffic was up by 34% over 2020 as intra-European traffic gradually picked up speed in the second half of the year. Airport traffic in Asia, on the other hand, decreased by 13% due to the ongoing pandemic and the resulting extension of the restrictive measures put in place in 2020; in the Middle East, air traffic grew by 13% with respect to the previous year.

THE TREND IN MOTORWAY TRAFFIC

In the motorway channel, especially since the disposal of the US motorway business as discussed below, the Group operates mainly in Europe with a strong presence in Italy, France, Belgium, and Switzerland.

Like airport traffic, motorway traffic benefitted from the gradual easing of the travel restrictions put in place to counter the Covid-19 pandemic, thanks to progress with the vaccination campaign in the regions where the Group operates.

¹¹ Source: ACI World - Airport Council International, 2021 traffic estimated on the basis of figures provided by ACI regional offices and industry experts

In Italy, the Group's largest motorway market, traffic increased by around 23%" over the previous year with a gradual acceleration in the second six months.

CHANGE IN SCOPE OF CONSOLIDATION

On 23 July, further to an agreement dated 31 March 2021 and after obtaining the necessary government authorizations and consent from the landlords, HMSHost Corporation finalized the disposal of its US motorway business to the consortium controlled by Blackstone Infrastructure Partners, which includes Applegreen Limited and B&J Holdings.

The sale price was \$ 381.4m, equivalent to € 324.1m; that amount is subject to an earn-out mechanism based on revenue earned by the new ownership in 2022 and 2023, which cannot be quantified on the basis of currently available information. The capital gain, not considering the earn out which will be realized when it can be determined, amounts to \$ 153.1m (€ 129.5m) net of transaction costs.

The US motorway business includes food & beverage concessions of various brands such as Starbucks, Burger King, and Pret (which the Group will continue to operate as licensee in other channels) and convenience retail concessions at about 60 motorway rest stops in the United States.

Until the sale date in 2021, revenue from the US motorway business was € 92.4m (\$ 109.3m), compared with € 121.2m (\$ 138.5m) the previous year.

ORGANIC GROWTH

In 2021, with relatively few calls for bids due to pandemic-related uncertainties, the Group obtained new contracts and contract renewals" worth a total of € 4.3 billion, with an average duration of around 3 years.

Below are the details by geographical area.

NEW AND RENEWED CONTRACTS

(€billion)	New	Renewed
North America	0.2	1.9
International	0.3	0.2
Europe	0.0	1.6
Total	0.5	3.7

Renewals in Europe include the two-year extension for the Italian motorway network pursuant to Decree Law 121/2021, in connection with the government's pandemic relief measures.

¹² Source: AISCAT

¹³ Total value of contracts calculated as the sum of expected revenue from each throughout its duration Also includes contracts held by equity-consolidated Group companies

1. DIRECTORS' REPORT

INCOME STATEMENT RESULTS

Results in 2021 were still heavily impacted by the Covid-19 pandemic, but after suffering the effects of the second wave early in the year, there was a steady increase in consumer traffic in all channels served by the Group. This owes to the slowdown in contagions which led to the gradual lifting of restrictions, and the successful vaccination campaign. The defining feature of 2020, of course, was the worldwide spread of Covid-19 beginning in early March.

In this context, the Group earned consolidated revenue of € 2,596.8m, an increase of 32.8% at constant exchange rates (+30.9% at current exchange rates) compared with the previous year's revenue of € 1,983.7m, with steady growth throughout 2021 (€ 4,996.8m in 2019). As in 2020, thanks to a

focus on hourly productivity, an improved product mix, and cost cutting, underlying EBITDA in 2021 increased by € 374.6m (from € 155.3m to € 529.9m) and rose from 7.8% of revenue in 2020 to 20.4%. In 2019 this item amounted to € 849.5m. Underlying EBIT in 2021 came to € -7.0m, compared with € -515.8m the previous year, for an increase of € 508.8m (underlying EBIT was a positive € 228.2m in 2019). The underlying net loss attributable to the shareholders of the parent company amounted to € 105.8m, compared with a loss of € 485.7m in 2020 and an underlying net profit of € 85.0m in 2019.

CONDENSED CONSOLIDATED INCOME STATEMENT ¹⁴

Full Year 2021	% on revenue	Full Year 2020	% on revenue	exchange rate	exchange rate	Change	
						at current	at constant
2,596.8	i						
Other operating income							

Total revenue and other operating income
 Raw materials, supplies and goods
 Personnel expense
 Leases, rentals, concessions and royalties
 Other operating expense
 Gain on operating activity disposal ' EBITDA
 Depreciation, amortisation and impairment losses
 EBIT
 Net financial income (expense)
 (416.0)
 19.2 159.5
 (671 1] (511.6)
 (112.9)
 -4.4%

-18.4%

-8.4%

Income (expense) from investments, revaluation (write-down) of financial assets
 Pre-tax profit (loss)
 Income tax
 Net profit (loss) attributable to:
 ■ owners of the parent
 non-controlling interests
 Earnings per share (€)
 - basic
 -0.1192 i

n.s.

REVENUE

The Group earned consolidated revenue of € 2,596.8m in 2021, an increase of 32.8% at constant exchange rates (+30.9% at current exchange rates) on the previous year's revenue of € 1,983.7m.

Full Year 2021
 Full Year 2020

North America *

International

1,103.31

of which:

33.1%

Other European countries ■

Total Revenue

* North America (\$m)

14 "Revenue" and "Raw materials, supplies and goods" differ from the amounts shown in the consolidated income statement because they do not include revenue and costs from fuel sales, the net amount of which is classified as "Other operating income" in accordance with management's protocol for the analysis of Group figures This revenue came to € 285.8m in 2021 (€ 232.1m in 2020) and the cost to € 769.9m (€ 219.1m in the previous year)

15 The item "Gain on operating activity disposal" is net of transaction costs of € 4.1mm 2021 (€ 0.4m in 2020)

16 "Openings" refer to new stores and not to reopenings subsequent to Covid-19 related closures

17 "Closings" refer to the permanent closure of stores and not the temporary closures attributable to the Covid-19 pandemic

Thanks in part to the slowdown of the Covid-19 pandemic with the gradual easing of restrictions, and to the successful vaccination campaign, revenue improved steadily throughout 2021 and achieved solid like-for-like growth (+39.0%). The increase was especially prominent in North America (+66.9%) and Italy (+33.1%), while the International division (-14.0%) suffered from the persistent weakness of international traffic.

In 2021 the additional revenue from new stores opened mainly in North America (Salt Lake City and Las Vegas airports) and from revised concepts was partially offset by the streamlining of the Group's presence in all geographical regions - this had begun independently of the Covid-19 pandemic, which in some cases accelerated or modified decisions to leave unprofitable locations - and by the impact of closures due to the normal dynamics of contract renewals.

The decrease in revenue as a result of disposals amounted to € 93.8m, reflecting the disposal of the US motorway business in July 2021 and the Group's Spanish operations in late December 2020 (formally completed on 14 January 2021).

In 2021 there was a net negative exchange effect of € 28.5m, due mainly to the devaluation of the US dollar against the euro.

The "calendar" effect had a net negative impact of € 5.0m.

REVENUE BY CHANNEL

	Change	At current		At constant	
		Full Year 2021	Full Year 2020	exchange rates	exchange rates
1,427.1	961.5	48.4%	52.1%		
167.5					
1,002.3	867.7	15.5%	16.2%		
154.5	8.4%	8.5%			
2,596.8	1,983.7	30.9%	32.8%		
	Full Year (€m)	Full Year 2021	2020 FX		

Organic growth

	Like-for-like	Openings ¹⁹	Closings ³⁰	Acquisitions	Disposals	Calendar ³¹					
Airports	j	1,427.11	961.5	(22.9)	470.7	51.3%	38.2	(15.0)	-	(3.4)	(2.0)
Motorways	j	1,002.3	867.7	(5.4)	220.4	28.9%	18.2	(13.4)	-	(83.0)	(2.2)
Other channels	j	167.5	154.5	(0.1)	20.2	14.1%	3.8	(2.7)	-	(7.3)	(0.9)
Group total	!	2,596.8	1,983.7	(28.5)	711.3	39.0%	60.2	(31.2)	-	(93.8)	(5.0)

The like-for-like increase, 39.0% at the Group level, occurred in all the Group's channels, with especially good performance by airports (+51.3%) and motorways (+28.9%).

At 31 December 2021, 74% of all points of sale were open (58% at 31 December 2020).

EBITDA

EBITDA in 2021 amounted to € 655.6m, up from € 159.5m the previous year, increasing by € 496.1m and rising from 8.0% of revenue in 2020 to 25.2%. The 2021 figure was heavily influenced by the sizable capital gain from the disposal of the US motorway business, which came to € 129.5m net of transaction costs.

19 "Openings" refer to new stores and not to reopenings subsequent to Covid-19-related closures
 20 "Closings" refer to the permanent closure of stores and not the temporary closures attributable to the Covid-19 pandemic
 21 "Calendar" refers to the impact of the extra day in 2020, which was a leap year.

65

ANNUAL REPORT 2021

Non-performance-related elements in 2021 or the previous year whose amounts can be compared were as follows:

- costs for stock option plans (phantom stock options and performance share units). The estimated cost of the phantom stock option plan is heavily impacted by the price and fluctuation of Autogrill shares, which are not strictly dependent on the Group's performance;
- capital gains (net of transaction costs) realized in 2021 from the disposal of the US motorway business and in 2020 from the disposal of all of the Group's operations in Spain;
- the costs incurred for efficiency programs at the three business units". The impact of these elements by business segment is broken down below.

(€m)	Full Year 2021	Full Year 2020	
North America	(128.4)	2.2	
Stock-based management incentive plans	:	0.9	i (01)
Gain on operating activity disposal net of transaction costs	j	(1295)	1
Efficiency projects costs	0.1	2.3	
International	'	0.21	4.3
Stock-based management incentive plans		0.2	l
Efficiency projects costs	[-1	4.3
Europe]	1.01	(11.9)
Stock-based management incentive plans		0.5	m (0.2)
Gain on operating activity disposal net of transaction costs	:	(19.2)	
Efficiency projects costs		0.51	7.5
Corporate	'	1.61	1.2
Stock-based management incentive plans	!	1.6	j (0.2)
Efficiency projects costs	.	-:	1.4
Total	l	(125.7)	(4.2)

After factoring out these elements, underlying EBITDA amounts to € 529.9m in 2021 (€ 155.3m the previous year), rising by € 374.6m and from 7.8% of revenue in 2020 to 20.4%. Most of the improvement is due to the substantial increase in sales, as well as the focus on hourly productivity, the product mix, and cost cutting.

Change

At current exchange rates
 At constant exchange rates

EBITDA

EBITDA margin

Stock-based management incentive plans

Gain on operating activity disposal net of transaction costs Efficiency projects costs

8.0%

(0.5)

(19.2)

15 5

EBITDA underlying

EBITDA margin underlying

22 Efficiency programs mostly related to robotic process automation in the United States (in progress since 2019) and the permanent centralization of the Europe unit's strategic functions at the headquarters in Rozzano In 2020, other than robotic process automation in the United States and the permanent centralization of the Europe unit's functions, completed in 2021, these programs included a permanent change in the organization of operating activities in the Netherlands and a permanent reorganization at Corporate

1. DIRECTORS' REPORT

CHANGE IN UNDERLYING EBITDA MARGIN



IMPACT OF THE COVID-19 PANDEMIC

Regarding the disclosures called for by ESMA, CONSOB and IOSCO²³ for the last two years, in terms of the impact of Covid-19 on operations, the Group is unable to distinguish what portion of the changes in performance measures from 2020 to 2021 is directly attributable to the course of the pandemic. The overall effects on performance measures and results for which the course of the pandemic is largely if not exclusively responsible are discussed below.

As described previously, in 2021 the Group enjoyed an increase in revenue (+32.8% at constant exchange rates, +30.9% at current exchange rates), which improved steadily throughout the year, reflecting greater business volumes as a result of the slowdown in the pandemic (with the gradual easing of restrictions) and the successful vaccination campaign.

The cost of raw and ancillary materials, consumables and goods increased by 27.1% at constant exchange rates (+25.7% at current exchange rates) compared with the previous year. This was directly related to the trend in sales, although disproportionately; the figure includes a non-recurring cost of € 0.2m in relation to products expiring or becoming damaged (€ 9.2m in 2020).

Group management extended a number of measures taken in 2020 to mitigate the impact of the Covid-19 pandemic, achieving a steep reduction in:

- personnel expense, through measures such as reduced hours in line with the drop in traffic. Also contributing to the decrease in personnel expense were the various relief programs enacted by local governments and equivalent measures in the countries served by the Group, for an estimated € 79.8m (€ 155.5m in 2020) subject to possible positive adjustments that cannot be determined at this time;
- other operating costs, which did, however, suffer from the final reckoning of non-recurring costs for logistics and for the important measures taken to protect the health and safety of employees and customers (€ 2.0m, compared with € 5.7m in 2020).

23 ESMA - "European common enforcement priorities For 2020 annual Financial reports" of 28 October 2020 and "European common enforcement priorities for 2021 annual financial reports" of 29 October 2021, CONSOB - "Richiamo di attenzione" 6/2020 of 9 April 2020, 8/2020 of 16 July 2020, and 1/2021 of 16 February 2021, and IOSCO - "Statement on Importance of Disclosure about Covid-19" of 29 May 2020

ANNUAL REPORT 2021

As in the early months of the Covid-19 pandemic, the Group continued to renegotiate its existing leases in order to obtain better terms and conditions from landlords. As a result of these negotiations, the Group recognized rent reductions and cancellations of € 174.7m (€ 182.6m in 2020) directly in the income statement as of the effective date of the relief, in accordance with the amendments to IFRS16 "Covid-19 Related Rent Concessions (Amendment to IFRS 16 Leases)" of 28 May 2020 (endorsed on 9 October 2020) and "Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 Leases)" of 31 March 2021 (endorsed on 30 August 2021) which give lessees the option to account for Covid-19 related rent concessions without the need to determine from the contracts whether they constitute lease modifications as defined by IFRS 16 (subject to certain conditions).

Further negotiations with landlords are in progress, the benefits of which will be recognized in 2022 as they have not yet been realized and cannot be reliably quantified at this time. The negotiations will continue during the next few months of 2022 in relation to the impact of the Covid-19 pandemic on profitability for the year in course.

In 2021 the Group benefited from various forms of government relief amounting to € 36.5m (not present in 2020), mostly in Germany, France, and Switzerland, which is recognized under "Other operating income".

As in 2020, financial charges were recognized in connection with renegotiations with lender banks and bondholders, as better explained in the section "Net financial expense, income (expense) from investments, and revaluation (write-down) of financial assets" of this report and in the Notes to the financial statements.

In 2020 the Group had used tax benefits offered under the law enacted in the United States that year, as described in the Notes to the financial statements and in the "Income tax" section of this report.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

These came to € 537.0m in 2021, a decrease of 18.4% at constant exchange rates (-20.0% at current exchange rates) compared with the previous year's figure of € 671.1m. The net decrease reflects lower net impairment losses (€ 61.7m in 2020, compared with € 14.6m in 2021), lower depreciation and amortization as a result of a decrease in investments, the disposal of the Group's Spanish operations in late December 2020 (€ -20.7m) and the disposal of the US motorway business in July 2021 (€ -13.4m) and the remeasurement of leases in accordance with IFRS 16.

EBIT

EBIT in 2021 came to € 118.6m versus a negative € 511.6m the previous year, reflecting the same factors described for EBITDA and the lower impact of depreciation, amortization and impairment losses with respect to 2020.

1. DIRECTORS' REPORT

Underlying EBIT stood at € -7.0m, compared with € -515.8m the previous year, an increase of € 508.8m.

Change

At current exchange rates	At constant exchange rates
Operating profit (EBIT)	
EBIT margin	
Stock-based management incentive plans	
Gain on operating activity disposal net of transaction costs	
Efficiency projects costs	
Operating profit (EBIT) underlying	
EBIT margin underlying	

NET FINANCIAL EXPENSE, INCOME (EXPENSE) FROM INVESTMENTS AND REVALUATION (WRITE-DOWN) OF FINANCIAL ASSETS

For 2021, net financial expense of € 100.9m (€ 112.9m the previous year) includes € 42.7m (€ 60.5m in 2020) in net implicit interest on lease liabilities in accordance with IFRS 16.

In March 2021, given the ongoing Covid-19 pandemic, the Group arranged an additional series of "covenant holiday" agreements with its lender banks and bondholders for the temporary suspension of required parameters (leverage ratio and interest coverage ratio) following similar agreements reached in 2020. These contractual changes, in accordance with IFRS 9, had led to a revision of the 2020 calculation of the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows, entailing the recognition of € 13.6m in financial expense (C 22.3m in 2020, for the first round of covenant holidays). During the year, prior to the refinancing described in greater detail below, the fair value adjustment recognized on application of IFRS 9 was released to the income statement in the amount of € 20.8m (€ 7.0m for all of 2020).

The debt refinancing concluded in December 2021 produced the following effects on the income statement (overall charge of € 17.7m):

- a contractual "make-whole" charge of \$ 23.9m (€ 20.2m) paid to the American bondholders, amounting to the present value of future coupons based on the difference between the contractually agreed interest rate and the applicable US Treasury yield for the same maturity;
- an income of \$ 3.2m (€ 2.7m) for the unwinding of interest rate derivatives hedging the change in fair value of the bonds issued by HMSHost Corporation (notional amount \$ 100m);
- a charge of € 7.9m for the release to the income statement of not-yet-amortized upfront fees on the loans repaid in advance;
- an income of € 7.7m for the release to the income statement of the not-yet-amortized portion of the fair value adjustment recognized on application of IFRS 9 on bank loans and US bonds, as described above.

It should also be noted that interest expense was higher in 2021 than in the previous year due to the increase in margins on bank loans and bond coupons during the covenant holiday that began in June 2020 and ended in December 2021 with full repayment and cancelation of the loan agreements. This was mitigated by lower net finance expense on lease liabilities, due to the general decrease in the incremental borrowing rate used for new contracts and for remeasurements not related to indexing.

The average cost of debt was 6.0% (4.1% in 2020).

"Income (expense) from investments and revaluation (write-down) of financial assets" came to € i.8m and consist mainly of the writeback of loans granted to the non-controlling shareholders of some North American subsidiaries, as the reasons for writedowns charged in previous years (€ 13.2m in 2020, due to the collection problems caused by the pandemic) no longer applied.

INCOME TAX

Income tax in 2021 amounted to a negative € 40.0m, compared to a positive € 134.1m the previous year.

This item was affected by the tax due by HMSHost Corporation on the capital gain from the disposal of the US motorway business, amounting to \$52.8m (€ 44.7m).

In 2020, the main component was a tax refund of \$ 119m (€ 104.2m) to which the subsidiary HMSHost Corporation was entitled, by offsetting the federal tax loss incurred in 2020 as a result of the Covid-19 pandemic against the taxable income of prior years since 2015, according to the carry-back mechanism introduced in 2020 by US tax law. It was also possible to carry forward net operating losses for state tax purposes, for an additional deferred tax benefit of \$ 17m (€ 14.9m) that was likewise recognized in the 2020 income statement.

PROFIT (LOSS) FOR THE YEAR

The net loss attributable to shareholders of the parent company in 2021 was € 37.8m, compared with € 479.9m

the previous year. The profit attributable to non-controlling interests was € 17.3m (loss of € 24.0m in 2020).

The underlying net loss for 2021 attributable to shareholders of the parent company came to € 105.8m, compared with € 485.7m the previous year.

Change

At current exchange rates
At constant exchange rates

Net profit (loss) of the period (attributable to owners of the parent)

Stock-based management incentive plans

Gain on operating activity disposal net of transaction costs

Efficiency projects costs

Make-whole fee for the early repayment of the American private placements net of derivatives, net of fees reversal and net of fair value adjustment IFRS 9 reversal on private placement and loans

Tax effect

Net profit (loss) of the period underlying (attributable to owners of the parent)

Earnings per share - basic (€)

Earnings per share - diluted (€)

Earnings per share - basic underlying (€)

Earnings per share - diluted underlying (€)

70

1. DIRECTORS' REPORT

BALANCE SHEET RESULTS

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ²⁴

Comments on changes in the consolidated statement of financial position at 31 December 2021 can be found in the Notes to the financial statements.

These changes include the effect of acquisitions and disposals reflected in the cash flow table shown in the next page.

Change

At current exchange rates
At constant exchange rates

Intangible assets

Property, plant and equipment

Right-of-use assets

Financial assets

A) Non-current assets

Inventories

Trade receivables

Other receivables

Trade payables

Other payables	
B) Working capital	
C) Invested capital (A + B)	
D) Other non-current non-financial assets and liabilities	
E) Net invested capital excluding assets and liabilities classified as held for sale (A+B+D)	
F) Operating assets and liabilities classified as held for sale	
G) Net invested capital (E + F)	
Equity attributable to owners of the parent	
Equity attributable to non-controlling interests	
H) Equity	
Non-current financial liabilities	
Non-current financial assets	
59.9	399.7
3,028.5	
(68.7)	
I) Non-current financial indebtedness	
Current financial liabilities	
Cash and cash equivalents and current financial assets	
L) Current net financial indebtedness	
M) Financial assets and liabilities classified as held for sale	
N) Net financial indebtedness (I + L + M)	
Net lease liabilities	
Net financial indebtedness excluding lease receivables and lease liabilities	
O) Total (H + N), as in G)	
2,973.6	
(1,890.9)	1,082.7
3,373.3	
	(1,159.8) 274.5
(885.4)	
(585.4)	

24 The figures in the reclassified consolidated statement of Financial position are directly derived from the Consolidated financial statements and Notes, with the exception of "Financial assets", which include the non-current assets "Investments" and "Other financial assets" except for the sub-items "Financial receivables from third parties" (€ 8.0m in 2021 and € 2.3m in 2020) and "Fair value of interest rate hedges" (zero in 2021 and € 4.7m in 2020) classified as non-current financial assets in the net financial position.

ANNUAL REPORT 2021

CASH FLOW

Full Year 2020

655	61
Gain on operating activity disposal net of transaction costs ²⁵	
Change in net working capital	
Principal repayment of lease liabilities	
Renegotiation for Covid-19 on lease liabilities	
Other non-cash items	
Cash flow (absorbed by) from operating activities, managerial (*)	
Tax paid	
Net financial charges paid	

Implicit interest in lease liabilities

Net cash flow (absorbed by) from operating activities, managerial (*)

Net operating investment

Net cash flow after operating investment (free cash flow)

Cash flow generated by the disposal of motorway operations in the United States

Cash flow absorbed by the acquisition of Autogrill Middle East, LLC and HMSHost Catering Malaysia SDN. BHD

Cash flow absorbed by the disposal of Autogrill Iberia S.L.U.

Net cash flow before relationship with minority partners, capital increase and shares buy-back

Liquidity generated (absorbed) by the relationship with minority partners '

Capital increase (net of the expenses associated with the Offering) Treasury shares

Free operating cash flow

(*) According to prevailing industry practice, it includes "Principal payment of lease liabilities" and "Renegotiations For Covid-19 on lease liabilities", shown under "Net cash flow From (used in) financing activities" in the consolidated statement of cash Flows

The following table summarizes "Net cash flow after operating investments" (free cash flow), excluding the impact of the non-recurring transactions in the United States.

(€m)	Full Year 2021	Full Year 2020
Net cash flow after operating investment (free cash flow)	15.6	(520.7)

Net cash flow after the investments in non-recurring transactions in the United States (see the detail in the following page)

Net cash flow after operating investment excluding the effect relating to non-recurring transactions carried out in the United States	1170	(5009)
--	-------------	---------------

"Net cash flow (absorbed by) from operating activities, managerial" improved by € 496.4m since the previous year, due mainly to the increase in revenues, a more flexible cost structure thanks to action taken by management since the start of the pandemic, and the positive change in net working capital, partially offset by the rise in lease payments (principal and implicit interest on lease installments), taxes paid, and net financial expense.

25 "Gain on operating activity disposal net of transaction costs" is net of £ 4 lm in ancillary expenses (€ 0 4m in 2020)

26 Including the distribution of interest to the non-controlling shareholders of the consolidated companies, net of capital increase.

1. DIRECTORS' REPORT

"Net cash flow after operating investments (free cash flow)" also improved by € 536.3m, with an increase compared with "Net cash flow from (absorbed by) operating activities, managerial" because of a reduction in net capex payments.

"Net cash flow after operating investments (free cash flow)" stemming from the nonrecurring transactions in the United States is detailed below:

(€m)	Full Year 2021	Full Year 2020
Impact of the exit from the motorway business in the United States on ; the change in the net working capital ;	^ 0 i	
Impact of the exit from the motorway business in the United States on principal repayment of lease liabilities	(10 0)'	;
	(4.1)	
Payment of ancillary charges related to the disposal of motorway operations in the United States		
Cash flow from (absorbed by) operating activities managerial relating to non-recurring transactions carried out in the United States	1	.- 1

Tax paid in 2020 on the capital gain from the disposal of the motorway travel center operations in Canada in 2019	(19.81)
Tax paid on the capital gain from the disposal of motorway travel center operations in the United States	fSA 11
Payment of make-whole fee for the early repayment of the American private placements net of derivatives	M7 SN
Net cash flow from (absorbed by) operating activities managerial relating to non-recurring transactions carried out in the United States	ir. ; ...
Impact of the exit from the motorway business in the United States on net operating investment paid	(173)
Net cash flow after operating investment relating to non-recurring transactions carried out in the United States

The balance between the proceeds of disposals and outlays for acquisitions in 2021 was strongly positive due to the disposal of the US motorway business (€ +322.7111), while it was immaterial (€ -3.3m) in 2020.

The combined effect of the above components means that in 2021 the Group generated net cash of € 338.3m before relationship with minority partners, capital increases, and share buy-back, while in 2020 it absorbed net cash of € 523.9m.

As a reminder, due to the uncertainty caused by the Covid-19 pandemic, the Annual General Meeting of 21 May 2020 voted not to distribute a dividend and to carry forward the 2019 net profit. Also, on the basis of the shareholders' resolution of 23 April 2021, the loss for the year 2020 has been carried forward.

The balance between the distribution of interest to the non-controlling shareholders of consolidated companies and the capital increase absorbed cash of € 22.7m in 2021 (and generated € 1.4m the previous year).

In 2021, after the Extraordinary Shareholders' Meeting of 25 February 2021 approved the mandate to increase the share capital, the option period ran from 14 June to 29 June inclusive. During the option period, 249,110,975 options were exercised for the purchase of 129,537,707 new shares (99.16% of the total), amounting to € 594.6m. At the end of the option period, 2,107,375 options were unexercised for the purchase of 1,095,835 new shares, or 0.84% of the total. Those options were placed on the Milan Stock Exchange and sold in their entirety on 1 July 2021. They have since been exercised in full, in the amount of € 5.0m plus € 1.5m for the sale of unexercised rights. The total amount is included in the cash flow statement net of transaction costs (€ 21.8m).

As part of a buy-back program that ran from 12 March 2020 to 8 April 2020, the Group had completed the purchase of 3,000,000 treasury shares at a weighted average price of € 4.10 per share, for a total of € 12.3m.

73

ANNUAL REPORT 2021

NET FINANCIAL INDEBTEDNESS

Net financial indebtedness at 31 December 2021 amounted to € 1,813.8m (€ 2,973.6m the previous year), including € 1,616.4m in net lease liabilities (€ 1,890.9m at the end of 2020).

As of the same date, Group net debt excluding lease receivables and liabilities stood at € 197.4m, compared with € 1,082.7m at 31 December 2020. The decrease is explained primarily by the net generation of cash for the year, as detailed above.

The following table presents net financial indebtedness excluding lease receivables and liabilities deriving from the application of IFRS 16:

Notes (€m)		31.12.2021	31.12.2020	Change	
	Net financial indebtedness (A)		j	1,813.8	2,973.6 (1,159.8)
XII	Lease receivables - current	i	16.0	15.0	1.0
XII	Lease receivables - non current	i	59.9	61.8	(19)

		75.9;	76.8 (0.9)	
XXII	Lease receivables (B)			
XXII	Lease liabilities - current	j	■ (309.1)]	(377.3) 68 2
XXII	Lease liabilities - non current	j	(1,383.2):	(1,590.4) 207.2
	lease liabilities (C)		(1,692.31	(1,967.7) 275.4
	Net financial indebtedness excluding lease receivables and lease liabilities (A) + (B) + (C)		1974^	1082 7 (885 3)

At the close of 2021, nearly all net financial indebtedness excluding lease receivables and liabilities was denominated in US dollars (51% a year earlier). At the same date, all net financial indebtedness excluding lease receivables and liabilities consisted of fixed-rate debt, while at 31 December 2020 the share of fixed-rate debt, including debt converted to fixed-rate by means of interest rate swaps, was 17% of the total.

On 1 December 2021 the interest rate derivatives hedging the change in fair value of the bonds issued by HMSHost Corporation (notional amount \$ 100m) were fully unwound, generating a gain of \$ 3.2m (€ 2.7m) included under "Financial income (expense)" in the 2021 income statement. At 31 December 2020 these derivatives had a fair value of € 6.4m.

Debt to banks consists primarily of committed non-current credit lines. Loans have an average remaining life of about 4 years and 3 months, compared with 2 years and 11 months at 31 December 2020.

On 10 March 2021, given the persistence of the Covid-19 pandemic, the Group negotiated a new round of covenant holidays with its lender banks and bondholders for the temporary suspension of required parameters (leverage ratio and interest coverage ratio). For HMSHost Corporation and Autogrill S.p.A. the covenant holiday was therefore extended for another 12 months with respect to the period agreed in 2020.

On 1 April 2021, Autogrill S.p.A. contracted a term loan of € 100.0m, used in full on 9 April and fully repaid on 2 July 2021.

During the first six months of the year, the following were obtained: (i) government-guaranteed bank loans to meet liquidity needs for local operations, by the indirect subsidiaries based in France (€ 8.4m) and Germany (€ 4.0m); (ii) a credit line of € 2.5m to fund capital expenditure by the indirect subsidiary based in Belgium, used in the amount of € 1.7m at the end of December.

Starting in the second quarter of 2021 and throughout the summer, drawdowns on the committed revolving and uncommitted credit facilities held by Autogrill S.p.A. and HMSHost Corporation were repaid using available liquidity.

1. DIRECTORS' REPORT

At the end of June, HMSHost Corporation made a \$ 50m payment against the amortizing term loan contracted in 2018 for an original amount of \$ 200m, and in July Autogrill S.p.A. paid the first € 12.5m installment against the amortizing term loan contracted in 2019 for an original amount of € 50m.

On 1 September 2021, HMSHost Corporation reimbursed at maturity \$ 40m of the private placement issued in March 2013 with a coupon of 5.97%.

In the fourth quarter the Group revised its debt mix in order to reduce the overall cost of borrowing, improve financial flexibility, and extend average residual life in continuity with the corporate finance transactions completed in the first nine months of the year.

In that context, on 28 October 2021 Autogrill S.p.A. and a pool of leading banks signed a loan contract for maximum total principal of one billion euros, which was also entered into by the US subsidiary HMSHost Corporation on 22 November 2021.

On 3 December 2021 the Group completed its refinancing through the use of the amortizing term loan in the amount of € 200m by Autogrill S.p.A. and \$ 347.8m by HMSHost Corporation.

The liquidity deriving from the use of these credit lines and - where necessary - the Group's own liquidity were used immediately for the full prepayment of the two companies' loans and the early redemption of the US bonds.

At 31 December 2021, the Group had cash and unused credit lines of approximately €1,060m, no significant debts maturing before October 2024, and the first covenant tests with reference to consolidated figures at 31 December 2022.

OPERATING SEGMENTS

1. DIRECTORS' REPORT

REVENUE BY GEOGRAPHICAL AREA

Change

At current exchange rates
At constant exchange rates

EBITDA BY GEOGRAPHICAL AREA

Change

%on revenue
revenue exchange rates exchange rates
North America
International
Europe
Corporate costs
Total EBITDA

% on At current At constant

EBIT BY GEOGRAPHICAL AREA

Change

%on revenue
revenue exchange rates exchange rates
North America
International
(24.9| j
Corporate costs
Total EBIT

% on At current At constant

CAPITAL EXPENDITURE BY GEOGRAPHICAL AREA

	Change
At current exchange rates	
At constant exchange rates	
North America	
International Europe	
Corporate costs	
Total Capital expenditure	

ANNUAL REPORT 2021

77

NORTH AMERICA ²⁷ REVENUE

	597 +66.9%
(81)	

S
°
SL

In 2021 North America generated revenue of \$ 1,540.6m, an increase of 57.1% at constant exchange rates (+57.6% at current exchange rates of the Canadian vs. the US dollar¹⁸), compared with \$ 977.5m the previous year.

The like-for-like increase was 66.9%. At 31 December 2021, 71% of all points of sale were open (51% at 31 December 2020).

The decrease in revenue as a result of disposals came to S 80.8m, reflecting the disposal of the US motorway business in July 2021.

New stores in the airport channel, including in Salt Lake City and Las Vegas, more than offset the closures due to the normal dynamics of contract renewals.

REVENUE BY GEOGRAPHY

	Change
At current exchange rates	
At constant exchange rates	
The United States	
Canada	
Total Revenue	

REVENUE BY CHANNEL

	Change
At current exchange rates	
At constant exchange rates	
1.398.8!	

Motorways

Other channels Total Revenue

27 This division includes operations in the United States and Canada.
 28 The change at current exchange rates benefits From the appreciation of the Canadian dollar against the US dollar
 1. DIRECTORS' REPORT

EBITDA

(Sm)	Full Year 2021	Full Year 2020	exchange rates	Change	
				At current exchange rates	At constant exchange rates
EBITDA	560.6 j	92.5	n.s.	n.s.	
<i>% on revenue</i>		36.4% 9.5%			
EBITDA underlying	408.7 i	95.0	n.s.	n.s.	
<i>% on revenue</i>		26.5% 97%			

EBITDA in 2021 amounted to \$ 560.6m, up from \$ 92.5m the previous year, an increase of \$ 468.1m. As a percentage revenue EBITDA stood at 36.4%. This result was heavily influenced by the capital gain on the disposal of motorway operations in the United States, which came to \$ 153.1m net of transaction costs.

Underlying EBITDA for 2021 was \$ 408.7m, compared with \$ 95.0m in 2020, increasing by \$ 313.7m and amounting to 26.5% of revenue.

These results were achieved thanks to higher sales and the previously discussed focus on hourly productivity, improved product mix, and cost cutting. Local management extended the measures taken in 2020 to mitigate the effects of the Covid-19 crisis, namely:

- a decrease in personnel expense through the careful planning of schedules in line with the drop in traffic, and the use of the CARES Act in the United States and the Canadian Emergency Wage Subsidies in Canada, these latter with an estimated impact of US\$ 16.3m and US\$ 6.4m respectively (US\$ 22.7m and US\$ 3.7m in 2020), subject to possible positive adjustments that cannot be determined at this time;
- negotiations with various landlords in order to have the terms of local leases revised. As a result of these negotiations, lease and concession installments were cancelled for a net positive effect on the income statement of \$ 110.0m (\$ 115.4m in 2020).

EBIT

	Change	
	At current exchange rates	At constant exchange rates
EBIT	251.5 j	
<i>% on revenue</i>		
EBIT underlying		
<i>% on revenue</i>		

EBIT in 2021 came to \$ 251.5m (\$ -297.6m the previous year), an increase of \$ 549.1m; EBIT was influenced by the factors described above for EBITDA, by a decrease in impairment losses with respect to 2020 and by lower depreciation and amortization, due in part to the disposal of the US motorway business.

Underlying EBIT stood at \$ 99.6m, up from \$ -295.1m in 2020, an increase of \$ 394.7m.

CAPITAL EXPENDITURE

(\$m)	Full Year 2021	Full Year 2020	exchange rates	exchange rates	Change	
					At current	At constant

Capital expenditure in 2020 amounted to \$ 52.5m, mainly for the restyling/upgrading of points of sale at US airports (Salt Lake City, Memphis, Orlando, and Charlotte).

79

ANNUAL REPORT 2021

INTERNATIONAL ²⁹ REVENUE

(31)

8) (31) H -14%

Revenue in the International area in 2021 amounted to € 190.9m, compared with € 230.0m in 2020, for a decrease of 16.6% at constant exchange rates (-17.0% at current exchange rates). It should be reminded, in particular, that the Group doesn't have a meaningful direct exposure to Russia (€ 4.1m in 2021, 0.1% of the Group Revenues).

The like-for-like decrease was 14.0%, caused by the ongoing weakness of international traffic. At 31 December 2021, 57% of all points of sale were open (54% at 31 December 2020).

The balance between closures and new openings caused revenue to decrease by € 5.8m on the previous year, due mainly to closures in Ireland and Denmark.

There was a negative "calendar" effect of € 1.6m, due to the fact that 2020 was a leap year, and a net exchange loss of € 1.1m.

REVENUE BY GEOGRAPHY

Change	
At current	At constant

(€m)		Full Year 2021	Full Year 2020	exchange rates	exchange rates		
REVENUE BY CHANNEL							
						Change	
(€m)		Full Year 2021	Full Year 2020	exchange rates	exchange rates	At current	At constant
Airports	i	152.8	187.0	-18.3%	-17.7%		
Other channels	j	38.1	43.0	-11.2%	-11.6%		
Total Revenue	1	190.9	230.0	-17.0%	-16.6%		

29 Thu area cover* locations in Northern Europe (Schiphol Airport in Amsterdam, railway stations and outlet malls in the Netherlands, the United Kingdom, Ireland, Sweden, Denmark, Finland and Norway) and other countries (United Arab Emirates, Qatar, Turkey, Russia, India, Indonesia, Malaysia, Maldives, Vietnam, Australia, New Zealand and China).

80

1. DIRECTORS' REPORT

EBITDA

(€m)		Full Year 2021	Full Year 2020	exchange rates	exchange rates	At current	At constant
EBITDA	i	32.1	10.6	n.s.	n.s.		
% on revenue	/	16.8%	4.6%				
EBITDA underlying	j	32.31	14.8				
% on revenue		16.9%	6.4%				

EBITDA in 2021 amounted to € 32.1m, up from € 10.6m the previous year, an increase of € 21.5m. As a percentage revenue EBITDA came to 16.8%.

Underlying EBITDA in 2021 stood at € 32.3m, compared with € 14.8m the previous year, rising by € 17.5m and amounting to 16.9% of sales.

These results were achieved thanks to a substantial increase in hourly productivity and to cost cutting, as discussed above. In this case as well, local management extended the measures taken in 2020 to mitigate the effects of the Covid-19 crisis, namely:

- a sharp reduction in personnel expense through the careful planning of schedules in line with the drop in traffic and the use of government relief measures, these latter with an estimated savings of € 6.4m (€ 40.3m in 2020), subject to possible positive adjustments that cannot be determined at this time;
- negotiations with various landlords in order to have the terms of local leases revised. As a result of these negotiations, lease and concession installments were cancelled for a net positive effect on the income statement of € 30.0m (€ 28.3m in 2020).

The Group also received various forms of government relief for a total of € 3.9m (not present in 2020), recognized in the income statement under other operating income.

EBIT

Change

(€m)	Full Year 2021	Full Year 2020	exchange rates	Change	
				At current exchange rates	At constant exchange rates
EBIT	(41.6)	(80.4)	48.3%	471%	
% on revenue	1	-21.8% -35.0%			
EBIT underlying	!	(41.4)	(76.1)	45.6%	44.3%
% on revenue		-21.7% -33.1%			

EBIT in 2021 came to € -41.6m (€ -80.4m the previous year), an increase of € 38.8m. The change reflects the same factors described for EBITDA and the lesser impact of depreciation, amortization and impairment with respect to the previous year.

Underlying EBIT stood at € -41.4m, compared with € -76.1m in 2021, an increase of € 34.7m.

CAPITAL EXPENDITURE

	Change	
At current exchange rates		
At constant exchange rates		
-53.0%		
% on revenue		

Capital expenditure in 2021 came to €8.6m, mostly for the restyling/upgrading of airport locations in Manchester, Delhi, and Helsinki.

ANNUAL REPORT 2021

EUROPE

REVENUE

	237	+27.8%
(25)		

°
S

Revenue in Europe in 2021 amounted to € 1,103.3m, compared with € 897.9m in 2020, for an increase of 23.0% at constant exchange rates (+22.9% at current exchange rates).

The like-for-like increase of 27.8% is due chiefly to the recovery of motorway traffic starting in the summer and the improvement of the traffic penetration rate in this channel in Italy. At 31 December 2021, 92% of all points of sale were open (96% in Italy and 87% in Other European countries), compared with 75% at 31 December 2020 (79% in Italy and 64% in Other European countries).

Closures and new openings produced a net revenue decrease of € 1.8m compared with 2020, due to selective renewals in the motorway channel and the decision to exit from non-strategic contracts.

The decrease in revenue as a result of disposals amounted to € 25.5m, reflecting the disposal of the Group's Spanish operations in late December 2020 (formally completed on 14 January 2021).

There was a negative "calendar" effect of € 3.4m, due to the fact that 2020 was a leap year, as well as a net exchange loss of € 0.8m in connection with operations in Switzerland.

REVENUE BY GEOGRAPHY

(€m)			Change		At current	At constant
			Full Year 2021	Full Year 2020		
Italy	i	766.5 j	573.9	33.6%	33.6%	
Other European countries	!	336.9!	324.0	4.0%	4.2%	
Total Revenue	1	1,103.3 i	897.9	22.9%	23.0%	

REVENUE BY CHANNEL

[€-m]			Change		At current	At constant
			Full Year 2021	Full Year 2020		
Motorways	j	894.41	721.8	23.9%	24.0%	
Airports	j	91.61	70.9	29.2%	29.5%	
Other channels	!	117.3:	105.2	116%	11.7%	
Total Revenue		1,103.3!	897.9	22.9%	23.0%	

82

1. DIRECTORS' REPORT**EBITDA**

			Change		At current	At constant
			Full Year 2021	Full Year 2020		

EBITDA in 2021 amounted to € 175.1m, up from € 87.9m the previous year, an increase of € 87.2m. As a percentage revenue EBITDA came to 15.9%. The previous year's figure was influenced by the capital gain on the disposal of operations in Spain, which came to € 19.2m net of transaction costs.

Underlying EBITDA in 2021 stood at € 176.1m, compared with € 76.0m the previous year, rising by € 100.1m and amounting to 16.0% of sales.

As for the other business units, local management continued with the measures taken in 2020 to mitigate the effects of the Covid-19 crisis with a view to increasing hourly productivity, improving the product mix, cutting costs, reducing personnel expense including through relief programs (these produced savings of an estimated € 54.2m, compared with € 94.9m in 2020, subject to possible positive adjustments that cannot be determined at this time), and continued to renegotiate the terms of its existing leases with the cancellation of lease and concession installments (for a net positive effect on the income statement of € 51.8m, versus € 53.2m in 2020). The Group also received various forms of government relief for a total of € 32.6m (not present in 2020), mostly in Germany, France and Switzerland, recognized in the income statement under other operating income.

EBIT

Change

At current exchange rates

At current exchange rates
At constant exchange rates

124.9)j

% on revenue

EBIT underlying

% on revenue

EBIT in 2021 came to € -24.9m (€ -148.7m the previous year), an increase of € 123.8m. The improvement reflects the same factors described for EBITDA and the lesser impact of depreciation and amortization with respect to the previous year, due especially to the disposal of the Spanish operations which reduced depreciation and amortization by € 20.7m.

Underlying EBIT stood at € -23.9m, compared with € -160.5m in 2020, an increase of € 136.6m.

CAPITAL EXPENDITURE

Change

At current exchange rates
At constant exchange rates

Capex

% on revenue

Capital expenditure in 2021 came to € 82.1m, mostly for the restyling/upgrading of motorway locations in Italy, France, and Switzerland and of railway locations in Belgium.

ANNUAL REPORT 2021

CORPORATE COSTS

In 2021, centralized Corporate costs amounted to € 25.7m (€ 19.9m in 2020), an increase of 28.7%.

Underlying Corporate costs in 2021 came to € 24.1m, compared with € 18.8m in 2020, due to the same non-performance-related factors described in the comment on EBITDA.

OUTLOOK³⁰

85

This section includes forecasts and estimates that reflect management's current thinking (forward-looking statements), especially as regards future performance, capital expenditure, cash flow, and changes in the financial structure. By nature, forward-looking statements have an element of risk and uncertainty because they depend on the occurrence of future events. Actual results may differ, even significantly, as a result of various factors such as travel trends in the countries and channels served; the outcome of concession contract renewals and bids for new concessions, how the competition develops, the trend in exchange rates against the euro, especially of the US dollar and British pound, the trend in interest rates on those currencies, future demand, the price of oil and food raw materials, general macroeconomic conditions, geopolitical factors and regulatory changes in the countries served, and other changes in business conditions. The Group's business volumes correlate with travel trends.

ANNUAL REPORT 2021

On the basis of positive results during the year in terms of operating performance and free cash flow, the Group's 2021 guidance has been revised several times, as follows:

Guidance 2021

Revised July 2021

Revised September 2021

**Revised December 2021
Revised February 2022**

Between 2.3 and 2.7
Between 2.3 and 2.6
Between 2.3 and 2.6
Between 2.3 and 2.6 :

2.6

(actual figures)

-5.0% and -2.0%	-4.0% and -2.0%	-2.5% and -1.5%		Between	Between	Between -13.0% and -6.0%	Between i
-300 and -200	-220 and -160	-200 and -160	-170 and -150	Between	Between	Between	Between I
Not above 6.0%	Not above 6.0%	Not above 6.0%	Not above 6.0%				
120 and -70	-65 and -15	-15 and +30	+35 and +50	Between	Between	Between	Between ;

In euros of 1000

* Free cash flow after operating investment excluding the effect relating to non-recurring transactions carried out in the United States

As for the year in course, Autogrill Group revenue from the beginning of 2022 through the end of February increased by about 100% compared with the first two months of 2021 (decreased by about 30% compared with the first two months of 2019). The improvement reflects performance in North America, where the Group's exposure to domestic air traffic has mitigated the impact of the Omicron variant, and in Europe thanks to the contribution of the motorway channel.

The Group's priorities for 2022, in continuity with the previous two years, are as follows:

- to ensure the health and safety of employees and customers;
- to strengthen the core business and Autogrill's leadership of the industry;
- to take advantage of the recovery;
- to continue focusing on cash conversion;
- to successfully implement the ESG strategy based on the three strategic pillars: 1) We nurture People; 2) We offer sustainable Food Experiences; 3) We care for the Planet.

Given the unfolding geopolitical events and related economic uncertainty, Autogrill temporarily refrains from providing guidance for 2022.

Targets for 2024 remain unchanged.

Despite the negligible exposure to Russia, Autogrill is monitoring the developments of the conflict in Ukraine and will promptly adapt its business strategies and risk assessment as the situation evolves.

1. DIRECTORS' REPORT

BSEQUENT EVENTS

Since 31 December 2021, no events have occurred that would have entailed an adjustment to the reported figures or required additional disclosures.

In particular, it should be noted that according to IAS 10, the impacts of the Russian-Ukrainian conflict do not affect the estimates related to the end of the financial year 2021 and will be considered, where necessary, in subsequent financial communications.

CONSOLIDATED NON-FINANCIAL STATEMENT

PURSUANT TO ARTS. 3 AND 4 OF LEGISLATIVE DECREE 254/2016

1. DIRECTORS' REPORT

ABOUT THE NON-FINANCIAL STATEMENT

The Consolidated Non-Financial Statement of the Autogrill Group, prepared in accordance with Arts. 3 and 4 of Legislative Decree 254/2016, as amended (the "Decree"), contains disclosures on environmental, social, personnel, human rights, and anti-corruption topics to the extent needed to ensure a full understanding of what the Group does, how it has performed, and the impact of its operations.

The statement also provides information on the topics required by the Decree by referring readers to other sections of the Directors' Report and to other corporate documents drawn up in accordance with the law, namely the Corporate Governance and Ownership Report, where the information is already contained therein. The following table reconciles the disclosures required by the Decree (where identified as material) with the corporate documents that provide those disclosures.

This statement, approved by the Board of Directors on 10 March 2022, is published annually and has been drawn up according to the GRI Sustainability Reporting Standards ("In accordance - Core" option) defined by the Global Reporting Initiative. The GRI Standards 2016 are the most widely followed in the world for non-financial reporting, and have been chosen by Autogrill as its reference standards for compliance with Decree 254/2016. To help readers locate information within the document, the GRI Content Index is provided below.

The non-financial disclosures in this statement reflect the principle of materiality (relevance), as provided for by law and featured in the GRI standards; the issues discussed are those which, following a materiality analysis, were found to be relevant as they reflect the Group's social and environmental impact or influence the decisions of its stakeholders. Given the Group's operations, the materiality analysis did not find water consumption to have a significant environmental impact, so it is not a topic addressed in this statement. The issue of human rights did not emerge as material, but is still highly important to the Group, especially in the selection and evaluation of suppliers and relations with employees and the community. These aspects are governed by policies and procedures such as the Group Sustainability Policy, the Code of Ethics, and the Supply Chain Sustainability Guidelines.

Materiality is reviewed with a frequency and according to a methodology defined on the basis of developments within and outside the Group. The document highlights the ways in which the Group's actions are connected with the United Nations Sustainable Development Goals (UN SDGs). In 2021 Autogrill began to comply with the requirements of the EU Taxonomy pursuant to Art. 8 of Regulation (EU) 2020/852, with the aim of providing investors and the market with a complete vision of the Group's economic activities in terms of the Taxonomy's first two objectives: climate change mitigation and climate change adaptation. See the section "Autogrill Group social and environmental data" for further information.

The quali- and quantitative disclosures in the Consolidated Non-Financial Statement refer to the Autogrill Group for the year ended 31 December 2021. As required by Art. 4 of Decree 254/2016, the Non-Financial Statement includes data for the Parent company (Autogrill S.p.A.) and its wholly-owned subsidiaries, unless otherwise specified, and breaks down results for the Group's three business units (North America, International, and Europe, including Italy).

The boundary for income statement figures is the same as that for the Group's 2021 Annual Report. The boundary for non-financial disclosures consists of the companies fully consolidated in the Autogrill Group's consolidated financial statements for the year ended 31 December 2021, except for dormant companies, those in liquidation, and companies acquired during the year. The US motorway business, which was definitively sold on 23 July 2021, is excluded from the reporting of social and environmental data. The Spanish operations are likewise not included as they were sold at the end of 2020.

Note that headquarters and stores where the Group does not contract utilities directly and therefore has no precise consumption data - mostly at airports, railway stations and malls - are not always included in the reporting on environmental figures. This limitation mostly concerns North America and the International business unit. Any other boundary limitations are stated within the document. Data for Stellar Partners Inc. refers solely to its workforce, with all other performance indicators excluded.

Such exclusions are not significant for understanding the Company's activities, performance, and results or its environmental and social impact.

REQUIRED DISCLOSURES AND WHERE TO FIND THEM

2021 documents containing the disclosures

Business management-model

Art. 3.1(a)

Description of the business management and organizational model, including any corporate liability policies pursuant to Legislative Decree 231/2001

NFS Approach to sustainability

Art. 3.1(b)

Description of corporate policies, including due diligence

DR

pp. 31-33, 53

We nurture People NFS We offer sustainable Food Experiences We care for the Planet
e main risks generated by or incurred in business operations

Risk management

Art 3 1(b) , IL

0

Description of thi

Art. 3.2(f)

Disclosures on countering active and passive corruption

Art. 3.2(d))

Information on human resource management, including gender parity, adoption of international organization conventions and dialogue with workers' rights groups

Art. 3.2(c)

Health and safety disclosures

NFS

NFS We nurture People

We nurture People Health and safety

Art. 3 2(d)

Information on social aspects

We offer sustainable Food Experiences NFS Food quality & safety
We offer sustainable Food Experiences NFS Responsible sourcing
We nurture People NFS Support for local communities and inclusion
Customer experience

Human rights

Art. 3.2(e)
Information on respect for human rights and measures taken to prevent violations and discrimination

We nurture People

Diversity, equal opportunities & inclusion We offer sustainable Food Experiences Responsible sourcing Social and environmental data Protection of human rights

Art 3 2(a)(b)(c)

Use of energy, distinguishing between renewable and non-renewable sources, water consumption; emissions of greenhouse gases and pollutants; impact on the environment

Key

APPROACH TO SUSTAINABILITY

The Autogrill Group has always promoted an operational and business model that blends economic growth, social development, and protection of the environment.

This journey began with the publication of the first Sustainability Report in 2005 and continued with the development in 2011 of the first sustainability framework, Afuture, which was built on the three strategic areas of "People", "Product", and "Planet". The framework was reinforced in 2014 thanks to the first materiality analysis and the consequent definition of the Group's 2015 "Afuture Roadmap: Shape our tomorrow", containing specific improvement targets and initiatives spread in several countries.

In the following years Autogrill gradually formalized the management and integration of sustainability in its everyday business, through a system of policies and guidelines.

The formation of a Strategy and Sustainability Committee within the Board of Directors in 2020, and the appointment of a Chief Sustainability Officer in 2021 who reports directly to the CEO, are two milestones in the Group's redefinition of its sustainability governance structure.

The year 2021 was particularly important for Autogrill, which adopted a fresh strategic approach to sustainability topics, including with the definition of a new materiality matrix. The matrix reflects priorities in the sustainability areas relevant to the Group, in which Autogrill will continue to invest with the aim of integrating sustainability not only within its strategic guidelines but also within its day-to-day operations and company culture. The topics making up the new matrix have been grouped into three strategic pillars - We nurture People, We offer sustainable Food Experiences, and We care for the Planet - which contribute to the Group's sustainability framework Make it happen - Shaping a better future.

OUR SUSTAINABILITY JOURNEY

Good Egg Award
Villoresi Est Innov@Retail Award

Autogrill Italia

Best CSR initiative (Autogrill - Afuture)

F A B Award

Airport Going Green Award
HMShost Food Premio Natura Donation Villoresi Est Connection
Associate Inclusion Champion Award

Associate Inclusion Champion Award
HMShost Diversity & Inclusion program

Innovation Award @ Schiphol
HMShost Int, Soup & Bakery concept

Netherlands tap-employer
HMShost Int.

A new journey begins

Co) ~7

r^n @MAKE IT V^N ^0 HAPPEN

a> c

£

_u

E

First Sustainability report

First Sustainability strategic Framework. Afuture

First materiality First Sustainability matrix Roadmap

Creation of the Appointment
Strategies and of a Chief
Sustainability Sustainability

Committee

Officer

GROUP POLICIES AND GUIDELINES

Autogrill's policies and guidelines originate in the Code of Ethics and Sustainability Guidelines and aim to codify Group-wide social and environmental principles and to provide the business units with guidance for the sustainable management of everyday operations. Alongside these instruments are some specific policies such as the Anti-corruption Policy, the Supply Chain Sustainability Guidelines, and the Diversity & Inclusion Policy.

The Group's socio-environmental policies and guidelines

Code of Ethics: contains the ethical principles and values that guide Autogrill in doing business and sets guidelines for interacting with stakeholders, establishing priorities, principles, and behavioral norms for all

Sustainability Guidelines: specify key social and environmental principles for the sustainable management of business activities; currently being revised consistently with the Group's new ESG approach
Supply Chain Sustainability Guidelines: set the standards for sustainable supply chain management; in North America and International this document is called the HMShost Supplier Code of Conduct, which spells out the ethical standards that HMShost (a wholly-owned subsidiary of Autogrill) requires of its suppliers in order to make sure commercial transactions occur in accordance with its social and environmental sustainability principles

Anti-corruption Policy: ensures transparency, clarity as to allowable conduct, and compliance with national and international anti-corruption standards in all channels and countries served
Environmental Management Protocol: specifies behavioral principles with respect to environmental

standards in all business and countries under Environmental Management Protocol specifies general principles with respect to environmental and natural resource protections (part of the Organizational Model pursuant to Legislative Decree 231/2001)

Diversity, Equity & Inclusion Policy: promotes the acceptance and celebration of diversity throughout the organization

Whistleblowing Policy: governs the use and management of the whistleblowing system and defines how the Group protects whistleblowers, by keeping their identity and their complaints confidential during the handling process and prohibiting all forms of retaliation

SUSTAINABILITY GOVERNANCE

Autogrill has implemented a governance system for the Group-wide management and control of sustainability issues, to all intents and purposes integrating sustainability within its business.

To ensure the effective handling of ESG issues, in 2020 the Strategies and Sustainability Committee was set up within the Board of Directors, made up of three non-executive Directors, most of whom are independent (see the "Governance" section for further details). The committee has due diligence and advisory functions with respect to the Board on matters concerning the sustainable success of the business; such functions include promoting the integration of sustainability within the Group's strategies and culture and fostering these concepts among all stakeholders, reviewing stakeholder engagement, and periodically assessing the Group's position on sustainability themes (including financial market, ratings, and sustainability index analyses). It is also responsible for evaluating the sustainability guideline proposals developed by the Board of Directors.

To keep senior management on top of sustainability issues, in 2021 Autogrill established the position of Chief Sustainability Officer (CSO), reporting directly to the Group CEO. The position is currently filled by Autogrill's Group Chief Financial Officer. The Chief Sustainability Officer is assisted by the newly formed Group Sustainability Committee, made up of business unit and Corporate managers, whose duties include

1. DIRECTORS' REPORT

defining priorities, tracking progress, and coordinating the initiatives and projects envisaged by the sustainability strategy.

Projects are implemented by cross-functional working groups with members from all business units, coordinated by a Group Sustainability Manager, who are tasked with promoting a culture of sustainability at all levels of the Group (for further information, see "ESG risks" in the "Risk management and control system" section).

MAKE IT HAPPEN - SHAPING A BETTER FUTURE

Why change our approach to ESG?

- 1 It's the right thing to do: environmental issues and social challenges require everyone to take a step forward and embrace immediate, concrete actions, and corporations must play a pivotal role.
- 2 It's already permeating our organization: for many years, we have been promoting initiatives for our people, our customers, and the environment; now we need to elevate them as a consistent framework.
- 3 It's our responsibility as market leader: our stakeholders increasingly expect us to take concrete action in all dimensions of ESG, given our scale and our market position.
- 4 It's an opportunity to do bigger and better: the depth and breadth of ESG issues offer a unique opportunity to look at our business differently and take transformative action.

Sustainability and ESG issues have become one of the key factors influencing the market and business development models. In 2021 Autogrill decided to renew its ESG strategy and taking it to the next level. To do so, Autogrill's refreshed its approach compared to the past to define its strategic pillars and its plans in order to implement a solid path forward and set targets for future improvement.

This year-long process involved the creation of three interfunctional working groups with members from all business units and Corporate, tasked with producing a strategic sustainability plan that will guide the Group toward significant new sustainability objectives.

MAKE IT HAPPEN

SHAPING A BETTER FUTURE

20 one-to-one interviews with the members of the Board of Directors and the Management
3 workstream dedicated
to the nine ESG priority topics

-Q- 200+ initiatives identified together ' ~' _ with the Business Units

OQO

Make It Happen - Shaping a better future is Autogrill's strategic framework built on three pillars: We nurture People, We offer sustainable Food Experiences, and We care for the Planet. It spells out nine priority sustainability issues the Group has decided to pursue through specific initiatives, KPIs, and targets sets by dedicated working groups with a view to creating shared value for the short, medium and long term. Through Make It Happen, Autogrill shares strategic orientations with its stakeholders and defines the goals it promises to monitor and update every year, in the conviction that sustainability is not an arrival point but a constant process of evolution and improvement.

OUR CONTRIBUTION TO REACHING THE SUSTAINABLE DEVELOPMENT GOALS

In September 2015 the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, signed by 193 member states, which presents 17 Sustainable Development Goals or SDGs. Split into 169 targets to be achieved by 2030, the goals of the UN Agenda address a wide array of issues relating to socioeconomic development and environmental protection of the planet.

Through dialogue with stakeholders and a fresh materiality analysis, Autogrill has identified nine priority SDGs within the Make It Happen framework and associated them with each of the three strategic pillars: We nurture People, We offer sustainable Food Experiences, We care for the Planet.

Strategic pillars

We nurture People

We offer sustainable Food Experiences

We care for the Planet

SUSTAINABLE DEVELOPMENT

GOALS

1. Employee engagement, talent development & retention
2. Diversity, equal opportunities & inclusion
3. Customer experience
4. Food quality & safety
5. Product choice, nutrition & transparency

- 5. Product choice, nutrition & transparency
- 6. Responsible sourcing
- 7. Waste management & packaging
- 8. Energy, emissions & climate change
- 9. Food waste

DIALOGUE WITH STAKEHOLDERS

Autogrill understands the importance of engaging stakeholders and develops active dialogue based on transparency, trust, and shared ideas as called for by the Code of Ethics, which sets the priorities, principles, and conduct to be followed in every interaction.

By listening to stakeholders, Autogrill gained vital information on their needs and, more generally, on the context in which the Group operates, and can trace out a path of constant improvement for the impact on society and the environment.

Through this sort of feedback Autogrill can follow up on its commitment to stakeholders, by judging how well it is understanding and meeting their expectations and intercepting any problems before they arise.

1. DIRECTORS' REPORT

A real understanding of the interests and expectations of every stakeholder can only begin by identifying the key stakeholder categories with which to engage in regular feedback, and by defining the most appropriate channels of engagement.

In February 2022, the Board of Directors adopted a policy for handling dialogue with all shareholders and other stakeholders, modeled partly on the engagement policies followed by the Company's institutional investors. The policy specifies the Company's ordinary communication channels (the General Meeting of shareholders, Autogrill's website, institutional meetings with the financial community) and the other forms of dialogue that do not involve it directly, and establishes a procedure for direct dialogue between the shareholders and the Board of Directors. It was adopted at the recommendation of the Chair of the Board of Directors and drawn up with the Group CEO, with approval from the Control, Risks and Corporate Governance Committee.

In 2021 there was a strong focus on internal dialogue through the attentive, transparent sharing of information at every level, and on listening to the needs of customers through surveys and market research designed to grasp how travelers¹ expectations are evolving.

Listening channels

Meetings and agreements with trade unions Surveys
Whistleblowing channels (SA8000 mailbox; OpenLine platform) Internal communication activity (Aconnect intranet portal, showcases) Training activities and events Policy definition and sharing

Listening channels

Period sector events and multi-stakeholders roundtable Meetings with NGO, non profit and charity foundations Engagement and support projects Collaboration with sector partners

Listening channels

Annual customer satisfaction surveys "Feel good?"

Market investigation and customers surveys on customer needs . CRM activity

Corporate website Social media

Listening channels

Quality audit and inspections
Policy definition and sharing
One-to-one meetings
Assessment processes and development of new products and concepts

Listening channels

Shareholders' meeting
Regular meetings between top-management and investors Dialogue channels offered by Investor Relation program Periodic results announcements Policy definition and sharing
Seminar, sector conferences, roadshows and meetings Corporate website and financial and non-financial reporting

Listening channels

Collaboration and development of tailor-made services Participation to industry events One-to-one meetings Policy definition and sharing Social and environmental surveys

ANNUAL REPORT 2021

Engagement con i consumatori

Through its engagement activities Autogrill monitors the changing needs of consumers and their new purchasing habits. In 2021 Autogrill launched a new survey called Next Normal in Travel, designed to explore changes in travelers' attitudes, behaviors, and expectations in the context of today's "new normal".

The survey revealed a significant increase in behaviors aimed at responsible, sustainable consumption and a growing expectation of more varied product assortments, especially healthy, vegetarian, and plant-based options.

Especially among younger generations, the popularity of healthy, balanced diets is leading to a growing interest in the raw materials used and in foods' origin, quality, and safety.

Travelers are also increasingly attentive to how committed firms are to environmental sustainability and the steps they have taken at stores to reduce adverse impacts. Minimizing food waste, recycling, and reducing the use of plastic are the sustainability practices on which consumers place the greatest premium in the context of eating on the go.

MATERIALITY ANALYSIS

In sustainability reporting, the topics deemed as material (or relevant) are those that have a significant impact on the Company's economic, social, and environmental performance or that may substantially influence stakeholders' perceptions and decisions. The materiality analysis is therefore a key instrument for understanding the Company's standpoint but also that of its stakeholders.

Since 2014 Autogrill has conducted regular materiality analyses, following a structured process involving the analysis of best performers, industry peers, and the external context as well as dialogue with central and local management teams.

Considering how quickly the context is changing and consistently with its ever-greater commitment to ESG issues, in 2021 the Group decided to fortify its process of materiality analysis, carried out in accordance with the GRI reporting standards. The potential material aspects were identified on the basis of a preliminary analysis of the topics identified by the main reporting standards, such as those of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and Italian Legislative Decree 254/2016, which were analyzed by observing key industry players, documents on the external scenario, and ESG ratings and through 20 one-on-one interviews with senior managers and Board members as well as the active involvement of more than 100 people within the organization. This approach led to the identification of a series of material aspects for the industry and for its stakeholders without losing sight of the specificities of a complex, multi-faceted company like Autogrill.

Each topic identified was assessed to understand the effective level of control in terms of initiatives the Group has taken and its capacity to monitor performance. Through the involvement of various functions for each business unit, the topic was analyzed in terms of the actual or potential impact the business generates in consideration of the different operating models specific to each channel, geographical area, and brand or concept used.

The analysis confirmed that the promotion of responsible behaviors within the Group is the basic prerequisite for growing the business by offering safe, high-quality products and services, making processes more innovative, and valuing employees and customers.

More specifically, of the nine most relevant topics: Food quality & safety, Waste management & packaging, and Employee engagement, talent

more specifically, of the nine most relevant topics, Food quality & safety, Waste management & packaging, and Employee engagement, talent development & retention were found to be most significant for both the business and the stakeholders.

1. DIRECTORS' REPORT

Through the analysis it was possible to assess existing initiatives and KPIs in place for the most relevant topics, defining the foundations for the sustainability framework Make It Happen - Shaping a Better Future.

THE AUTOGRILL GROUP'S MATERIALITY MATRIX

ii E

8. E

Innovation

j Corporate and sustainability governance
7 a c ■ hair laoo' practices

Customer experience

/

^mm 'Health E3I& safety 3 Food waste

Energy, emissions & climate change

Sal Local comTjnities
Waste management
Diversity equal opportunities & inclusion
,VA . & packaging
kfw jgi Responsible jjS^,
lHs^5 sourcing ^ |
Product choice, ^^sfj\$9f tafj^8m
nutrition & (S^y^^ development
transparency and rel'enion
Watei management

Importance to Autogrill³

Social Environment

1. Defined using as starting point 2020 Autogrill materiality matrix and SASB/ESG ratings perspective 2. Defined using the total score of one-to-one interviews and industry perspective 3. Not included in top) ESG themes as it is considered a table stake

Employee engagement & talent development and retention

Demote people assessment throughout the whole organization, listening to people's needs. Attract, develop and retain Group's talents to ensure the leader of tomorrow.

Promote people engagement throughout the whole organization, listening to people's needs; Attract, develop and retain Group's talents to nurture the leaders of tomorrow
Foster an inclusive and diverse environment and embed DE&I culture throughout the organization, developing diverse and inclusive leaders
Provide travelers around the world with best-in-class experiences, listening to their needs and constantly improving our service

Product choice, nutrition & transparency

Provide the highest quality and safety standard throughout all operations
Raise consumers' awareness on food nutritional values and offer alternative choices including plant-based and healthy options in our offering
Guarantee sustainable and ethical supply chain, also partnering with local producers to sustain local production; adopt responsible practices in raw material selection

Waste management & packaging Energy, emissions & climate change

Reduce the use of virgin plastic use in guest packaging; increase business circularity through waste and equipment reuse
Reduce scope 1 and scope 2 greenhouse gases (GHG) emissions; build sustainable stores limiting our impact on the environment
Sustain food waste reduction across all countries

The aspects related to corporate governance, regulatory compliance, and anti-corruption are considered to be prerequisites; as such, they were not individually included in the process but are nevertheless accounted for in this Statement.

ANNUAL REPORT 2021

WE NURTURE PEOPLE

The first pillar of the Make It Happen strategy is about people, meaning the Group's employees and the travelers who come into contact with Autogrill's services."

Material topics

Employee engagement, talent development & retention Diversity, equal opportunities & inclusion Customer experience

Our priority SDGs

40-50% women representation in leadership roles ³⁹ by the end of 2030

Highlight 2021

z/ Employees in 30 countries

(°)D^?^> Women of total employees, with the aim of increasing the women representation in leadership roles

@©o^ Average training hours per capita

TI o@L7LfD Donations to support local communities

OMS(SIO Lt^oDI1(S^ Development of the Diversity, Equity & Inclusion Policy to enhance diversity and spread a welcoming

Customer engagement survey started in 2021 to understand expectations and preference of travellers in Li^@Mru(^)U the "new normal"
DL7D TrkgMIO

11 Definition of leadership roles currently under review

98

1. DIRECTORS' REPORT

EMPLOYEE ENGAGEMENT, TALENT DEVELOPMENT & RETENTION

"We promote people engagement throughout the organization and listen to their needs. Our goal is to attract, develop, and retain talent within the Group in order to nurture the leaders of tomorrow"

Autogrill is a people company that provides services to people. Taking care of our employees so we can offer services of value is therefore a fundamental element of our strategies.

The way employees are cared for is a distinctive feature of Autogrill, which from recruitment throughout a person's career values the dignity, protection, and rights of every individual.

We also promote the constant development of our employees' technical and soft skills by favoring a management style centered on leveraging talent and on personal and professional growth.

The Group understands the importance of reinforcing team spirit and motivation while also polishing its own reputation, in order to attract skilled personnel who can build their professional success in harmony with the Autogrill's values and goals.

Autogrill's business policies, starting with its Code of Ethics and Sustainability Policy, are based on respect for work and the people who perform it and on eliminating all forms of irregular/forced labor and discrimination. They aim to ensure safe workplaces by monitoring the potential vulnerabilities of workers and other stakeholders and finding the best means of preventing and mitigating risks.

An eye to the future-Leading in a Diverse World is a new project starting in 2022 in which senior managers will act as mentors in order to develop tomorrow's leaders.

At 31 December 2021 the Autogrill Group employed 34,639 people (an increase of 11% over 2020), 61% of them women. Of the total 96% worked at stores. The increase in the workforce reflects the upturn in business with the

women. Of the total, 50% worked at stores. The increase in the workforce reflects the uptick in business with the easing of the Covid-19 pandemic. The most significant change was recorded in North America (+42% with respect to 2020), where the Group operates mainly in the airport channel, the greatest beneficiary of the recovery in traffic during the course of 2021.

At the Group level, 91% of employees were hired on permanent (open-ended) contracts. Temporary employees are managed differently from country to country, depending on local legislation and business needs. In general, because the Group mainly hires temporary workers to cover the busy summer and Christmas seasons, in 2021 there was a slight increase in this type of contract due to the lesser impact of the Covid-19 pandemic.

99

ANNUAL REPORT 2021

Part-time employees made up 32% of the total, 72% of them women.

2021

North America
Total employees
Of which, women
Headquarters
33,391 j
Permanent
Temporary Full time
Part time

The largest category of workers consists of multiservice operators¹³ at stores, who also increased by the largest amount on 2020 (+14%), due in part to temporary hires. The age range from 30 to 50 accounts for the highest share of employees (46% of the total). With respect to 2020 there was an increase (+22%) in employees under 30, who made up 30% of the total, with a peak of 54% in International.

2021 Europe
Total employees
< 30 years
30-50 years
> 50 years

TRAINING AND DEVELOPMENT

Training and professional development is a fundamental tool for strengthening individual skills while also disseminating the Company's values through a process nourished by cultural and organizational progress.

through a process nourished by cultural and organizational progress.

Autogrill believes in the direct, pro-active involvement of employees that puts the person at the center, as the active protagonist of his or her professional growth. Over the years, the Group has put together transversal training programs to support the professional and personal development of its employees. The broad range of learning modules (coaching, onboarding, behavioral, technical, and managerial) can take place in the classroom, on the job, or online.

12 The "temporary" category does not apply to employees in North America, who are classified according to current legislation by which both parties can terminate employment at any time ("at-will employment").
13 Responsible for preparing, cooking, and serving food and beverages and cleaning the equipment, food preparation zones, and dining areas.

1. DIRECTORS' REPORT

Store personnel receive on-the-job training, to help them do their jobs and improve their service and food preparation skills, and as a way to attract the best talent.

School of excellence

In Italy Autogrill has developed a special training program for store managers. Called "Scuola di Eccellenza", it lasts for 25 weeks, 10 of them in the classroom and the rest on the job.

Topics range from hands-on store concept training to customer-centric managerial and administrative skills. The managerial courses address people management, leadership, and team working, and are taught internally

via coaching or in partnership with outside trainers. There are also team building activities to strengthen the soft skills of store managers in training. At the end of the program, trainees are challenged to develop a commercial project for their store.

In 2021 this program was held online to ensure uninterrupted learning in total safety.

Training this year was focused on customer and employee care, soft skills, and the development of leadership skills.

In light of the growing use of digital technologies and remote working, the Group continued to hold webinars and online training in computer skills, remote work management, proper conduct in common spaces, and the handling of customer interactions. The Group also took cybersecurity measures to protect its IT infrastructure, including instructing employees on these issues and on its video collaboration policies.

At the same time, in response to lasting uncertainty as to how the scenario would evolve, the Group promoted and encouraged several online get-togethers for its employees to keep interpersonal relationships alive and provide moments of contact and interaction. In North America, for example, managers followed a live webinar series on the handling of the Covid-19 pandemic.

In 2021 the Group provided more than 1.3 million man-hours of training¹⁴, a substantial increase with respect to 2020. The increased number of hours reflects the resumption of training activities in all countries served and for all professional categories. Group-wide, this translates to an average of 39.7 hours per head in 2021, up from 6.9 per head in 2020. The boost in training hours for office workers was sustained by the grant from the Fondo Nuove Competenze, a training fund for workers in Italy created by the Ministry of Labor and Social Policies. The program allowed the

a training fund for workers in Italy created by the Ministry of Labor and Social Policies. The program allowed the temporary remodulation of schedules in order to meet changed organizational and production needs, allocating part of the workweek to special training in order to update office workers' skills. From January to May 2021, 49,410 hours of training were provided over the MyAcademy platform, in addition to more than 1,200 webinar hours; these courses addressed a variety of topics including soft and managerial skills (emotions management, delegating tasks, innovation) as well as operational matters such as data privacy, foreign languages, and writing.

¹⁴ The Figures available as of this writing are partially estimated on the basis of the individual training plan for new hires. They do not include the recently acquired company Le CroBag GmbH, or figures for Autogrill Austria which are temporarily unavailable. Also, much in-store training is ongoing and is not always recorded systematically.

ANNUAL REPORT 2021

Stores (average hours per capita)

- Area managers
- Store managers
- Managers
- Unit heads
- General employees

Offices (average hours per capita)

- Top managers
- Senior managers
- Managers
- White collars

About 80% of training hours were focused on operational skills, in particular for store personnel, as well as on the reinforcement of managerial skills for those in positions of responsibility. Health, safety, quality, and hygiene were emphasized as topics of strategic importance to the Group's business.

TRAINING HOURS BY TYPOLOGY

- Hygiene, health & safety, quality
- Managerial skills
- Other
- Technical skills

- Operative skills

In addition to specific training in the new working arrangements, Autogrill developed a number of courses for its employees including emotions and stress management and foreign languages, focusing on all aspects of personal

employees including emotions and stress management and foreign languages, focusing on all aspects of personal development.

Leaders on the Move - Executive program in collaboration with Coca-Cola

In September 2021 Autogrill launched the "Leaders on the Move" project in Italy in collaboration with Coca-Cola HBC Italia, a development program for 18 of the two companies' top talents, in the conviction that learning takes place through the intermingling of ideas and people.

Developed in cooperation with Challenge Network, the one-year intercompany program takes place in various stages and will guide the selected participants through the two companies in order to deepen their knowledge and boost innovation and experimentation.

By sharing experience, people, and company values, Leaders on the Move aims to develop new skills and to enrich the participants' professional qualifications through two business cases, one commercial and the other sustainability-related.

The program is a concrete demonstration of how different companies can join forces for the sake of growth, learning, and the cross-pollination of different experiences.

102

1. DIRECTORS' REPORT

HUMAN RESOURCE DEVELOPMENT AND APPRAISAL

With a view to fostering professional growth, Autogrill has defined a performance review system that measures specific technical capacities as well as managerial skills.

The review system aims to improve long-term value creation and is therefore one of the key processes for ensuring constant professional development, talent retention, and ultimately achieving the Group's objectives.

The measurement of performance is constantly evolving, including a new assessment paradigm in North America known by the slogan "Helping Others Succeed Throughout the Year", which places a premium on boosting other people's' chance at success.

In the International area, the "Be Competent" system has been joined by the new skills measurement program called "First Class", through which future managers can follow a plan for the effective development of their skills in line with the expectations of the market.

Since 2019 the Group has been engaged in a talent mapping process in Italy involving the area managers and outstanding store managers. Starting from the outcome of the performance review, the project aims to thoroughly assess training needs and potential in order to define tailor-made career plans for the Group's best performers.

In 2020, formal performance evaluation systems were temporarily suspended in favor of feedback sessions between employees and their managers.

In 2021 many countries reinstated their standard procedures, involving 8,814 people in performance reviews, mostly at office locations.

PERSONNEL INVOLVED IN PERFORMANCE REVIEWS¹⁹

2021

Women

Offices

Top managers Senior managers

Managers White collars

Stores

Area managers Store managers Managers Unit heads

General employees

15 Calculated considering the employees assessed under the performance review process who were still employed as of 31 December, for countries with an existing performance review system Figures do not include some minor markets such as Austria, Slovenia, Belgium, and Greece (Europe) and India and the Maldives (International) Nor do they include the recently acquired companies Stellar Partners Inc. and Le CroBag GmbH. Some Figures are estimates

103

ANNUAL REPORT 2021

Most of the change in the percentage of non-HQ.employees who received performance reviews reflects turnover trends, especially in countries that only give reviews once an employee has been working for six months.

Data for top managers is not included because it refers to a management by objectives approach that differs from the performance review programs in place for other employees.

EmpoWer: two are better than one - Autogrill Italia's mentorship program

The EmpoWer program is one of the ways Autogrill can help its employees reach increasingly ambitious goals. This mentorship program pairs participants with more senior colleagues so they can learn the business and organizational skills crucial to the business.

The ultimate goal of the program is to facilitate professional growth. This takes place through the sharing of experience with the senior manager, the transmission of key organizational competencies, reinforcement of the company culture, and strong motivation to strive for one's best.

Lead, Inspire, Transform. At the 2021 FAB Awards, 10 honors for the Autogrill Group

The 2021 FAB (Food & Beverage) Awards honored people and teams who brought innovations in 2020 to food and beverage services for travelers.

For the first time in the event's history, the emphasis was not on food & beverage concepts, but on people and working groups: a welcome acknowledgment of everyone who helped the industry give concrete answers to the questions raised by the pandemic.

Excellence, dedication, and teamwork were the values recognized by the FAB Superstars Awards in five categories. Ten of these awards went to the Autogrill Group in the categories "Star Team", "Star Individual", "Star Story", and "Humanity, Leadership & Inspiration", honoring the teams and the people who, despite the pandemic, continued to work with professionalism and care for the customer and to face the future with optimism.

EMPLOYEE ENGAGEMENT AND TALENT ATTRACTION

Autogrill strives to build a professional environment that attracts and develops talent, through engagement projects and employer branding activities at the global and local level.

Over the last few years the Group has gradually developed talent attraction strategies to bring it closer to people and engage them in a process of professional and personal growth, thanks to effective online communication and a number of employer branding campaigns on job boards, social networks, and the major job search websites. In the Netherlands, for example, it has appointed "HMSHost ambassadors" who celebrate the brand on

networks, and the major job search websites. In the Netherlands, for example, it has appointed "Ambassadors" who celebrate the brand on social media, aiming to attract an ever broader audience.

Autogrill has been leaning towards talent attraction solutions using structured, online recruitment systems designed to make employment offers more visible and accessible and to create a direct line of communication with the younger generations. This has simplified the online application process, with an option to add video interviews in addition to the standard resume.

1. DIRECTORS' REPORT

Generation: a training program for young recruits

Through Generation, a project developed with Fondazione Generation Italy, we have provided 18- to 29-year-olds with a free 4-week course preparatory to becoming an Autogrill service manager trainee.

Talent Boost

Talent Boost is a program to help store employees rise to managerial positions. It combines mentoring, webinars on the specific skills needed for the job, leadership coaching,

and observation by product & service specialists. The program was run twice in 2021.

Assapora il futuro

Assapora il futuro ("Taste the future") is another talent attraction initiative: a career orientation day in which Autogrill jobs are presented by our employees and "tasted" at vocational schools, to help young people grow

familiar with our careers and understand what it's like to work and grow with Autogrill. This program also serves as a bridge between school and work, opening the Autogrill world to students.

In 2021, including the number of temporary contracts that by nature fluctuates more widely, the incoming turnover rate was 66%, up from 36% the previous year. Recruiting resumed in 2021 with 22,938 new hires, 67% of them in North America. Of total hires during the year, 78% were for permanent jobs; consistent with that trend is the steep decline in outgoing turnover to 49%, down from 133% in 2020 due largely to the impact of Covid-19.

2021

North America

Hires (no.)

Permanent

Temporary

Turnover, incoming (%)

Permanent

Temporary

Departures (no.)

Permanent

Temporary

Turnover, outgoing (%)

Permanent

Temporary

At a delicate time when the Covid-19 pandemic is still in course, the Group has focused even more sharply on employee feedback, setting up two-way communication channels to keep dialogue strong, understand people's needs

employee feedback, setting up two-way communication channels to keep dialogue strong, understand people's needs, and discover any vulnerabilities in a timely manner.

105

ANNUAL REPORT 2021

Some of the most widespread initiatives include webinars, newsletters, internal online platforms where employees can post thoughts and questions, and specific courses where managers learn to be more sensitive to employee feedback and to keep their teams highly engaged.

In North America in 2021, management took the e-learning course "HMSHost Coaching and Engagement Philosophy" and completed the training program "Selecting a Winning Team", designed to help managers make unbiased, better-informed recruiting decisions.

StarWork

In late 2020 Autogrill sent out a survey to collect feedback on remote working and handling of the emergency in terms of perceived level of trust, flexibility, importance of saving time and fuel, etc. This analysis led to a new working arrangement called StarWork. StarWork is based on five principles: flexibility, phygital, new spaces, trust, and caring. The project was supported by regular meetings, newsletters, and an online space for feedback. A partnership was also set up with the University of Bologna to track the positive impacts of this new arrangement.

Autogrill's remuneration policies are based on principles of fairness, equal opportunities, and meritocracy, and are designed to maintain competitiveness in the labor market and to differentiate pay according to skills and qualifications (job description, role and level). To do so, Autogrill constantly observes market data and external benchmarks, ensuring compliance with local collective employment agreements and applicable laws. The remuneration system includes salary adjustments that are tied to performance, talent, and growth targets, through a fixed and a variable component, which reinforce the equal opportunity principle and avoid the risk of discriminatory pay.

In all countries with a minimum wage, Autogrill studies economic conditions and employment levels in addition to complying with the law. Entry-level wages are established in accordance with the local laws and collective employment contracts in place in the various countries.

Autogrill has a Compensation & Benefits systems based on competencies and merit, which aims to create a level playing field while fostering diversity in every form. Regarding benefits, too, the Group insists on treating employees with clarity and transparency, through a welfare unit that promotes education, wellbeing, and healthcare.

Benefits are roughly the same for temporary and permanent contracts and for full- and part-time workers, but vary by geographical region, depending on laws that include or exclude certain benefits and/or social security and insurance coverage (health insurance, accident insurance, maternity and paternity leave, disability payments, etc.).

They may include healthcare, life insurance, accident and disability insurance, parental leave, vouchers for cultural events or sports, and discounts on public transportation. In some countries, there are retirement benefits such as the 401K plan in the United States.

Because of the pandemic, some benefits such as healthcare, sick leave, and insurance for employees and their families have taken on greater importance. Employee benefits were also expanded, for instance, to include courses on mental health, exercise, mindfulness, and stress management, in recognition of how difficult it is to work under the present conditions.

HEALTH AND SAFETY

In all of the main countries served, health and safety commissions have been set up and include various positions (depending on local policies), from executives to workers' representatives, who monitor compliance with applicable laws and find the best solutions to reduce the risk of injuries to a minimum.

The Group assures all employees high standards of health and safety, in strict compliance with local laws and regulations and with an approach geared towards constant improvement. Operating principles are based on the measurement and monitoring of occupational risks, by way of certified management systems, such as ISO 45001 in Italy.

The business units define tools for measuring occupational hazards and create dedicated training processes. In North America, the Job Hazard Assessment (JHA) and Training Program evaluates occupational risk, the controls necessary for preventing accidents, and the personal protective equipment (PPE) needed for specific tasks. In Italy in 2021 Autogrill trained 1,538 fire wardens (medium risk) out of a total of 2,481 in the workforce, and 1,547 first aid officers out of a total of 2,136. In the other European countries, employees follow several health and safety courses including first aid, fire safety, and hygiene ("Beginners' Hygiene" and "Advanced Hygiene" in Switzerland), as well as courses in self-defense and resilience ("Aggression Training" and "Resilience Training" in Belgium) and occupational safety ("KOPAS I" in Switzerland).

In North America a monthly training program called "Safety Poster" engages all units in industry-specific safety issues, with learning guides to facilitate dialogue among coworkers. Every store has a Safety Team in charge of fostering a culture of safety; its members, who are both managers and front-line personnel, implement safety programs, facilitate training, and conduct audits to map the most frequent causes of injuries. The Safety Team members are encouraged to participate each month in projects designed to identify any vulnerabilities within their units and take mitigation measures. The team's objective is to promote health and safety best practices by carrying out safety programs, training activities, and monthly audits to reinforce the monitoring and prevention of accidents and injuries in the workplace.

In North America there is also an app called Mobile Data Safety Tool that automates monthly self-assessments on in-store safety issues. This tool makes it possible to take corrective measures during the audit procedure itself, which reduces the frequency of accidents and promotes a safer workplace.

LifeWorks: ensuring 360° wellbeing

In early 2021 the North America business unit entered into a partnership with LifeWorks, a confidential counseling program for employees and an inclusive solution that provides telephone support 24 hours a day, 7 days a week, and 365 days a year, and an online platform that:

1. Connects the user to benefits and events through the newsfeed;
2. Provides access to a wealth of online resources to support an individual's mental, physical, social, and financial wellness;
3. Guides people to professional counselors and specialists, for advice any time, on any job-related or personal problem;
4. Lets people speak confidentially with a mental health counselor or with other specialists such as financial and legal professionals.

INJURY RATES

		2021			
			North America	Europe	International Total
Workplace injuries (no]	j	408	351	115 874'	
Frequency rate	j	24.19	26.16	20.66 24.38;	
Serious injury rate	l	0.24	0.00	0.00	0.11 j
Death rate	j	0.00	0.07	0.00	0.03]

Injury rates include workplace injunes only (not commuting accidents)
 Frequency rate: ((total number of injunes + total number of deathj)/total hours worked] x 1,000,000 Serious injury rate: (total number of serious injunes/total hours worked) x 1,000,000 Death rate: (total number of deaths/total hours worked) x 1,000,000

Injury numbers and injury rates in 2021 reflect the increase in staffing at stores. During the year there were 874 workplace injuries, in line with the 2020 figure, with a minimal serious injury rate.

In March 2021 there was an incident of violence at an Autogrill Belgium hotel in which one employee was killed. The Group would like to stress that all safety norms and protocols were in place and fully observed. On the basis of currently available information, the Group has not been held liable in any way.

Management of the Covid-19 pandemic

To protect the health and safety of its employees during the pandemic, Autogrill promptly implemented a number of personnel protections and the structures required by law, training the entire workforce in Covid-19 prevention measures. In addition, the three business units prepared guidelines for the implementation of all safety protocols designed to limit contagion and correctly handle the emergency.

For example, the "Start-up manual HMSHost after Covid-19" was distributed within the International unit to provide universally applicable instructions and useful tools for reopening stores, in light of the highly fragmented laws and restrictions imposed by the authorities in different countries.

Autogrill was also quick to promote a massive work-from-home campaign for all tasks that can be performed remotely, thereby revolutionizing its working arrangements to ensure people's health and safety.

To make sure all protections were in place, some stores were audited by external bodies (such as local or government authorities, police, public health agencies, landlords, and franchise partners) or by members of management or internal H&S units, promptly implementing improvement actions where needed.

DIVERSITY, EQUITY & INCLUSION

"We strive to foster a working environment that prizes diversity, equity, and inclusion at all levels of the organization"

In each country where it operates, Autogrill respects the individuality and dignity of every person and firmly believes in valuing diversity without distinctions based on gender, age, ethnicity, religion, sexual orientation, or other aspects that may lead to discrimination.

As defined in the Group's policy documents like the Code of Ethics and the Diversity, Equity & Inclusion Policy, in keeping with the highest standards of the International Labour Organization, respect for diversity and equal opportunity and the prevention of all forms of discrimination are the principles to which Autogrill is committed at every stage of the employment relationship: recruitment and selection, remuneration policies, growth opportunities, and the eventual parting of ways. This commitment is also recognized externally: in Italy, for example, Autogrill has had SA8000 certification since 2009.

An eye to (he future...

Starting in 2022 Autogrill will be holding awareness-raising campaigns and volunteer days that will differ from place to place depending on local sensibilities (e.g. female empowerment, inclusiveness, support for vulnerable categories, etc.), in collaboration with NGOs and nonprofits. All business units will participate in unconscious bias training in order to increase awareness of how people's talent and character are often misjudged as a result of such bias.

In 2021 the Group developed its Diversity, Equity & Inclusion Policy. The policy aims to permeate the organization with a culture of inclusion, diversity appreciation, and mutual respect, to encourage a way of doing business that views diversity as a major plus.

. DISABILITIES AND DISADVANTAGED CATEGORIES

environment and we support the integration of people with disadvantages in the labor market and in developing their talents

We strive to build a respectful and concious

GENDER PARITY

We promote gender equality at all organizational levels through the development of an inclusive culture and HR policy favouring professional growth and development of Autogrill's people

EQUITY AND NON-DISCRIMINATION

We encourage and protect the value of diversity through pervasive and concrete actions with the aim of developing a common identity and a shared corporate culture

GENERATIONAL DIVERSITY

We foster dialogue and intergenerational collaboration creating situations that facilitate the sharing of experiences and cultural and professional background of every individual

MULTICULTURALITY

We promote, respect and value cultural diversity and we support the development of a cross-cultural vision, open to multi-level dialogue without prejudice and with an inclusive vision

WORK-LIFE BALANCE

We believe in the importance of the adequate balance and proportionate to all aspects of people's life at Autogrill, and we commit to

favour inclusion without obstacles and barriers related to the personal or familiar situation with the aim of accomplishing a positive impact on welfare and on lire and work quality

IHAPINO A IITII PUTURI
.....

active in 15 international countries, by way of a dedicated section in the internal

16 Open Line is currently available in Europe in Italy, France, Switzerland, Belgium, Germany, and Greece, and since 2020, in the following international countries China, Denmark, Finland, France, India, Indonesia (Bali), Netherlands, Norway, Qatar, Sweden, Turkey, United Arab Emirates, United Kingdom, and Vietnam. A different whistleblowing platform is used in North America, while it is based on another operating system, its purposes and Functions are similar to those of Open Line and are in line with the Group's policy

17 The term "whistleblowing" is defined as a civic act by which the whistleblower, meaning the person who reports to the proper authorities violations or irregularities that do harm to the public good, helps reveal and prevent situations that are prejudicial to his or her organization and by extension to the collective public interest. All measures are taken to guarantee good-faith whistleblowers protection from all forms of retaliation, and in any case to ensure the whistleblower's confidentiality, save for legal obligations and the rights of the Company and of people erroneously or falsely accused

1. DIRECTORS' REPORT

communication tool Be Connected. Its launch was supported by an internal communication campaign featuring the slogan "Share. We Care", which included posters and newsletters drawing attention to the Speak Up Policy.

Complaints of discrimination received during the year were treated with the utmost attention and handled promptly. Guaranteeing the whistleblowers' confidentiality, meetings were held with the interested parties and appropriate corrective measures were taken. All incidents of which the Group is aware were suitably resolved and led to no further action.

Diversity, Equity, Civility and Inclusion Council in North America

In 2021, Autogrill in North America worked harder than ever to build a culture of inclusion and diversity within and outside the Company. To this end it set up the DEC&I Council to reinforce the awareness and understanding of diversity, equity, civility, and inclusion.

The DEC&I Council itself is diversified in every way: its members come from different levels of leadership, ethnicities, genders, generational backgrounds, and life experiences, all to the benefit of shared dialogue and growth.

The Council's activities in 2021 included an update to unconscious bias training, to be distributed to all associates, and participation in the e-learning program Building Awareness of a Diverse, Equitable and Inclusive Workplace, which aims to spread best business practices on these topics.

Autogrill has developed several training and awareness programs as well as external initiatives designed to bring people together on a path of tolerance, acceptance, and mutual respect.

In North America a wellness support program has been set up through an external provider, LifeWorks, to build a culture of wellbeing and offer counseling and services to employees and their families for work-related and personal matters. In addition, the Women's Leadership Network (WLN) provides women with networking opportunities and improved leadership skills as a way to enhance their personal and professional growth.

Valore D

Autogrill is a member of Valore D since 2012, an Italian association of large firms dedicated to supporting women in leadership roles. Valore D promotes a new cultural paradigm in which women are full participants in the economic and social life of the country.

Many women employed at Autogrill's headquarters have attended seminars and conferences and taken away important knowledge and tools for their professional growth.

ANNUAL REPORT 2021

SUPPORT FOR LOCAL COMMUNITIES AND INCLUSION

Thanks to its business model featuring an extensive network of stores, over the years Autogrill has become deeply rooted in the communities it serves, including through the development of direct relationships with local institutions.

The Group focuses its efforts on the responsibility of helping communities transform, by providing resources and know-how for the development of concrete projects, such as the donation of food and meals to nonprofits.

In North America Autogrill has long worked with the Food Donation Connection, passing on food surpluses to local social service associations who care for the needy. Through HMHost Foundation, the Group also strives to fight poverty in local communities and provide jobs to the younger generations.

For two years, Auticon has worked with Autogrill in Italy to test the systems installed at points of sale. The Group promotes the hiring of people with difficulties because it believes in the inclusion of neurodiversity and the possibility for diversity to make a difference in the world of work. Another example of Autogrill's dedication is its complete rebuilding of the iconic Villorosi Ovest store as a model of innovation and sustainability. This is the backdrop for its collaboration with Cometa, an association that provides care, educational and training opportunities to children and teenagers living in hardship: with its "Contrada degli Artigiani", Cometa produced all the furnishings for the Villorosi Ovest location.

HMHost Foundation

HMHost Foundation is a charity that supports communities by donating money, food, and housing and by helping to grow and educate the workforce with a view to combating poverty and improving the prosperity of the communities served.

HMHost Foundation directs its efforts on the basis of five pillars:

- Relieve hunger and promote nutritional wellness through food-related initiatives
- Combat homelessness through access to safe housing, furnishings, clothing, and stable employment
- Encourage the next generation through access to education and training
- Provide an opportunity for financial stability through training and placement
- Honor veterans and their families by supporting programs that meet their needs for food, shelter, medical care, and job training and placement

In 2021, HMHost and HMHost Foundation coordinated the donation of more than 200 food items and more than 65 kg of non-perishables to the MANNA Food Center. Gifts and grocery store gift cards were also donated to 24 families, including 54 children, teenagers, and young adults. HMHost and HMHost Foundation coordinated an employee volunteer event with the Women Build program of Habitat for Humanity, which builds homes for families in need. The volunteers spent a day demolishing and rebuilding an existing structure for two families who will have a home in Maryland. HMHost Foundation's support of charities that combat poverty has led to the salvage and supply of millions of kilos of food to local food banks throughout the country, feeding thousands of people who have been dragged into food insecurity by the Covid-19 pandemic.

112

1. DIRECTORS' REPORT

Support for Fondazione Humanitas

In 2020, 163 Autogrill stores began to raise funds for Fondazione Humanitas per la Ricerca, a nonprofit involved in the treatment of oncological, cardiovascular, neurological, and autoimmune diseases. Inside the stores, consumers who donate any amount to scientific research receive a red token made of organic, plastic-free material that fits in slots for the use of shopping carts.

In 2021 Autogrill organized a breast cancer prevention webinar with Dr. Alberto Mantovani, scientific director of IRCCS Istituto Clinico Humanitas and professor emeritus at Humanitas University. The webinar aimed to raise awareness among all female Autogrill employees of the importance of regular screenings, especially after almost two years of delayed and cancelled appointments as a result of the pandemic.

The water pledge of HMSHost International and Made Blue

Since 2014 HMSHost International has served as ambassador of the Made Blue program in collaboration with Made Blue Foundation: a fund-raising initiative based on the Company's water footprint. The funds raised help finance projects to ensure accessibility to safe drinking water in countries where it is difficult to access.

For every drink purchased at an Autogrill Group store at Amsterdam airport, Made Blue donates the equivalent of 4 liters of drinking water, for a total of 160 million liters per year. The project is currently active in Vietnam and Indonesia.

In 2021 the Group's donations reached approximately €1.8 million (10% direct, 10% indirect and 80% in kind). Most of them consisted of food donated through partnerships with local and national food banks, mostly in North America. The amount of donations in kind in Europe benefited from work with Banco Alimentare, where excess provisions are donated.

GROUP DONATIONS BY TYPE

Direct contribution Indirect contribution

Donation in kind

ANNUAL REPORT 2021

CUSTOMER EXPERIENCE

"Our goal is to provide travelers around the world with the best-in-class experience, by listening to their needs and constantly improving our product assortments and services"

By constantly observing the characteristics of travelers and listening to their needs, Autogrill keeps its offerings consistent with the latest consumption trends. Travel channels -airports, motorways, and railway stations - are privileged observation points to stay ahead of market signals and experiment with solutions to the changes in course. Ongoing dialogue with consumers, through different communication channels, provides a sneak preview of future needs, leading to the development of new concepts and freshen up menus while promoting a culture of responsible consumption.

An eye to the future...

In 2022 Autogrill plans to develop an annual quantitative survey based on different categories of travelers and other consumers (Autogrill customers and otherwise) in each country, using a transversal methodology and a common set of questions to ensure comparability from one country to the next. The survey results form a solid basis for the implementation of concrete local and global plans of action.

Autogrill will also be developing country-specific personalized guidelines, to ensure that there is in-store communication of alternative menu items and to incorporate sustainability into day-to-day operations.

In all countries served, the Group has set up customer care departments to collect feedback and handle any customer complaints. Store employees are suitably trained in this respect and learn to handle the most delicate situations promptly and in accordance with protocols.

To monitor how the Covid-19 pandemic has changed customers' needs and preferences, Autogrill analyzed the market using studies and various sources of information, and encouraged the exchange of insights and best practices within the Group's perimeter and with commercial partners. Through the direct observation of the new purchasing and consumption habits and direct requests for feedback, Autogrill updated its product assortments and business models accordingly so that customers would continue to have a pleasant experience in accordance with regulations in force.

In response to travelers' changing preferences and the new needs produced by the pandemic, the Group gradually adapted its product assortment to the new consumption patterns, increasingly geared towards takeaway and pre-packaged foods in snack or travel formats. Other measures included setting up new outdoor areas where travelers can safely eat and drink, replacing tableware with single-use takeaway packaging, and making greater use of digital technologies such as online or app-based ordering platforms and electronic or contactless payments.

1. DIRECTORS' REPORT

Next Normal in Travel - Growth by way of feedback

Seeking to constantly improve dialogue with consumers, in 2021 Autogrill rolled out a new customer engagement project called Next Normal in Travel. This is a survey the Group designed as the evolution of the Feel Good customer satisfaction program, which was momentarily suspended due to the Covid-19 pandemic. Launched in North America, Italy, France, Germany, Belgium, the Netherlands, England, and Switzerland, the project involved consumers in all the Group's channels (airport, motorways, railways, other) through questionnaires and video interviews carried out twice during the year, with questions about their experiences in the preceding three months.

Next Normal in Travel aims to explore consumers' expectations and concerns in the context of today's "new normal", strongly influenced by emerging trends and the pandemic; to investigate any changes in travelers' preferences and purchasing habits, whether temporary or long-term; and to learn information useful for improving the feedback initiatives planned for the coming years.

Through a series of specific questions, travelers' preferences regarding menus, concepts, and service models were scrutinized. Moreover, the survey measured the importance of sustainability in their consumption choices, thus acquiring valuable information for the development of the Group's strategic ESG projects. In this regard, the survey showed that travelers care increasingly about responsible consumption, choosing menus based on natural ingredients 33% of the time and low-sugar meals 29% of the time. In addition, 47% of travelers choose restaurants that can suit their personal diets. Sustainability is also central to travelers' purchasing habits: the survey showed that when traveling, consumers are more likely to buy food and beverage from sellers that ensure food safety and store hygiene, reduce food waste and their carbon footprint, have good recycling practices and plastic-free solutions, and treat their workers fairly. Finally, for nearly 40% of respondents, a store's declared sustainability commitments can influence their purchasing decision.

DIGITALIZATION AND INNOVATION

Over the years digitalization has been used to improve the customer experience, for example by providing better, clearer commercial information with screens that show personalized content depending on the time of day and target clientele. The ordering and purchasing phase has been gradually enhanced through the use of digital technologies like dedicated apps, QR codes, secure virtual payments, and digital kiosks for self-service orders.

The digitalization projects the Group has been promoting include the placement of QR codes in strategic, highly visible positions inside and in the vicinity of stores. Using a smartphone from outside the store, travelers can easily consult menus and order a meal, pay digitally, and receive a pick-up notification, reducing their time indoors to a minimum.

HMSHost speeds up service with Mashgin computer vision

Today's consumption patterns have demanded the rapid adjustment of business models and services to the new needs of travelers and to changes in their mobility and purchasing models. Time is a limited resource at airports, and the length of lines can make the difference between a good meal and a missed flight. HMSHost has addressed this issue by forming a partnership with eight busy international airports for the installation of 60 Mashgin Touchless Checkout Systems. Mashgin's scan-and-go systems reduce wait times at cash registers and service desks and are designed to be completely touchless: using computer vision, they identify multiple products instantaneously so travelers can scan, pay, and head for their gate in just 10 seconds. The project will be extended to another 32 installations in 2022.

In Italy the Group is working on a fidelity program and a customer app for table service at restaurants, which will allow a complete self-service meal from ordering through payment. It has also strengthened its commercial partnerships with delivery services.

WE OFFER SUSTAINABLE FOOD EXPERIENCES

The second pillar of the Make It Happen strategy concerns the kind of experiences customers have at our stores.

Food quality & safety

Product choice, nutrition & transparency

Responsible sourcing

Our priority SDGs

98% sustainable coffee sourced for proprietary brands by the end of 2025

Expanded range of plant-based product in all Business Units of the Group

Concept store developed with sustainability embedded in their offer, including vegetarian and healthy products offered

Stores of Europe Business Unit was audited, as like in North America and several countries in the International area

Signed by all Group's suppliers as part of the qualification process

1. DIRECTORS' REPORT

FOOD QUALITY & SAFETY

"We provide the highest standards of quality and safety throughout all operations"

Autogrill has a primary responsibility to ensure the safety and quality of all product served, day after day: from raw materials to the finished product, following the right preparation processes and using quality ingredients in accordance with all local regulations and food safety standards.

Living up to this responsibility means having firm control of the supply chain to ensure quality products and ingredients. The Group requires its foods to be prepared under strict hygiene and sanitary conditions and actively involves its employees in understanding and appreciating these rules.

An eye to the future...

Starting in 2022 the Group plans to further enhance its safety controls by implementing and improving systems for the collection of information on the annual store audits, internal and external, which are already a key strength of its product quality and safety management system.

The quality and safety of products served are guaranteed by a management system that begins with the supplier selection process and is based on values and objectives shared by the Group and its trading partners. To that end, suppliers are periodically screened by way of questionnaires, direct or indirect information gathering, spot checks, and audits.

In addition to these assessments and controls is a self-screening program falling within the management system used in the various countries, consisting of a set of centrally coordinated procedures carried out on-site to ensure compliance with all hygiene and sanitary standards. The results of HACCP⁸ or similar audits at individual locations count towards the MBO^{1*} system followed for store managers. In Italy in 2021, Autogrill implemented the new AEA21 Food Quality and General Quality Standard for stores, which defines all of the rules and policies to be followed to ensure maximum food quality.

In 2021 specific audits were carried out to check compliance with food quality and safety standards at stores in different regions, such as the Europe business unit, where 100% of points of sale were audited, as well as in North America and various International countries.

Suppliers, too, go through a pre-approval process to test their level of compliance with the Group's quality standards, which call for the strict observance of food safety practices as well as microbiological, content and chemical/physical analyses along the entire supply chain, at intervals defined according to the degree of risk. As a brand licensee, the

Group itself is subject to audits by brand partners as well as concession grantors.

18 HACCP. Hazard Analysis and Critical Control Points
19 MBO Management by Objectives

1 17

ANNUAL REPORT 2021

Employee training in food safety standards and HACCP processes completes the Group's oversight program. In the Netherlands, for example, internal and externally managed unannounced audits are conducted on all provisions arriving at stores; the points of sale are also required to complete a daily food safety procedure, including temperature checks for specific products at different times of day and making sure foods are properly stored and labelled.

To ensure a transparent monitoring process, Autogrill follows all necessary protocols to trace, analyze, and resolve any food safety or quality incidents. Any incident regarding food safety is investigated in detail, and if necessary, reported to the supplier. The process is generally handled by the Quality Manager, who conducts an internal audit and writes up a report with any necessary corrective measures that is distributed to all parties involved.

PRINCIPAL CERTIFICATIONS

The Group views the certifications it has obtained as proof of its successful business models and as encouragement to strive for constant improvement.

Certification

Italy Autogrill Italia S p.A. and Nuova Sidap Australia: points of sale Austria: selected points of sale

Italy: Autogrill Italia S.p.A. Greece: Autogrill Hellas EPE India: Hyderabad airport

ISO 9001:2015 provision of technical project management services

Italy: Autogrill Italia S p.A. - HQ and airport locations Austria: selected points of sale

Halal certification from MUI (Mollis Ulama Indonesia)

Holland: Schiphol airport and Netherlands Austria and Norway: selected points of sale

India: Bangalore, Delhi, and Hyderabad airports, Shantiniketan Mall, Sujana Mali, Secunderabad railway station

NVWA (Netherlands Food and Consumer Product Safety Authority)

Italy: Rozzano HQ and points of sale

Vietnam and Malaysia: selected points of sale

1. DIRECTORS' REPORT

PRODUCT CHOICE, NUTRITION & TRANSPARENCY

"We raise customers' awareness on food nutritional values and offer them alternatives, including plant-based and healthy options"

Autogrill develops concepts, menus, and recipes that meet a variety of dietary needs and preferences, for an innovative, diversified, healthy and nutritious assortment with a growing emphasis on plant-based foods.

An eye to the future...

In 2022 the Group plans to add environmentally friendly alternatives to its offerings: every Business Unit will participate by choosing at least one food category - plant-based meat, eggs, or milk - to introduce to its store menus.

Starting in 2022 the Group will also be offering healthy alternatives (including vegetarian and/or vegan) for breakfast, lunch, and dinner, as well as in its assortment of packaged products (low-sugar, low-fat, etc.).

Autogrill has long been committed to upgrading its menus to accommodate sustainable consumption models and healthy lifestyles. Over the years, the Group have implemented balanced menu concepts and developed solutions that turn simple, genuine ingredients into the tastiest foods.

Concepts and brands that support travelers' healthy choices

- Le CroBag Veggie is a new concept developed in-house that combines the "French style" of this proprietary brand with healthy, high-quality vegetarian/vegan items and an emphasis on sustainable ingredients and packaging. V7T offers consumers healthy food and drink such as cold-pressed, no-sugar-added fruit juices made from all-natural ingredients. The concept includes a fully visible kitchen so guests can see every step of the preparation process.

Leon stands out for fast service and natural ingredients, giving travelers the chance to taste high-quality food by combining the growing interest in healthy, balanced nutrition with the need for quick breaks when on the go.

La Place works exclusively with natural, always-fresh ingredients. Its Autogrill-run stores in Holland now work in partnership with Jumbo Food College, a food & beverage development and innovation center, for the creation of specific menu items.

Reflecting this commitment are the many collaborations with industry experts, nutritionists and science communicators, who work with the Group to come up with new menu items, explore innovative ingredients, and improve the nutritional content of menus.

ANNUAL REPORT 2021

In Italy Autogrill has pursued several projects with leading food professionals such as chefs, physicians, and nutritionists, with a view to creating healthier, more sustainable foods and beverages. These new offerings include "Piatto Unico Bilanciato", developed with nutritionist-physician Mauro Mario Mariani and consisting of balanced, environmentally-friendly vegetarian dishes, and the whole wheat croissant created with chef, consultant, educator, and food manager Luca Montersino.

Over time Autogrill has developed external partnerships to ensure the provision of high-quality gluten-free products and organic items, while offering a range of options for those who choose a vegetarian or vegan diet, and in some countries marking halal products with their own sticker.

Plant-based foods: the nutritious, tasty alternative to animal protein

Italian locations in 2021 rolled out the Wowburger, a 100% plant-based burger created by the staff of Autogrill's Factory Food Designers together with vegan chef Simone Salvini and Nestle Garden Gourmet.

In North America, Autogrill has expanded its vegan menus with a full line of plant-based sausages, meatballs, bacon, chicken nuggets, hamburgers, and more.

In the Netherlands the Group offers meat alternatives by working with specialized suppliers and brands, including "Beyond Meat" and "The Vegan Vosboer".

In keeping with the recommendations of the World Health Organization, Autogrill strives to offer healthier foods like fresh fruit and raw vegetables instead of desserts and sugary snacks, and tests new, better-for-you items as part of its proprietary concepts.

Supporting research with the Umberto Veronesi Foundation

A healthy and varied diet is the foundation of a healthy lifestyle. Autogrill and the Umberto Veronesi Foundation joined forces in 2021 for a new project supporting scientific research. The project involved Ciao and La Fucina restaurants at Autogrill locations

throughout Italy: for every serving of poke sold, Autogrill donated 1 euro to the Umberto Veronesi Foundation. The full amount raised went toward funding a year's worth of work by a researcher.

Autogrill's innovative and diversified offerings fit within a broader perspective of promoting more responsible consumption models, geared toward reducing environmental impacts and protecting nature. Accordingly, it takes care to build a supply chain that can furnish sustainable ingredients and materials. In Europe, many certified suppliers participate in national and international initiatives like the Better Life Label for improved animal welfare, and the RSPO (Roundtable on Sustainable Palm Oil) in Belgium.

1. DIRECTORS' REPORT

RESPONSIBLE SOURCING

"We commit to ensuring a sustainable, ethical supply chain and adopting responsible practices in raw materials selection"

Autogrill strives to create supplier relationships based on transparency, integrity, impartiality, and contractual fairness, favoring domestic and local suppliers wherever possible.

An eye to the future...

Autogrill has set a long-term target for its coffee sourcing: to reach 98% of sustainably sourced coffee and/or coffee purchased directly from small local growers by the end of 2025 for proprietary brands.

The supply chain is made up chiefly of a structured system of food and beverage vendors, plus a narrower network of local producers for select items such as fresh foods, and a small number of providers of technical goods and services, such as maintenance and cleaning.

For the sake of efficiency throughout the sourcing process, Autogrill's Procurement and Supply Chain unit fosters the development of stable, long-lasting partnerships with suppliers, using specialists and intermediaries working at head offices in the different countries and leveraging brand partner systems.

For Autogrill, responsibly managing the supply chain means ensuring not only business continuity and high standards of food quality and safety, but also respect for human rights and the environment.

For this reason Autogrill has adopted the Group Supply Chain Sustainability Guidelines, developed with input from the Global Compact Network Italy Foundation, which define general standards for the evaluation of suppliers and the basic principles reflecting the Group's sustainable supply chain management approach. All suppliers (and intermediaries, if any) also sign the Group Code of Ethics, or a specific Supplier Code of Conduct in North America, as part of the qualification process. The International business unit has made the Supply Chain Sustainability Guidelines part and parcel of all new vendor contracts; in Italy, suppliers are bound to the certification standards of SA8000.

ANNUAL REPORT 2021

Protection of human rights

Autogrill acknowledges its role and responsibilities in fostering and protecting human rights. Applying in all circumstances the standards enshrined in its Code of Ethics, Autogrill promotes a responsible business model, in which principles like dignity and mutual respect underpin all of the Group's activities along the chain of value.

Autogrill's approach is consistent with UN guiding

principles, the special agreements drawn up by the International Labour Organization (ILO), and national and international standards on human rights. Autogrill rejects any form of worker exploitation or forced labor and any kind of abuse or psychological or physical coercion of the people involved in conducting its business, and strongly condemns human trafficking and exploitation in any form.

Modern Slavery Statement

In support of strong human rights protections along the entire value chain, HMSHost UK (a member of the Autogrill Group operating in the United Kingdom) has published a Modern Slavery Statement in accordance with Section 54(1) of the 2015 Modern Slavery Act, which declares its supply chain to be slavery-free and condemns all forms of slavery and human trafficking.

Supplier relations are managed by a central team in line with the Group's global policies: the Suppliers Code of

Conduct, which all suppliers are required to sign, states that all contracts must specify the policies, procedures, and practices in effect to ensure that business is conducted ethically and legally in full compliance with the country's laws, including the Modern Slavery Act.

Supply chains are the most complex areas of the business and the Group continues to take action to mitigate the risk of modern slavery and build transparent relationships with its suppliers, in part through team training exercises.

It is important to note that especially in countries where supplier quality cannot be audited, supply chain risk is managed by giving priority to large companies that are already certified and subject to external audits.

Foodbuy

In North America Autogrill works with Foodbuy, the leading procurement company for food & beverage services in the region (part of Compass Group). Foodbuy has made a number of promises to ensure high standards of food safety and sustainability. In North America all suppliers in the Foodbuy circuit undergo regular audits on central issues such as sustainability, human rights, and the environment, considering any additional risk factors such as geography or industrial sector.

All requests for proposals include category-specific questions on the candidate's social responsibility, in order

to score potential suppliers on social and environmental aspects.

In 2021 the Group bought products from 147 Foodbuy-approved suppliers with one or more certifications, including USDA Organic and Bio-Based (US Department of Agriculture), BPI Biodegradable (Biodegradable Products Institute), Cedar Grove Compostable, GAP Steps, Cage-free, HFAC, Reduced Antibiotics, Monterey Bay Yellow/Green, MSC, Salmon Safe, Rainforest Alliance, Bird-friendly, Eco-logo, Green Seal, FSC, and SFI.

122

1. DIRECTORS' REPORT

During the Covid-19 pandemic, the Group grew even more efficient at managing the supply chain by setting up a monitoring and rapid response system for critical issues like supply chain delays and interruptions. Autogrill also signed agreements with suppliers to remodulate the procurement system and render it more flexible in order to reduce unsold inventories, organize returns, and find alternative buyers for unsold or soon-to-expire products, thus actively helping to combat food waste.

ANIMAL WELFARE

Autogrill acknowledges its responsibility to promote sustainable, responsible purchasing that protects animal welfare in accordance with laws, regulations, and international best practices, with a particular focus on the different markets and contexts in which it operates.

The Group focuses on actions and protocols it can follow to ensure animal welfare in the course of its business.

In Italy in 2009, Autogrill won the Good Egg award from Compassion in World Farming, the largest international farm animal welfare organization, for its commitment to using only shell eggs from cage-free hens.

In 2017 in the Netherlands, Autogrill partnered with Kipster, a zero-impact organic farm that guarantees the highest standards of animal welfare and has obtained the BeterLeven mark of quality (three stars) for its eggs. In Italy, for directly managed locations and proprietary brands, Autogrill only uses shell eggs and egg mixes sourced from cage-free hens.

Autogrill has set a long-term target for North America and Europe of buying only cage-free eggs by 2025; in some European countries that goal has already been met.

WE CARE FOR THE PLANET

The third pillar of the Make It Happen strategy is about protecting and caring for the planet.

Waste management & packaging Energy, emissions & climate change Food waste

Our priority SDGs

20-30% reduction of GHG emissions from electricity consumption along motorways business by the end of 2030

Ongoing, with the aim of enhancing recycling of waste and food scraps, following a circular economy approach: WASCOFFEE, WASORANGE and WASBOTTLE

This is the content of recycled plastic used to produce the bottles of the mineral water Sourcy by Vrumona, introduced by HMSHost International at Schiphol airport

Development of new guidelines for the construction of "green" stores

Active since 2011 in donating surplus food to social service agencies that distribute it to people in need

1. DIRECTORS' REPORT

WASTE MANAGEMENT & PACKAGING

"We are committed to reducing the use of virgin plastic for packaging and to making our business more circular through the reuse of waste and materials"

Autogrill manages its waste through the careful planning of disposal and recovery processes, agreements with infrastructure operators, and partnerships aimed at reducing environmental impacts. Where possible, the Group tries to extend the life cycle of its materials and equipment.

An eye to the future...

The Group aims to reduce the amount of virgin plastic it uses by opting for alternative materials such as biodegradable plastic, rPET, paper, and wood for packaging and single-use items like dishes and cutlery.

Autogrill produces waste during food preparation and service: preparation requires the disposal of scraps and packaging, and once customers are served, there might be food scraps and leftovers or disposable tableware.

Each of the Group's business units has developed a country-by-country program for monitoring the volume of waste produced, based on local laws and the characteristics of each location, including the collection and recycling system.

In the vast majority of cases, especially at airports, railway stations, and malls, the Group does not have direct control over the collection and disposal of waste, which is up to the infrastructure operator. Conversely, on Italian motorways, Autogrill deals directly with the public service and with private companies for waste collection and disposal.

Autogrill has adopted several waste management and recycling strategies. An increasing number of locations separate waste in the food preparation areas and, where possible, collect plastic and glass bottles in the areas where customers are served. Various tools and technologies are in place to optimize the collection and recycling process. In Italy, for example, selected points of sale have special equipment (e.g. compactors and press-containers to reduce volumes and filling level sensors) to improve efficiency and quality and maximize the potential of each kind of waste.

Autogrill is careful about the management of organic waste, which in Italy is separated in-store and delivered to composting plants. In some European countries, frying oil is separated, collected, and used for the production of biodiesel and green energy, fully honoring the circularity principles that guide the Group's waste management policies.

Autogrill works not only to handle waste properly but also to reduce the quantity of waste: it is always seeking new ways of developing a more responsible, sustainable consumption model and works with brand partners, suppliers, and concession grantors to find effective, scalable solutions.

PACKAGING, PLASTIC AND SINGLE-USE

Over the years the Group has shown great sensitivity to the issue of plastic and sustainable packaging. It has proposed innovative solutions, tested materials, and formed strategic partnerships to streamline the use of plastic and opt for sustainable, increasingly green alternatives.

125

ANNUAL REPORT 2021

Plastic recycling efforts in the beverage sector are especially prominent: in some International stores, for example, customers pay a deposit on PET bottles or enjoy discounts if they reuse their own cup instead of asking for a new one. The Group has also built important partnerships in North America, where, beverage bottles are made from recycled plastic in amounts of up to 100% for certain lines, like Naked Juice.

In 2021, the ongoing Covid-19 emergency continued to require the utmost attention to hygiene and safety standards and caused a momentary increase in single-use packaging, and therefore in plastic and other waste. These trends should be viewed as temporary, as a necessary response to the pandemic, and do not change the Group's long-term commitments or its customers' inclination to more responsible consumption.

In that regard, Autogrill renews its emphasis on recycling and sustainable packaging by supporting research into a new assortment of products (including cutlery, plates, takeaway packaging, cups, and straws) made entirely of sustainable, compostable, and/or recycled materials.

In 2020 HMSHost International added Vrumona's local mineral water Sourcy to its Amsterdam Schiphol menu; the water is sold in bottles made of 100% recycled plastic (rPET). Other initiatives will follow to encourage travelers to recycle the bottles in turn, which will mark significant progress toward the sustainability targets set by HMSHost International.

Autogrill and the circular economy: "Was" projects WASCOFFEE

Innovation and sustainability are an integral part of Autogrill's development strategy and the proof is in WASCOFFEE", a material made from coffee grounds. The Group launched this open innovation project to find a way to recycle one of its most significant raw materials. Through a partnership with CMF Greentech, an Italian innovator specialized in eco-sustainable products, WASCOFFEE" was developed and patented as a 100% natural, recyclable material suited for furnishings and ecodesign.

WASCOFFEE® was first introduced at the Bistrot in Milan's City Life complex in late 2017 and was later adopted as a design element of newly opened Puro Gusto locations in Italy, the rest of Europe, and North America. These include Puro Gusto at Milan Linate airport and the new WASCOFFEE Lab Caffè at Milan Central Station, where the tables, counter, and wall panels are made entirely of WASCOFFEE®. The material has also been used to furnish some Puro Gusto locations in Turkey and North America.

WASORANGE

Wasorange® is a sustainability pilot project Autogrill is conducting in Italy in collaboration with Krill

Design, a company specialized in reusing food scraps through circular economy initiatives. The idea is to recycle orange rinds, after the oranges are squeezed for fresh juice, into items useful to the business such as sugar containers and other accessories for Autogrill stores.

WASBOTTLE

In 2021 Autogrill took another step toward its goal of reusing ever more materials within its stores by offering support for the creation of a 100% recycled and recyclable panel made from high-density polyethylene (HDPE), derived from the detergent bottles commonly used at its locations.

The resulting partnership with Bencore aims to produce panels for use not only at Autogrill stores but in all situations where architects and

decorators see the chance to use a product with these design and sustainability characteristics.

In 2021 Wasbottle was selected for the ADI Design Index, a selection of the best Italian concepts that completes the pre-selection for the upcoming Compasso d'Oro, the most influential design award in the world.

126

1. DIRECTORS' REPORT

ENERGY, EMISSIONS & CLIMATE CHANGE

"We commit to reducing emissions by favoring the use of energy from renewable sources and developing sustainable concepts that limit our impact on the environment"

Autogrill strives to reduce its emissions impact, through strategies to make energy use more efficient and gradually increase the use of clean energies, in accordance with environmental laws and regulations.

An eye to the future...

In 2022 the Group will be developing new guidelines for technical solutions for energy efficiency, the construction of "green" stores making use of

At stores where energy resources are managed directly, Autogrill has developed tools to monitor consumption and help reduce energy waste; these include instruments to measure energy performance at individual locations and to offer solutions for reducing consumption and environmental impact. Store employees are also given technical and awareness training to encourage the more rational, efficient use of existing equipment.

The Group's leverage in channels where utilities are managed by the landlord, typically airport and railway locations, is limited as the Group does not always have access to consumption details. In recent years, however, landlords have become increasingly attentive to these issues.¹⁰

Initiatives to reduce consumption in Italy

These range from technological solutions to optimize energy use, campaigns to encourage employees' more rational use of energy-intensive equipment, and the installation of energy-producing systems, e.g. solar panels at motorway locations. Autogrill also plans to replace obsolete technologies, choose optimal equipment settings to save energy, and implement remote monitoring and control systems for utilities.

Most of the energy Autogrill uses concerns store operations and logistics. Direct energy consumption" is the use of diesel and gasoline for company vehicles and of natural gas for heating. Indirect energy consumption" refers to

electricity, used for heating and air conditioning and for preparing, maintaining, and selling foods and beverages.

20 Given these circumstances, the Group's Footprint depends strictly on the infrastructure where its companies operate (e.g. airports). On motorways, efforts are made to improve the overall efficiency of stores. For further information on the impact of environmental policies on the Group's financial statements, see the "Risk management and control system" section of the Directors' Report.

21 Direct energy is the use of energy sources like natural gas, diesel, and gasoline, which generate emissions directly.

22 Indirect energy is purchased externally, like electricity, and generates emissions indirectly.

GROUP ENERGY CONSUMPTION - GJ*

2021		Total
HQ + locations		{
Total direct energy consumption		GJ 96,406;
Total indirect energy consumption	GJ j	626,513
From renewable sources:		MWh 10,894;
Emissions		55,2511
		tCO ₂ j ;
Total direct emissions (Scope 1)	j	5,614 >
Total indirect emissions (Scope 2)	t CO ₂ ,	49,637:

The trend in consumption was still influenced to some degree by pandemic-related operating restrictions at some locations, making the amounts not comparable with previous years, though on the rise with respect to 2020. Also, because the Group no longer operates in the motorway channel in North America, that business is excluded from environmental reporting as from 2021. The Group's greenhouse gas emissions reduction target refers solely to emissions generated in the motorway channel, which in Europe accounts for approximately 93% of direct energy consumption and 82% of indirect consumption.

ENVIRONMENTAL CERTIFICATION

Autogrill's care for the planet is reflected in its possession of major environmental certifications:

Applies to

Italy - Autogrill Italia S.p.A.: Villoresti Est USA - HMSHost: Bethesda HQ

Italy - Autogrill Italia S.p.A.: Villoresti Est and Villoresti Ovest 1958 Austria - selected points of sale Slovenia - points of sale

Italy - Autogrill Italia S.p.A.: HQ, Villoresti Est, Villoresti Ovest 1958, Brianza Sud and for points of sale at Caselle Airport in Turin, Nuova Sidap: registered office Greece - Athens El. Venizelos airport Austria - selected points of sale Slovenia - points of sale

Italy-Autogrill Italia S.p.A.: HQ, Villoresti Est, Villoresti Ovest 1958, Brianza Sud

Italy - Autogrill Italia S.p.A.: Rozzano headquarters and Sebino

France - Autogrill Cote France: Ambrussum, Manoirs du Perche, Plaines de Beauce, Chartres Gasville, Chartres Bois Paris, Locheres, Miramas, Villeroy, JdArbres, Wancourt, Porte de la Drome N&S,

Granier, Montéiimar Est and Quest, Dijon, Beaune Tailly

California Green Building Code - Level I and California Energy Standard - Title 24 USA - HMSHost: locations at Los Angeles International Airport

USA - Equipment at locations

23 Figures for direct and indirect energy consumption refer mainly to motorway locations where utilities are managed directly by the Group. In the other channels these figures are based on available data. For each location. See the methodological note ("Preparation criteria" section) for further details.

1. DIRECTORS' REPORT

Note also that the Adda Sud location in Italy has obtained energy rating A1.

Autogrill has a plan of action designed to achieve medium/long term targets for the reduction of greenhouse gas emissions.

The plan includes making stores run more efficiently through the use of innovative technologies and a more rational, green design, optimizing logistics and processes, and using renewable energy to power business activities.

Remodeling the historic Villoresi Ovest 1958 location with sustainability front and center

The renovation of Villoresi Ovest stands testament to Autogrill's commitment to centering all new projects on sustainability as a stimulus for the entire Group's improvement and growth.

Villoresi Ovest has been remodeled without altering the building's original design, to emphasize the Group's ties to tradition, but has been upgraded to the latest construction standards. Sustainability was the focus of the many changes carried out during the project: LED lighting to reduce energy consumption, high-performance triple-glazed windows with UV protection film for better thermal insulation, energy-efficient heat pumps, and air treatment systems that allow natural climate control, operated by a building management system (BMS). The latest-generation plants and systems complement highly innovative materials: Active Ceramic flooring with antibacterial, anti-viral, self-cleaning, anti-pollution, anti-odor action; and Airlite paint, which goes on like regular paint but generates negative ions on the surface where it is applied, so the air is naturally purified every time it comes into contact with that surface.

FOOD WASTE

"We seek to reduce food waste in every country served"

Autogrill acknowledges the fundamental importance of combating food waste, which is harmful to the environment and expensive for running the business.

Accordingly, store management systems have been developed and refined over the years, with the introduction of new technologies to reduce food waste to a minimum and optimize the handling of raw materials.

An eye to the future...

To reduce food waste even further, the Group will be focusing on improvements to its existing monitoring out. systems in order to decrease the amount of food thrown

Autogrill works on several fronts: while making its back-end processes (recipe design, product preparation, etc.) as efficient as possible, it strives to find newer and better ways of cutting down waste, for example by improving production planning, raising customer awareness, and partnering with external organizations. In some International countries, for example, operations managers participate in monthly meetings to analyze the quantity of food waste and discuss ideas for improving on this front.

129

ANNUAL REPORT 2021

At the moment, leftovers are donated to food banks, where possible, or sold at a discount at day's end. In some European countries, Autogrill has partnered with the app "Too Good to Go" that helps ensure food does not go to waste.

Food Donation Connection

Since 2011 Autogrill has worked in North America with Food Donation Connection (FDC), which redirects surplus food to local social service agencies that distribute it to people in need. Every donor location is matched with a group of qualified charities that collect the food following a detailed schedule of days and times. FDC has worked with Autogrill's operational and food safety teams to make sure the food is safe and healthy and to render the donation process more agile and secure.

Since 2019, Autogrill has been able to incorporate the donation tracing process in CrunchTime. This allows stores to enter donated items into their systems and send weekly data files to FDC.

Autogrill and Banco Alimentare join forces against food waste

Since 1989, Banco Alimentare has been collecting unspoiled, non-expired food that is no longer sellable and would otherwise be thrown out. Instead of going to waste, the food becomes a resource for the needy. For every "Menu Pausa Perfetta" sold at its stores, Autogrill made a donation to Banco Alimentare for the distribution of food products equivalent to one meal to participating charities. Through this initiative, 214,000 meal equivalents were donated in 2020.

Starting this past year, the Group stepped up its controls of inventory and foods nearing their use-by date in order to reduce waste to a minimum, and in accordance with applicable laws it made efforts to speed up its donations to food banks and employees.

Among other measures it streamlined menus, redistributed inventory to stores that were open for business, reached

agreements with suppliers for the return of stocks, and adapted its commercial offers at individual locations depending on the inventory on hand or at risk of going to waste.

Soup & Bakery by De Verspillingsfabriek

In 2020 HMSHost International won the Innovation category of the Schiphol Business Awards assigned by the Royal Schiphol Group, for the Soup & Bakery concept of De Verspillingsfabriek. The shop serves dishes made from

ingredients that would otherwise be tossed out as waste: a perfect example of sustainability and of how raw materials, innovation, and talent can be combined to create new sustainable solutions.

130

1. DIRECTORS' REPORT

AUTOGRILL GROUP SOCIAL AND ENVIRONMENTAL DATA

ADDITIONAL INFORMATION LABOR UNION RELATIONS

Over the years the Group has maintained an open dialogue with the labor unions in the various countries served, so it can help find the best solutions to reconcile its needs with those of its people. All employees enjoy a transparent working relationship and full protection of their rights, regardless of the contracts typical of their countries. Autogrill protects their right to freedom of association and collective bargaining, recognizing the paramount importance of these freedoms, in accordance with national laws governing collective contracts, individual bargaining and freedom of association.

This commitment to transparency translates to the management of various forms of contract: from national collective bargaining to collective contracts by company and/or location, to individually negotiated agreements. When it needs to make organizational changes, Autogrill complies with all provisions of laws and collective contracts by informing the unions and involving them, where applicable, in talks. The minimum notice period in case of organizational changes thus depends on national and local laws, and ranges from one to 16 weeks. Labor relations and talks follow the highest standards of transparency and fair dealing, in strict accordance with the law, and promote constructive dialogue with a view to hearing feedback from workers' representatives and maintaining a mutually beneficial working environment.

Again in 2021, which was still affected to some degree by the Covid-19 emergency, in the countries where trade unions are present they were constantly involved in discussions and kept up-to-date, including through the mediation of workers' representatives, on health and safety standards and protocols, management of the workforce, any use of government relief programs, talent retention measures, and necessary organizational changes.

2019

Europe International North America

Employees covered
by collective bargaining⁷

70% Canada⁴ 42% United - States

71% Canada 55% United States

69% Canada 49% United States

PROTECTION OF HUMAN RIGHTS

In addition to respecting and protecting the rights of its own employees, as an international leader that does business around the world, Autogrill acknowledges its responsibility to promote the rights of all people. Following its Code of Ethics at all times and embracing the highest international standards, Autogrill works to instill a responsible business culture in everything it does, by building trust and mutual satisfaction with its trading partners and employees and observing all local, national, and supranational laws for the protection of human rights.

Autogrill rejects the exploitation of minors throughout its organization and does not use or support child labor, as defined by the International Labour Organization (ILO). In addition, Autogrill is opposed to forced labor and all other forms of exploitation, abuse or psychological or physical coercion of its own employees and of workers employed along the production chain, and strongly condemns human trafficking and exploitation in any form.

24 This figure, which is partially an estimate on the previous year, refers to the countries where employees are covered by collective bargaining agreements and excludes various International countries as well as the recently acquired feCrobag GmbH (and for 2019 also Stellar Partners Inc) For 2019, the Canada figure was calculated net of the number of employees of the discontinued motorway operations.

131

ANNUAL REPORT 2021

INFORMATION AND LABELLING

Autogrill aims to provide customers and consumers with all information necessary for a full understanding of the ingredients its products contain, to ensure maximum transparency and compliance with labelling laws. In every country served, the Group is fully compliant with laws requiring the communication of food ingredients; for some products, the ingredients and nutritional values can be viewed by scanning a barcode or a QR code on the packaging.

Autogrill also observes all laws on selling and serving alcohol and tobacco products. In North America the Group has developed a program called Serve Safe Alcohol, which trains all store employees in the correct way to serve alcoholic beverages. At its US stores Autogrill has also launched the We ID campaign, to raise consumers' awareness about safe drinking by asking all customers to present identification when they purchase alcohol.

EU TAXONOMY

In 2020 the European Commission created an integrated classification system at the European level in order to identify environmentally sustainable economic activities ("EU Taxonomy") and create a common language that investors and businesses can use to invest in economic activities with a substantial positive impact on climate and the environment. The EU Taxonomy defines the types of activities consistent with the transition to a green economy and aims to facilitate the flow of capital towards activities that can help achieve that goal by 2050.

The Taxonomy establishes six environmental and climate objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy, including as concerns waste reduction and recycling;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

To be considered environmentally sustainable, an activity has to satisfy the following criteria:

- contribute substantially to at least one of the six environmental objectives; do no significant harm to any of the other environmental

objectives;

- comply with Minimum Social Safeguards (such as those contained in OECD guidelines and United Nations documents).

Implementation of the Taxonomy is in progress: in 2021 the EC approved the Delegated Act which defines the technical criteria for the first two of the Taxonomy's six environmental objectives, climate change mitigation and climate change adaptation.

As from January 2022 the companies subject to Directive 95/2014/EU, implemented in Italy with Legislative Decree 254/16, which requires publication of the consolidated non-financial statement, must disclose their "taxonomy eligibility" as the share of revenue, capital expenditure (Capex), and operating expenses (Opex) that potentially contribute to achieving the environmental objectives, regardless of whether these activities meet one or all of the technical screening criteria.

Only from January 2023 will they be required to disclose such indicators for activities that actually contribute to achieving the environmental objectives ("taxonomy alignment").

In 2021 Autogrill conducted a preliminary exercise in view of EU Taxonomy compliance. The exercise was based on an interpretation of the information currently available regarding the Regulation and its Delegated Act; in the future there may be specifics and guidelines that will lead to more precise definitions as to Taxonomy compliance and reporting obligations.

1. DIRECTORS' REPORT

The exercise conducted for reporting year 2021 showed that the Group's revenue-generating activities are not among the eligible activities described in the Delegated Act for climate change mitigation and climate change adaptation; no specific analysis was carried out on operating expenses (Opex) as they were deemed non-relevant for Autogrill's core business. As for Capex,¹⁵ about 60% turned out to be eligible according to the EU Taxonomy. The expenses forming the numerator of the Capex KPI are mainly costs for store construction and/or renovation, plant and machinery costs (e.g. climate control and electrical systems), transportation costs, and assets not yet completed and therefore unused; the economic activities considered fall primarily under 7.1. Construction of new buildings, 7.2. Renovation of existing buildings, and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.

With the start of fiscal year 2022 and the approval of delegated acts for the other four environmental objectives, Autogrill will expand its analysis of economic activities, and for those already identified as "eligible" it will investigate whether they contribute substantially, and to what extent, to at least one of the six environmental objectives without doing harm to the others and while ensuring compliance with minimum social safeguards.

CREATING AND DISTRIBUTING ECONOMIC VALUE

Statement of economic value (€k)

Economic value created by the Group

Revenue and other operating income

Financail income

Adjustment to the value of financial assets^{1*}

Impairment losses on receivables

Impairment losses

Capital gains from the disposal of operating activities

Economic value distributed

Landlords, suppliers and brand partners

Remuneration of personnel

Remuneration of lenders and shareholders^{2*}

Remuneration of public institutions^{3*}

Community

Economic value retained by the Group

522,362 |

612,367

609,442

Depreciation and amortization

Creating and distributing economic value is the ability to generate wealth and spread it among the stakeholders. In 2021, the Group created about € 3.2 billion in economic value, and distributed approximately € 2.7 billion. Of all value created, 85% was distributed to the internal and external stakeholders, while the remaining 15% was retained within the Group.

- 25 As per regulatory instructions, the applicable Capex is that indicated in the notes "Property, plant and equipment" and "Other intangible assets" of the consolidated Financial statements.
- 26 2019 includes capital gain for the disposal of Canadian motorways equity participation for € 37,951k
- 27 Shareholder's remuneration consists of the share of profits of the reference year which will be distributed as dividend the following year, as proposed to the Annual General Meeting by the Board of Directors in line with the previous year. For the current year the Board of Directors proposed to not distribute a dividend in 2022 (related to the 2021 Financial year) and to use available resources to cover the loss for the year
- 28 2020 includes a tax refund of \$ 119m to which the subsidiary HMSHost Corporation was entitled, by offsetting the federal tax loss incurred in 2020 as a result of the Covid-19 pandemic against the taxable income of prior years since 2015, according to the carry-back mechanism introduced in 2020 by US tax law. It was also possible to carry forward net operating losses for state tax purposes, for an additional deferred tax benefit of \$ 17m that was likewise recognized in the 2020 income statement

133

ANNUAL REPORT 2021

TAX RESPONSIBILITY

(€k)

**Employees at 31.12.2020 by area
Income tax paid**

Revenue - (cash accounting Total by area method)

Income tax accrued

Italy

898,010

Other European countries

Austria

Belgium

France

Germany

Greece

Slovenia

Spain

Switzerland

Czech Republic

Poland

International

United Arab Emirates

Australia

China

Denmark

Finland

India

Indo

Ireland

Turkey

Malaysia

Netherlands
 New Zealand
 Norway
 Russia
 Sweden
 United Kingdom
 Vietnam
 Singapore
 Maldives
 Qatar

North America

Canada
 United States of America

Figures refer to 2020. More specifically, taxes paid and accrued are drawn from the Country-by-Country Report (information transferred to the ultimate parent company, Edizione S.p.A., which is responsible for filing with the tax authorities), while data on revenue comes from the 2020 Annual Report ("Operating segments" section).

1. DIRECTORS' REPORT

(€k)

Employees at 31.12.2019	Revenue-	tax paid (cash accounting)	Income
			by area Total by area method)
Income tax accrued			
Italy			
	1,566,190		
Other European countries			
Austria			
Belgium France			
Germany			
Greece			
Slovenia			
Spain			
Switzerland			
Czech Republic			
Poland			
International			
United Arab Emirates			
Australia			
China			
Denmark			
Finland			
India			
Indonesia			
Ireland			
Turkey			

Malaysia
Netherlands
New Zealand
Norway
Russia
Sweden
United Kingdom
Vietnam
Singapore Maldives
North America
Canada
United States of America

Figures refer to 2019. More specifically, taxes paid and accrued are drawn from the Country-by-Country Report (information transferred to the ultimate parent company, Edizione S.p.A., which is responsible for filing with the tax authorities), while data on revenue comes from the 2019 Annual Report ("Operating segments" section).
ANNUAL REPORT 2021

SOCIAL ENVIRONMENTAL DATA

EMPLOYEES BY AGE, GENDER, AND PROFESSIONAL CATEGORY

2020

North America

Interna-Europe tional
North Total America
Interna-Europe tional
North Total America
Interna-Europe tional

16,590 12,638 5,411 34,639 11,662 13,498 5,932 31,092 33,113 16,920 12,028 62,061

63%
64%
47%
64%
49%
61%
62%
63%
50%
60%

10,502 8,124 2,569 21,195 7,423 8,650 2,891 18,964 20,575 10,637 6,021 37,233

603 19

61%

711
313
535
400
1,248
276
611
481
1,368
1,996
14
37
41
94
107
36
39
891
16
46

682 42

Women

< 30 years

30-50 years

> 50 years

37

11

77

27

55

51

22

16 2

30-50 years

> 50 years

109

56

85

16

177

81 7 108 62

166

83

7 113 46

White collars

Women

< 30 years

30-50 years

> 50 years

129

52

67

64

73

131

70

268

136

95

295

16,277 12,103 5,011 33,391 j 11,386 12,887 5,451 29,724 32,510 16,238 11,317 60,065

254 i

Women

< 30 years

30-50 years

95 1,229 523

68 1,254

596

26 549

203

151

141

289

140

495

271
110 23
71 53
131 130
• 50 years Managers
280
461 I
90
92
22
62
80
168 i
154
192
145
187 80
280 116
142 12
576 | 2031
.303 130
14
75
12
Women < 30 years 30-50 years
• 50 years

136

1. DIRECTORS' REPORT

2019

North America
North America
North America

Interna-Europe tional
Interna-Europe tional
Interna-Eurape tional

3,853 2,339

2,873

1,966

1,999

1,228

6,518 4,046

892 2,308

729 1,063

503

405 1,240

516 2,161

54

49

284

425

182

461

692

2,295

13,665

7631

9,404 3,601 26,670 [9,620 9,884 3,849 23,353

7,007 10,463

8,832 6,314 1,698 16,8441 6,262 6,665 1,908 14,835

29 The "temporary" category does not apply to employees in North America, who are classified according to current legislation by which both parties can terminate employment at any time ("at-will employment")

ANNUAL REPORT 2021

PER CAPITA TRAINING HOURS BY EMPLOYEE CATEGORY"

Group (hours)

73.3
9.5
76.9
11.8
Managers
7.4
69.7i
Women
49.8'
5.2
Men
62.2.
5.5
6.9 6.3
White collars
4.9
31.1
Women
Men
11.8
11.8
12.7
8.8
15.5
13.1
12.0
14 0 8.8
8.2
96
21.6
15.1
23.4
38.3
33.4
42 1 ' 30.4
30.3 30 6 37.5
37.9

36.9
Multiservice operators
Women
36.2;

At headquarters, professional development (especially for top managers) often takes place in the form of workshops, conferences and seminars which are not subject to reporting and are therefore not included in the above numbers. The change in per capita training hours over the three-year period should be considered in light of the severe impact of the health emergency in 2020 and the administration of publicly funded training in Italy.

PERCENTAGE OF EMPLOYEES WHO RECEIVE PERIODIC REVIEWS OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT
31

2021

North America
Nord America

International
Internazionale

HEADQUARTERS

Area managers
MBO
MBO
MBO I
MBO
MBO
MBO

Women
81% I
100%
43%
91%

Men
27%
82%
74% I
100%

Senior managers
100%
50%
96%
85%

Women
91%
61%
96%
83%

Men
80% I
94%
90%
56%

Managers
67%
93%
98%
86%;

Women
89%!
91%
84%
97%

Men

White collars

Women

Men

Store managers

Women

Men

Managers

Women

Men

Unit heads

Women

Multiservice operators

Women

Men

94%

95%

87%

86%

87%

77%

79%

76%

52%

52%

51% 1%

1% 1%

100%

100%

91%

90%

92%

81%

BI%

81% 82%

81%

84%

11%

10%

12%

100%

98%

87%

85%

88% 88%

81% 92%

86%

87%

85%

85%

85% 87%

96% 97% 88% 87% 89% 81% 80% 82%

72%

72% 73% 14%

13% 16%

30 The Figures available as of this writing are partially estimated on the basis of the individual training plan For new hires They do not include the recently acquired companies Stellar Partners Inc (consolidated starting in 2021) and Le CroBag GmbH Figures for Autogrill Austria are temporarily unavailable and are therefore likewise excluded.

31 Calculated considering the employees assessed under the performance review process who were still employed as of 31 December, for countries with an existing performance review system The 2021 figures do not include some minor markets such as Austria, Slovenia, Belgium, and Greece (Europe) and India and the Maldives (International). Nor do they include the recently acquired companies Stellar Partners Inc and Le CroBag GmbH Some Figures are estimates
1. DIRECTORS' REPORT

Most of the change in the percentage of non-HQ employees who received performance reviews reflects turnover trends, especially in countries that only give reviews once an employee has been working for six months. Data for top managers is not included because it refers to a management by objectives approach that differs from the performance review programs in place for other employees. See the Remuneration Report for further information.

NEW HIRES AND DEPARTURES

2020

North America

International
North Total America
Internationa-
North Total America
International

1,969 11,044 27,692 9,746 9,013 46,451

18,522 31,857

1,002 6,640 17,835 5,688 4,406 27,929
1,595
5,765
7186

967 4,404 9,857 4,058 4,607
344
1,635

11,977 2,617
7351 18,906

30
901
502
192

2,792 6,863 3,479

1,923

27,645 5,524 8,045 41,214 24,415

Women

Men

< 30 years 30-50 years > 50 years
25,339

17,108 28,072

11,278

3,097

15%

13%
84% 58%

87% 53%

58%

67% I

< 30 years

30-50 years > 50 years

67% 7%

3%

127%

47% 22%

41%

37%

49%

142%

28%

74%

75%

71%

122% 50%

68%

68% 69%

112% 44%

■ 50 years

Percentages represent employee turnover rates (incoming and outgoing) and are calculated in relation to the total number of employees for each area, gender, and age range. The differences in turnover rates across regions is explained by diverse trends in the markets and in Group operations, which in some countries continued to be affected by the public health emergency.

INJURY RATES*

2020

North America

International
North America
International
North America
International

Workplace injuries (no.) j

Women

Men

26.16 20.66

14.06 20.66 3 0 35

20.79 24 27

Serious injuries (no.)

Women
Men

Serious injury rate
Women
0.06!

Deaths (no.)
Women
Men

Death rate
Women
Men

Injury rates include workplace injuries only (not commuting accidents)
Frequency rate: ((total number of injuries + total number of deaths)/total hours worked) x 1,000,000 Serious injury rate: (total number of serious injuries/total hours worked) x 1,000,000 Death rate: (total number of deaths/total hours worked) x 1,000,000

In March 2021 there was an incident at an Autogrill Belgium hotel in which one employee was killed. The Group would like to stress that all safety norms and protocols were in place and fully observed. On the basis of currently available information, the Group has not been held liable in any way.

DONATIONS BY TYPE AND REGION

Donations (€)	2021			2020				2019					
	North America	International	North America	Europe	International	North America	Europe	International	North America	Europe	International	Total	
Direct donations			143,934	28,511	172,445	61,929	87,217	149,146	638	186,814	56,544	243,996	
Indirect donations	179,667		5,000	1,009	185,676	280,160	2,897	283,057	520,780		30,526	551,306	
Donations in kind	(1,104,467)		303,641	3,900	1,412,008	(2,542,715)	606,340	70,137	3,219,192	3,387,217	109,411	19,541	3,516,169
Total	1,284,134		452,575	33,420	1,770,129	2,822,875	668,269	160,251	3,651,395	3,908,635	296,225	106,611	4,311,471

³² The reporting area for 2019 does not include the Netherlands, Germany (including Le CroBag), Stellar Partners, and Canada, while for 2020 and 2021 it excludes Stellar Partners and Canada.

ENVIRONMENT - ENERGY CONSUMPTION AND EMISSIONS³³

International
North Total America
International
International

|| 415,612 ; 4,760 420,372 i

Biogas

GJ j 563,553 62,960 626,513 177,350 571,884 80,722 829,956 249,792 808,899 1,058,691

Electricity

149,885 12,577 162,462; 49,264 151,944 17,926 219,134 69,387 223,599 292,986

MWh i 6,657 4,237 10,894 i

Thermal energy

From renewable sources

27,851 49,078 12,049 88,978 46,965 79,430 126,395

521
6,279
18,659

14,195 12,380 7,960 20,340

447 12,958 12,380

By vehicle fleet³³:

Total indirect emissions

Electricity Thermal energy

74
1,126
57
1,183
1,681
1,681

1,237
11,528 74,783 34,585 71,470 106,055

115
96
96

41,219 8,303 49,522 j 19,656 43,599 11,432 74,687 34,585 71,470 106,055

US;

Data on direct and indirect energy consumption refers mainly to headquarters and motorway locations, where utilities are contracted directly by the Group. For Europe in particular, the motorway channel accounts for 93% of direct energy consumption and 82% of indirect consumption, where the Group will concentrate its efforts to reduce greenhouse gas emissions. The trend in consumption is closely correlated with the Group's business volumes in the different countries, which recovered somewhat in 2021, especially in the International area. At locations where utilities are included in the rent, it is not always possible to know how much is consumed; these locations, therefore, will continue to be excluded from reporting.

33 Starting from the current year. Scope 2 emission, being part of an international perimeter, are calculated according to the location-based methodology using the emission factors provided by TERNA International Comparison (2018 version For 2020 data and 2019 version For 2021 data) Further to an improvement in the reporting system and a revision of emission factors in line with the most recent ones available, emissions Figures For 2020 have been restated For data published previously, see the 2020 Non-Financial Statement of www.autogrill.com

Direct and indirect emissions from thermal energy are expressed in tons of CO₂e Indirect emissions from electricity consumption are shown in tons of CO₂ in line with the emission factors used, however the percentage of methane and nitrous oxide has a negligible impact on total emissions (CO₂e) as can be deduced by the reference technical literature The "market-based" calculation method is not applicable to current reporting because For electricity contracts, managed at the individual country level, the Group refers to the corresponding market mix

34 Scope 1 emissions related to biogas consumption was calculated using the emission Factor of 0 00068793 tCO₂e/t for 2020 and 0 00068691 tCO₂e/t for 2021 (DEFRA 2020 and DEFRA 2021) considering zero CO₂ emissions while taking into account emissions in N₂O and CH₄. To complete the reporting, CO₂ emission related to the combustion process of biogas considered out of scope and not included in the Scope 1, 2 and 3 reporting perimeter are taken into account, and are calculated using the emission Factor of 0 679 tCO₂e/l for 2020 and 2021 (DEFRA 2020 and DEFRA 2021)

Applies to:

Type of impact

Employee engagement, talent development & retention
 Employment
 Training and education
 Occupational health and safety

Autogrill Group, employees

We nurture People Diversity, equal opportunities & Diversity and equal opportunity inclusion Non-discrimination

Autogrill Group, p. employees

■^a " Direct

Gruppo Autogrill. consumatori

Autogrill Group, supply chain, Direct and indirect consumers

We offer sustainable Food Experiences

Product choice, nutrition & transparency

Supplier environmental assessment Supplier social assessment

Autogrill Group, supply chain, Direct and indirect consumers

Energy

Energy, emissions & climate change Emissions

Environmental compliance

Autogrill Group, supply chain

i i Direct and indirect

We care for the Planet

Autogrill Group, Direct and indirect community

Autogrill Group, consumers, Direct and indirect community

For the material topics "Food waste", "Product choice, nutrition and transparency" and "Customer experience", not directly and/or thoroughly associated with the GRI Standards, Autogrill reports its management approach.

GRI CONTENT INDEX

The Autogrill Group's Consolidated Non-Financial Statement has been prepared in accordance with the GRI Standards: Core option. The table below shows Group disclosures based on the GRI Standards published in 2016 by the Global Reporting Initiative, as subsequently updated, with reference to Autogrill's materiality analysis and pertaining to 2019, 2020, and 2021.

UNIVERSAL STANDARDS

GRI Standard Page no.

GRI 102: General Disclosure*

Organizational profile

102-1 AR, Simplified Group structure and organizational structure, p. 24

Operations, brands, products and services

Centro Direzionale Milanofiori, Palazzo Z, Strada 5, 20089 Rozzano (MI) - Italy

AR, Autogrill around the world, p. 10-12 About the non-financial statement, p 89-90

Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report

102-5 AR, Simplified Group structure and organizational structure, p. 24-25

AR, Autogrill around the world, p. 10-12 AR, Group performance, p. 60 AR, Operating segments, p. 76

Markets served (including geographic areas, sectors, and types of customers and beneficiaries]

AR, Autogrill at glance, p. 7

AR, Condensed consolidated income statement, p. 64 AR, Revenue, p. 64-65

AR, Reclassified consolidated statement of financial position, p 71

Information on employees and other workers retention, p 99-100

We nurture People - Employee engagement, talent development & 102-8

Autogrill Group social and environmental data, p. 136-137

Significant changes to the organization and its supply chain

102-9 We offer sustainable Food Experiences - Responsible sourcing, p 121

Description of the organization's supply chain

102 10 ^{arrange in scope of consolidation, p. 62}

About the non-financial statement, p. 89-90

Precautionary principle or approach

AR, Risk management and control system, p. 34-53 102-11 Approach to sustainability, p. 91 Materiality analysis, p. 96-97

We nurture People - Support for local communities and inclusion,

102-12 p^{2,3}

We offer sustainable Food Experiences - Responsible sourcing, p. 121 We care for the Planet - Food waste, p. 129-130

Externally developed economic, environmental, and social charters, principles, or other initiatives that the organization follows or supports

We nurture People - Diversity, equity & inclusion, p 109-111 102 13 ^{We nurture People - Support for local communities and inclusion,}

p.112-113

About the non-financial statement, p 89-90

Strategy

102-14 Letter to the stakeholders, p. 5

Description of key impacts, risks, and opportunities

Ethics and integrity

AR, Mission, vision, values, p. 8 102 16 ^{We nurture People - Diversity, equity & inclusion, p. 109-111}

Code of Ethics, www.autogrill.com/it/governance/modello-organizzativo - <http://www.autogrill.com/it/governance/modello-organizzativo->e-codice-etico>

Corporate governance

102 18 Governance, P- 26-31

Other information, p. 156-159

GRI

Standard Page no. Stakeholder engagement

102-41 Autogrill Group social and environmental data - Labor union relations, p 131

Percentage of employees covered by collective bargaining agreements

102-42 Autogrill Group social and environmental data - Dialogue with stakeholders, p 94-96

Make It Happen - Shaping a better future - Dialogue with stakeholders, p 94-96"

We nurture People - Employee engagement, talent development and retention, p. 99-100

We nurture People - Support for local communities and inclusion, p. 112-113

We offer sustainable Food Experiences - Product choice, nutrition & transparency, p. 119-120

Autogrill Group social and environmental data - Creating and distributing economic value, p. 133

Means of engaging stakeholders, including frequency of engagement by type and stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process

102-43 Autogrill Group social and environmental data - Dialogue with stakeholders, p. 94-96
102-44 We nurture People - Employee engagement, talent development and retention, p. 99-100
102-45 We offer sustainable Food Experiences - Product choice, nutrition & transparency, p. 119-120

Key topics and concerns raised through stakeholder engagement and how the organization has responded, including through its reporting. Indication of the stakeholder groups that raised each of the key topics and concerns

Reporting practice

102-46 Consolidated financial statements - list of consolidated companies and other investments, p. 248
Entities included in the organization's consolidated financial statements or equivalent documents

102-47 About the non-financial statement, p. 96-97

List of material topics identified in the process of defining report content

Effects of restatements of information given in previous reports, and the reasons for such restatements

Significant changes from previous reporting periods in the list of material topics and topic boundaries

102-48 About the non-financial statement, p. 96-97

102-49 About the non-financial statement, p. 96-97

102-50 About the non-financial statement, p. 96-97

102-51 IA&CSR department Tel. [+39]0248263490

102-52 About the non-financial statement, p. 96-97 GRI content index, p. 144

102-53 GRI content index, p. 144

102-54 Independent auditors' report, p. 153

ANNUAL REPORT 2021

TOPIC SPECIFIC STANDARDS

GRI
Standard Page no.

GRI 200: ECONOMIC SERIES

Economic performance 2016

GRI 103: Management Approach

Materiality analysis, p 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

103 2 Autogrill Group social and environmental data - Creating and distributing economic value, p 133

The management approach and its components

We nurture People - Support for local communities and inclusion, p. 112-113 103-3 Autogrill Group social and environmental data - Creating and distributing economic value, p 133

Evaluation of the management approach

GRI 201: Economic Performance

We nurture People - Support for local communities and inclusion, p 112-113 201-1 Autogrill Group social and environmental data - Creating and distributing economic value, p. 133

Direct economic value generated and distributed

Anti-corruption 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

103 2 Governance - Policies and documents that guide our actions, p. 31-33 Approach to sustainability, p. 91

The management approach and its components

103 3 Governance - Policies and documents that guide our actions, p. 31-33 Approach to sustainability, p 91

Evaluation of the management approach

GRI 205: Anti-corruption

In 2021 there was an episode of corruption in the International business unit 205-3 Autogrill handled the matter promptly, and concluded by terminating the employee in question

Confirmed incidents of corruption and actions taken

Anti-competitive behavior 2016 GRI 103: Management Approach

Materiality analysis, p. 96-97, Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter.

103 2 Governance - Policies and documents that guide our actions, p. 31-33 Approach to sustainability, p. 91

The management approach and its components

103 3 Governance - Policies and documents that guide our actions, p. 31-33 Approach to sustainability, p. 91

Evaluation of the management approach

GRI 206: Anti-competitive behavior

206 1 Legal action was taken against the Group for anti-competitive behavior, antitrust, and monopoly issues
Legal actions for anti-competitive behavior, antitrust, and monopoly practices

Taxes 2019

GRI 103: Management Approach

Materiality analysis, p. 96-97, Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

103-2 Governance - Policies and documents that guide our actions, p. 31-33

103-3 Governance - Policies and documents that guide our actions, p. 31-33

GRI 207: Taxes 2019

207-1 Governance - Policies and documents that guide our actions, p. 31-33

2072 Governance - Policies and documents that guide our actions, p. 31-33 Risk management and control system, p. 34-52
Tax governance, control and risk management

207-3 Governance - Policies and documents that guide our actions, p. 31-33

Governance - Policies and documents that guide our actions, p. 31-33 207-4 Autogrill Group social and environmental data - Tax responsibility, p. 134-135

146

1. DIRECTORS' REPORT

GRI
Standard Page no.

GRI 300: ENVIRONMENTAL SERIES Energy 2016

GRI 103: Management Approach

103-1 Materiality analysis, p 96-97, Required disclosures and where to find them, p. 90

About the non-financial statement, p 96-97 103 2 Approach to sustainability, p. 91-93

Make It Happen - Shaping a better future, p 93-94

We care for the Planet - Energy, emissions & climate change, p 127-129

Explanation of the material topic and its perimeter

The management approach and its components

About the non-financial statement, p. 96-97

Approach to sustainability, p. 91-93

Make It Happen - Shaping a better future, p 93-94

We care for the Planet - Energy, emissions & climate change, p.127-129

Evaluation of the management approach

GRI 302: Energy

We care for the Planet - Energy, emissions & climate change, p 127-129 Autogrill Group social and environmental data, p. 141

Energy consumed within the organization

Emissions 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97

Required disclosures and where to find them, p. 90

Explanation of the material topic and its perimeter

About the non-financial statement, p 96-97

Approach to sustainability, p. 91-93

Make It Happen - Shaping a better future, p. 93-94

We care for the Planet - Energy, emissions & climate change, p.127-129

The management approach and its components

About the non-financial statement, p. 96-97

Approach to sustainability, p. 91-93

Make It Happen - Shaping a better future, p. 93-94

We care for the Planet - Energy, emissions & climate change, p.127-129

Evaluation of the management approach

We care for the Planet - Energy, emissions & climate change, p.127-129 Autogrill Group social and environmental data, p 141

We care for the Planet - Energy, emissions & climate change, p.127-129 Autogrill Group social and environmental data, p. 141

Indirect GHG emissions from energy consumption (Scope 2)

Waste 2016

GRI 103: Management Approach

Materiality analysis, p 96-97

Required disclosures and where to find them, p 90

Explanation of the material topic and its perimeter

About the non-financial statement, p 96-97

Approach to sustainability, p. 91-93

Make It Happen - Shaping a better future, p 93-94

We care for the Planet - Waste management & packaging, p. 125;126

The management approach and its components

About the non-financial statement, p 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p. 93-94
We care for the Planet - Waste management & packaging, p. 125-126

Evaluation of the management approach

We care for the Planet - Waste management & packaging, p 125-126 Autogrill Group social and environmental data, p 142

Waste by type and disposal method

Environmental compliance 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p 93-94
We care for the Planet - Waste management & packaging, p. 125-126

The management approach and its components

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p 93-94
We care for the Planet - Waste management & packaging, p. 125-126

Evaluation of the management approach

147

ANNUAL REPORT 2021

GRI

Standard Page no.

GRI 307: Environmental compliance

307-1 No significant fines or non-monetary sanctions were received in 2021

Supplier environmental assessment 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p. 93-94
We offer sustainable Food Experiences - Responsible sourcing, p. 121-123

The management approach and its components

About the non-financial statement, p. 96-97
Approach to sustainability, p 91-93
Make It Happen - Shaping a better future, p. 93-94
We offer sustainable Food Experiences - Responsible sourcing, p. 121-123

Evaluation of the management approach

GRI 308: Supplier environmental assessment

Supplier selection and assessment are based on specific policies applied at the regional level, all suppliers must strictly comply with local laws and regulations as well as established quality control procedures. The Group requires suppliers to sign onto its Code of Ethics and General Purchasing Conditions. It has also adopted the Group Supply Chain Sustainability Guidelines, which set general standards for supplier evaluation. In North America it has published the HMSHost Supplier Code of Conduct. Once the guidelines are implemented locally, it will be possible to report the exact number of suppliers assessed

New suppliers that were screened using environmental criteria

GRI 400: SOCIAL SERIES

Employment 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 103-2 We nurture People - Employee engagement, talent development & retention, p. 99-100
We nurture People - Human resource development and appraisal, p. 103-104 We nurture People - Diversity, equity & inclusion, p. 109-111

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 103-3 We nurture People - Employee engagement, talent development & retention, p. 99-100
We nurture People - Human resource development and appraisal, p. 103-104 We nurture People - Diversity, equity & inclusion, p. 109-111

The management approach and its components

Evaluation of the management approach

GRI 401: Employment

We nurture People - Employee engagement and talent attraction, p. 104-106 Autogrill Group social and environmental data, p. 139
New employee hires and employee turnover

We nurture People - Employee engagement and talent attraction, p. 104-106 Autogrill Group social and environmental data, p. 139
Benefits provided to full-time employees that are not provided to temporary or part-time employees

148

1. DIRECTORS' REPORT

GRI Standard Page no.

Labor/management	relations	2016	GRI	103:	Management
-------------------------	------------------	-------------	------------	-------------	-------------------

Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 Autogrill Group social and environmental data, p. 131

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 Autogrill Group social and environmental data, p. 131

The management approach and its components

Evaluation of the management approach

GRI 402: Labor/management relations

402-1 Autogrill Group social and environmental data, p. 131

Occupational health and safety 2018

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 We nurture People - Health and safety, p. 107-108

The management approach and its components

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93;
Make It Happen - Shaping a better future, p. 93-94
We nurture People - Diversity, equity & inclusion, p. 109-111

Evaluation of the management approach

GRI 405: Diversity and equal opportunity

We nurture People - Diversity, equity & inclusion, p. 109-111 Autogrill Group social and environmental data, p. 136-137
Diversity of governance bodies and employees

Non-discrimination 2016

GRI 103: Management Approach

Materiality analysis, p 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p. 93-94
We nurture People - Diversity, equity & inclusion, p. 109-111
Autogrill Group social and environmental data - Protection of human rights,
p. 131

The management approach and its components

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p. 93-94
We nurture People - Diversity, equity & inclusion, p. 109-111
Autogrill Group social and environmental data - Protection of human rights,
p. 131

Evaluation of the management approach

GRI 406: Non-discrimination

In 2021 there were no significant incidents of discrimination. Any 406-1 complaints received through the dedicated channels were handled promptly by the units in charge
Incidents of discrimination and corrective actions taken

Supplier social assessment 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97
Approach to sustainability, p 91-93
Make It Happen - Shaping a better future, p 93-94
We offer sustainable Food Experiences - Responsible sourcing, p 121-123 Autogrill Group social and environmental data - Protection of human rights, p. 131

The management approach and its components

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p. 93-94
We offer sustainable Food Experiences - Responsible sourcing, p. 121-123 Autogrill Group social and environmental data - Protection of human rights, p. 131

Evaluation of the management approach

GRI
Standard Page no.

GRI 414: Supplier social assessment

Supplier selection and assessment are based on specific policies applied at the regional level; all suppliers must strictly comply with local laws and regulations as well as established quality control procedures. The Group requires suppliers to sign onto its Code of Ethics and General Purchasing Conditions. It has also adopted the Group Supply Chain Sustainability Guidelines, which set general standards for supplier evaluation. In North America it has published the HMSHost Supplier Code of Conduct. Once the guidelines are implemented locally, it will be possible to report the exact number of suppliers assessed

New suppliers that were screened using social criteria

Customer health and safety 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p. 93-94
We offer sustainable Food Experiences - Food quality & safety, p. 117-118

The management approach and its components

About the non-financial statement, p. 96-97
Approach to sustainability, p. 91-93
Make It Happen - Shaping a better future, p. 93-94
We offer sustainable Food Experiences - Food quality & safety, p. 117-118

Evaluation of the management approach

GRI 416: Customer health and safety

416-1 We offer sustainable Food Experiences - Food quality & safety, p. 117-118

Marketing and labelling 2016

GRI 103: Management Approach

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 103-2 We offer sustainable Food Experiences - Product choice, nutrition & transparency, p. 119-120
Autogrill Group social and environmental data - Information and labelling, p. 132

The management approach and its components

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 103-3 We offer sustainable Food Experiences - Product choice, nutrition & transparency, p. 119-120
Autogrill Group social and environmental data - Information and labelling, p. 132

Evaluation of the management approach

GRI 417: Marketing and labelling

417-3 In 2021 there were no significant incidents of non-compliance

Socioeconomic compliance 2016

GRI 419: Socioeconomic compliance

Materiality analysis, p. 96-97
Required disclosures and where to find them, p. 90
Explanation of the material topic and its perimeter

GRI
Standard Page no.

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 We offer sustainable Food Experiences, p. 116-123

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 We offer sustainable Food Experiences, p. 116-123

The management approach and its components

Evaluation of the management approach

GRI 419: Socioeconomic compliance

In 2021 there were no fines or non-monetary sanctions for non-compliance with laws and regulations in the social and economic area

Non-compliance with laws and regulations in the social and economic area

Food waste

GRI 103: Management Approach

Materiality analysis, p. 96-97

Required disclosures and where to find them, p. 90

Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 We care for the Planet - Food waste, p. 129-130

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 We care for the Planet - Food waste, p. 129-130

The management approach and its components

Evaluation of the management approach

Customer experience

GRI 103: Management Approach

Materiality analysis, p. 96-97

Required disclosures and where to find them, p. 90

Explanation of the material topic and its perimeter

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 We nurture People - Customer experience, p. 114-115

The management approach and its components

About the non-financial statement, p. 96-97 Approach to sustainability, p. 91-93 Make It Happen - Shaping a better future, p. 93-94 We nurture People - Customer experience, p. 114-115

Evaluation of the management approach

Product choice, nutrition & transparency

GRI 103: Management Approach

Materiality analysis, p. 96-97

Required disclosures and where to find them, p. 90

About the non-financial statement, p. 96-97

Approach to sustainability, p. 91-93

Make It Happen - Shaping a better future, p. 93-94

We offer sustainable Food Experiences - Product choice, nutrition & transparency, p. 119-120

Explanation of the material topic and its perimeter

The management approach and its components

About the non-financial statement, p. 96-97

Approach to sustainability, p. 91-93

Make It Happen - Shaping a better future, p. 93-94

We offer sustainable Food Experiences - Product choice, nutrition & transparency, p. 119-120

Evaluation of the management approach

INDEPENDENT AUDITORS' REPORT

Deloitte

Tel +390283322111 Fax +39 02 83322112 www.deloitte.it

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of Autogrill S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Autogrill S.p.A. and its subsidiaries (hereinafter "Autogrill Group" or "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 10, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ar cona 3an Sergamo Bdot. ^a Brescia Caglianirrcnzc Geneva *la-olaoolPaocva Parma 3oma Tonno Tin-so ucinc Verona Sedc legae V a Tortona. 2--> - 20J44 Vitino | Capitals Sociale f.ro lfi 32R220.00 I v CcoicoriscaI&teBistroaelicI:TDrcscolV. IanoMonzaBranzaLod n 03049560.66-RE A VI-1720239 Parra.VA IT03049560166

Inorre Deludes "er.sceaunaoudellessequenlier.ua <http://er.ua> Deloute Touche Toh™Tsu Limied. una sociela ITJessea "escCfsabitalimitata("DTTI"). erremoer™madere-rial suonertcrke le ent a esse correlate DITL ecascuna delle sue member firm sono enlla giunctamenre sepa-ale e indipende" si 'ra Ioru DTL(deno"lnalaartr.e"Delaf.eQobaI"jncnfornia.eserviliai clier". S nwt a leozerc rinferratwa completa relatva aUa dexnzioe acta struttura lecaledi Delcotte louche Tohriatstu urrnted e delle sue memoer firm all'indmzzo www.oolcine.corTVaboul. O DcatLc & Touche SpA.

Deloitte,

2

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Autogrill Group.
4. Understanding of the following matters:
 - i) business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - ii) policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - (iii) main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a)

1. DIRECTORS' REPORT

Deloitte,,

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Autogrill Italia S.p.A. e con il personale di Nuova Sidap S.r.l., HMSHost Corporation, Stellar Partners Inc., Host International of Canada Ltd, HMSHost International B.V., as well as carrying out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level'
 - with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for Autogrill Italia S.p.A., Nuova Sidap S.r.l., HMSHost Corporation, Stellar Partners Inc., Host International of Canada Ltd, HMSHost International B.V., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out call conferences, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Autogrill Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by Ernesto Lanzillo
Partner

Milan, Italy April 7, 2022

This report has been translated into the English language solely for the convenience of international readers

1. DIRECTORS' REPORT

CORPORATE GOVERNANCE

All information on this subject is included in the Corporate Governance Report, prepared in accordance with Art. 123 bis of Legislative Decree 58 of 24 February 1998 and approved by the Board of Directors along with the annual report. It is available at Autogrill's headquarters and secondary office, at the online market storage site www.iinfo.it <<http://www.iinfo.it>>, and on the Group's website, www.autogrill.com <<http://www.autogrill.com>> (Governance section).

MANAGEMENT AND COORDINATION

At its meeting of 18 January 2007, the Board of Directors had established that there were no conditions whereby Autogrill would be subject to the management and coordination of the parent, Schematrentaquattro S.r.l. (Schematrentaquattro S.p.A. since 18 November 2013), pursuant to Art. 2497 bis of the Italian Civil Code.

In 2017, Autogrill S.p.A. began a process to evaluate whether the reasons for its decision of 18 January 2007 still applied. In a resolution of 28 September 2017, the Board of Directors confirmed the absence of elements that would suggest management and coordination by the direct parent, Schematrentaquattro S.p.A., or by the ultimate parent, Edizione S.r.l. (hereafter "Edizione", which became a joint-stock company on 25 January 2022 and is now called Edizione S.p.A.), including in light of the following considerations:

1. the Company defines its own budgets and/or strategic, business and financial plans and carries them out independently;
2. the Company does not receive, and is not in any way subject to, directives or instructions in matters of finance or lending and borrowing;
3. commercial strategies are freely and independently assessed by the Board of Directors of the Company, which negotiates in full autonomy with customers and suppliers;
4. the Company is not subject to group policies for the purchase of goods or services in the market;
5. the Company does not receive directives or instructions with regarding to acquisitions and disposals;
6. the Company is not a party to any cash pooling agreement or other support or coordination arrangements of a financial nature;
7. the Company does not receive, and is in no way subject to, directives concerning extraordinary operations and/or investment initiatives;
8. the Company has independently drawn up and approved the organizational chart of Autogrill S.p.A. and the Autogrill Group; and
9. the Company has no obligation to comply with codes of conduct or policies imposed by Schematrentaquattro or other companies held by Edizione.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

Transactions with the related parties, including intercompany transactions, do not qualify as atypical or unusual and fall within the normal sphere of operations. They are conducted in the interests of Group companies on an arm's length basis.

See the section "Other information" in the Notes for further information on related party transactions, including the specific disclosures required by Consob Resolution 17221 of 12 March 2010, as amended. Autogrill S.p.A.'s procedures for related party transactions can be consulted on its website (www.autogrill.com <<http://www.autogrill.com>> - Governance/Related Parties section).

STATEMENT PURSUANT TO ART. 2.6.2(7) OF THE REGULATIONS FOR MARKETS ORGANIZED AND MANAGED BY BORSA ITALIANA S.P.A.

In respect of Art. 15 of Consob Regulation no. 20249 of 28 December 2017 on conditions for the listing of companies that control entities formed or governed under the laws of countries outside the European Union that are of material significance to the consolidated financial statements, we report that two companies fall under these provisions (HMSHost Corporation and Host International Inc.), that suitable procedures have been adopted to ensure total compliance with said rules, and that the conditions stated in Art. 15 have been satisfied.

RESEARCH AND DEVELOPMENT

The Group did not perform research and development during the year.

TREASURY SHARES

At 31 December 2021 Autogrill S.p.A. owned 3,181,641 treasury shares (unchanged since the end of 2020), with a carrying amount of € 13,042k and an average carrying amount of € 4.10 per share. No treasury shares were purchased or disposed of in 2021.

Autogrill S.p.A. does not own equities or other securities representing the share capital of the ultimate parents, and did not at any time during the year, either directly or through subsidiaries, trust companies or other intermediaries.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In 2021, there were no significant non-recurring events or transactions as defined by CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006.

1. DIRECTORS' REPORT

ATYPICAL OR UNUSUAL TRANSACTIONS

In 2021 there were no atypical and/or unusual transactions as defined by CONSOB Communication DEM/6064293 of 28 July 2006. See, respectively, Note XXVII and Section 2 of the Notes for information on the capital increase and the disposal of the US motorway business, which fall within the Group's ordinary operations.

INFORMATION PURSUANT TO ARTS. 70 AND 71 OF CONSOB REGULATION NO. 11971/1999

On 24 January 2013 the Board of Directors of Autogrill S.p.A. voted to take the option provided for by Consob Resolution 18079 of 20 January 2012 that exempts companies from issuing the public disclosure documents required by Arts. 70 and 71 of the Listing Rules (Consob Regulation 11971/1999) in the case of significant mergers, demergers, increases in share capital through contributions in kind, acquisitions, and transfers. The disposal of the US motorway business, finalized in July 2021, is in any case not a large enough transaction to require a written disclosure document pursuant to the above regulatory clauses.

**RECONCILIATION
CONSOLIDATED EQUITY**

BETWEEN

PARENT

AND

		Changes	Profit (loss)
Equity at 31.12.2020			
in the equity for the year 2021			
Equity at 31.12.2021			
Autogrill S.p.A. separate financial statements			
Effect of the consolidation of subsidiaries' financial statements and related deferred taxation			
Translation reserve			
Group consolidated financial statements			
Equity attributable to non-controlling interests			
Total consolidated equity			

ANNUAL REPORT 2021

CONSOLIDATED ACCOUNTS

2. CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

Of which related parties
Of which related parties

ASSETS

Current assets
Cash and cash equivalents
Lease receivables
Other financial assets
Tax assets
Other receivables
Trade receivables
Inventories
3,373,8861
3,923,565
Non-current assets

XIII
37,350
30,895
XIV
62,279 i
76,694
Other financial assets Deferred tax assets
Other receivables
Assets classified as held for sale
TOTAL ASSETS

LIABILITIES AND EQUITY LIABILITIES
Current liabilities
XVI Trade payables
Tax liabilities
XVIII Other payables
XXI Bank loans and borrowings
XXII Lease liabilities
XIX Other financial liabilities
XXIV Bonds
266,363
265,129
377,289
J5.340 32,806~
XXVI Provision for risks and charges
Non-current liabilities
XX Other payables
XXI
XXII
Loans, net of current portion
Lease liabilities
XXIII Other financial liabilities
XXIV Bonds
XIV Deferred tax liabilities
XXV Defined benefit plans
XXVI Provision for risks and charges
Liabilities classified as held for sale
XXVII EQUITY
attributable to owners of the Parent
- attributable to non-controlling interests
TOTAL LIABILITIES AND EQUITY

INCOME STATEMENT

Of which related parties
Of which related parties

Revenue

Other operating income

XXX

XXXI

XXXII XXXIII

Total revenue and other operating income

Raw materials, supplies and goods

Personnel expense

Leases, rentals, concessions and royalties

Other operating expense

2,328,892

(935,177) (773,183)

(64,288)

(416,332)

XXXIV Depreciation and amortization

XXXIV XXXV

Impairment losses on property, plant and equipment, intangible assets and right-of-use assets

Gain on operating activity disposal

(61,656) 19,562

Operating profit (loss)

XXXVI Financial income

XXXVI Financial expense

Share of the profit (loss) of equity method investments

XXXVII Revaluations (write-down) of financial assets Pre-tax profit (loss)

Profit (loss) for the year attributable to:

■ owners of the Parent

i

-01192i

STATEMENT OF COMPREHENSIVE INCOME

Full Year 2020

Profit (loss) for the year

Items that will never be reclassified to profit or loss

XXVII Remeasurements of the defined benefit (liabilities) asset

XXVII Tax effect on items that will never be reclassified to profit or loss

Items that will never be reclassified to profit or loss

Items that may be subsequently reclassified to profit or loss

XXVII Equity-accounted investee - share of other comprehensive income

XXVII Foreign currency translation differences for foreign operations

XXVII Gain (loss) on net investment hedge

XXVII Tax effect on items that may be subsequently reclassified to profit or loss

Items that may be subsequently reclassified to profit or loss

Total comprehensive income for the year

attributable to owners of the Parent

attributable to non-controlling interests

ANNUAL REPORT 2021

STATEMENT OF CHANGES IN EQUITY

(Note XXVII)

	Translation premium	and retained	Treasury	Profit (loss)	owners of the non-controlling	reserve	Share		Other reserve	earnings	shares	for the year	Equity	
							attributable to	Parent					Equity	attributable to
31.12.2020														
Total other comprehensive income (loss) for the year														
Profit (loss) for the year														
Foreign currency translation differences for foreign operations														
Gain (loss) on net investment hedge, net of the tax effect														
Remeasurements of the defined benefit [liabilities] asset, net of the tax effect														
Total other comprehensive income (loss) for the year														
Transaction with owners of the Parent, recognised directly in equity														
21,598														
Contributions by and distributions to owners of the Parent														
Stock options														
Allocation of 2020 result to reserves														
Capital increase														
Relationship with minority partners														
Other movements														
Total contributions by and distributions to owners of the Parent														
Total transactions with owners of the Parent														
13,738														
56,436														

166

2. CONSOLIDATED FINANCIAL STATEMENTS

Translation	premium	and retained	Treasury	Profit (loss) for	owners of the	non-controlling	Share	Other reserve		Equity	Equity
				the year	interests	reserve	reserve	earnings	shares	attributable to	attributable to
										Parent	interests
31.12.2019											
Total other comprehensive income (loss) for the year											
Profit (loss) for the year											
Foreign currency translation differences for foreign operations											
Gain (loss) on net investment hedge, net of the tax effect											
										(27,696)	(711)
Equity-accounted investee ■ share of other comprehensive income											
Remeasurements of the defined benefit (liabilities) asset, net of the tax effect											
Total other comprehensive income (loss) for the year											
Transaction with owners of the Parent, recognised directly in equity											
Contributions by and distributions to owners of the Parent											
Stock options											
Allocation of 2019 result to reserves											
Capital increase											
Relationship with minority partners											
Other movements											
Total contributions by and distributions to owners of the Parent											
Acquisition of non-controlling interests											
Total transactions with owners of the Parent											
										(13,042)	(479,868)

ANNUAL REPORT 2021

167

STATEMENT OF CASH FLOWS

Full Year 2021

Full Year 2020

Change in working capital
Net change in non-current non-financial assets and liabilities
Cash flow from operating activities "
Taxes paid
Net financial charges paid ***
Net implicit interest in lease liabilities ****
Net cash flow from (used in) operating activities
Acquisition of property, plant and equipment and intangible assets paid
Proceeds from sale of non-current assets
Cash flow absorbed by acquisition of investments
Cash flow generated from disposal of investments (Note 2)
Net change in non-current financial assets
Net cash flow from (used in) investing activities

Capital increase net of expenses associated with the Offering

Other cash flows **

Net cash flow from (used in) financing activities

Cash flow for the year

Effect of exchange on net cash and cash equivalents

Closing net cash and cash equivalents

Includes "Pre-tax profit (loss)" of € 19,461k (€ -637,983k in 2020) and excludes "Financial income" of € 7,124k (€ 8,394k in 2020) and "Financial expense" of € 108,049k (€ 121,320k in 2020)
* With respect to the cash flow statement in the Directors' Report, prepared according to prevailing industry practice, this item does not include- principal repayment on lease liabilities and renegotiation for Covid-19 on lease liabilities, which are shown here under cash flow from (used in) Financing activities ** Interest paid of € 74,924k (€ 34,498k in 2020), including the make-whole fee of € 20,201k, and interest received of € 1,999k (€ 2,950k in 2020) *** Includes finance expense on lease liabilities paid of € 33,417k (€ 28,980k in 2020) and Finance income on lease receivables received of € 1,409k (€ 2,331k in 2020) **** Mainly includes the distribution of interests to the non-controlling shareholders of consolidated companies, net of capital increases

168

2. CONSOLIDATED FINANCIAL STATEMENTS

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

Full Year 2020

Opening - net cash and cash equivalents - balance as of 1st January 2021 and as of 1st January 2020

Cash and cash equivalents

Current account overdrafts

Closing - net cash and cash equivalents - balance as of 31 December 2021 and as of 31 December 2020

Cash and cash equivalents

Current account overdrafts

ANNUAL REPORT 2021

NOTES TO THE FINANCIAL STATEMENTS

2. CONSOLIDATED FINANCIAL STATEMENTS

GROUP OPERATIONS

The Autogrill Group operates in the food & beverage industry, mainly at airports, motorway rest stops and railway stations, under contracts known as concessions.

1. ACCOUNTING POLICIES AND CONSOLIDATION METHODS

GENERAL STANDARDS

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. IFRS means International Financial Reporting Standards including International Accounting Standards (IAS), supplemented by the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

The financial statements are also compliant with the rules on reporting formats adopted by CONSOB in accordance with Art. 9 of Legislative Decree 38/2005 and with the other CONSOB regulations on financial reporting.

The 2021 consolidated financial statements were prepared on a going-concern basis using the euro as the functional currency. Unless otherwise specified, the figures in the financial statements and Notes are in thousands of euros (€k).

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2021:

- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 in accordance with the document "Interest rate benchmark reform - phase 2" published by the IASB on 27 August 2020, which entered into force on 1 January 2021;
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16), published on 31 March 2021 and applicable from 1 April 2021, endorsed on 30 August 2021.

Except for "Covid-19-Related Rent Concessions beyond 30 June 2021", the application of the amendments listed above did not affect the Group's financial statements to an extent requiring mention in these Notes.

(endorsed on 7 October 2020). Because the Covid-19 pandemic is still having a significant impact, the amendment allows lessees to recognize directly in the income statement the benefits of the reduction and cancellation of minimum lease payments originally due by 30 June 2022, rather than 30 June 2021 as established by the 2020 expedient, without the need to determine whether they constitute lease modifications as defined by IFRS 16. The net total benefit from negotiation with landlords, reflected in the 2021 Income statement as a result of the above amendment, is € 174,668k (€182,634k in 2020).

Finally, we report that the breakdown of the net financial position provided in this report as required by Consob's circular of 28 July 2006 has been revised in accordance with the latest ESMA recommendations of 4 March 2021.

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in years beginning on or after 1 January 2022 that Autogrill did not choose to apply early in the 2021 financial statements:

- Amendments to IFRS 3 Business Combinations, for the purpose of updating the reference in IFRS 3 to the revised version of the Conceptual Framework, with no material changes to the accounting standard;
- Amendments to IAS 16 Property, Plant and Equipment, to prohibit the deduction from the cost of an item of property, plant and equipment any proceeds from the sale of items produced during the asset's testing phase. Such proceeds and the related costs will instead be recognized in profit or loss;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, to clarify that all costs relating directly to a contract must be considered when determining whether the contract is onerous. Therefore, an entity should consider both incremental costs (e.g. materials) as well as any costs it cannot avoid because it is a party to the contract (e.g. the depreciation of machinery used to fulfill the contract);
- Annual Improvements 2018-2020: the improvements concern IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and the Illustrative Examples of IFRS 16 Leases.

The Directors are currently assessing the potential impact of these amendments which, in any case, should not affect the Group's financial statements to an extent requiring mention in these Notes.

As concerns accounting policies, amendments and interpretations not yet endorsed by the European Union:

- on 23 January 2020, the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". These clarifying amendments come into force on 1 January 2023;
- on 12 February 2021 the IASB published two amendments: "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". The amendments improve the disclosure of accounting policies in order to provide more useful information to investors and to other primary users of financial statements, and help companies distinguish changes in accounting estimates from changes in accounting policies. They are applicable as of 1 January 2023;
- on 7 May 2021 the IASB published "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The amendments clarify the accounting of deferred tax on certain transactions that can generate assets and liabilities of the same amount, such as leasing and decommissioning obligations. They are applicable as of 1 January 2023.

The Directors are assessing the potential effects of these amendments on the consolidated financial statements.

2. CONSOLIDATED FINANCIAL STATEMENTS

STRUCTURE, FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are clearly presented and give a true and fair view of the Group's financial position, results and cash flows. Formats and standards are constant over time.

Pursuant to IAS 1(24) and IAS 1(25), the consolidated financial statements have been prepared on a going concern basis with respect to both the Parent company and the Group. Confirmation of going concern status reflects (i) the level of capitalization, especially considering the capital increase approved on 25 February 2021 and finalized in early July 2021 (Note XXVII), (ii) the availability of approximately € 1,060m in cash and credit facilities at 31 December 2021, thanks in part to the refinancing concluded in December 2021 (Note XXI) and the disposal of the US motorway business which generated positive cash flows of € 322.7m (Section 2), and (iii) the lack of significant debt maturing before October 2024.

In accordance with IAS 1 and IAS 7, the formats used in the 2021 consolidated financial statements are as follows:

- Statement of financial position, with assets and liabilities split between current and non-current items;
- Income statement, with costs classified by nature;
- Statement of comprehensive income;
- Statement of changes in equity;

- Statement of changes in equity,
- Statement of cash flows, using the indirect method to determine cash flow from operating activities.

The financial statements of each company included in the scope of consolidation are prepared in the currency of its primary location (functional currency). For the purposes of the consolidated financial statements, the assets and liabilities of foreign subsidiaries with a functional currency other than the euro, including goodwill and fair value adjustments generated by the acquisition of a foreign business, are translated at the rates prevailing at year end. Income and expense are converted at average exchange rates for the year, which approximate those in force when the corresponding transactions took place. Exchange differences are recognized in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity. Exchange gains and losses arising from receivables or payables with foreign operations, the collection or payment of which is neither planned nor likely in the foreseeable future, are treated as part of the net investment in foreign operations and are recognized in other comprehensive income and shown under "translation reserve" in the statement of changes in equity.

Below are the exchange rates used to translate the financial statements of the main subsidiaries with a functional currency other than the euro:

		2021		2020	
		Rate on 31 December	Average rate for the period	Rate on 31 December	Average rate for the period
US Dollar	j	1.1326	1.1827]	1.2271	1.1422
Canadian Dollar	!	1.4393	1.48261	1.5634	1.5311
Swiss Franc		1.0331	1.0811;	10802	10705

173

ANNUAL REPORT 2021

BASIS OF CONSOLIDATION

The scope of consolidation includes subsidiaries for which the Group, pursuant to IFRS 10, is exposed to or has rights to variable returns and is able to affect those returns through power over these investees. The list of consolidated companies is annexed to these Notes.

The consolidated financial statements include the 2021 financial statements of Autogrill S.p.A. and all companies it directly or indirectly controls or controlled during the year. The scope of consolidation also includes a French company that is not wholly owned and others belonging to the US subsidiary HMSHost Corporation (see the annex "List of consolidated companies and other investments"), which are controlled on the basis of a 50% or lower stake and an agreement that puts their business under the management of Autogrill.

The financial statements of subsidiaries are consolidated on a line-by-line basis, i.e. by recognizing the full amount of their assets and liabilities at the close of the year and their income and expenses for the entire year or for the portion of the year during which control was maintained, and eliminating the carrying amount of the consolidated equity investments held by the parent against the relative share of equity.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from equity attributable to the owners of the Parent. They are determined on the basis of the non-controlling investors' share of the fair value of the assets and liabilities recognized at the date of acquisition (see "Business combinations") and of changes in equity attributable to non-controlling interests after that date.

Any material unrealized gains and losses arising out of transactions between consolidated companies are eliminated! as are all significant payables, receivables, income and expenses between Group companies. These adjustments, like the other consolidation adjustments, take account of any

receivables, income and expenses between Group companies. These adjustments, like the other consolidation adjustments, take account of any deferred tax effects.

The income and expense of subsidiaries acquired or sold during the year are included in the consolidated income statement from the actual date of acquisition or to the actual date of disposal, with slight timing adjustments where these dates do not coincide with monthly accounting dates. If necessary, adjustments are made to subsidiaries' financial statements to bring their accounting policies into line with those of the Group.

If control of a subsidiary is lost, the Group eliminates assets and liabilities, non-controlling interests, and other components of equity relating to the former subsidiaries. Gain or loss resulting from loss of control is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value on the date of loss of control. It is subsequently valued using the net equity method, or as a financial asset depending on the degree of influence retained. J

HMSHost Corporation and its subsidiaries, following common practice in English-speaking countries, close their fiscal year on the Friday closest to 31 December and divide it into 13 four-week periods, which in turn are grouped into 12-week quarters with the exception of the last which is a 16-week quarter. As a result, the accounts included in the 2021 consolidated financial statements cover the period 2 January to 31 December 2021, while the previous year's accounts covered the period 4 January 2020 to 1 January 2021. This has had no significant impact on the statement of financial position at 31 December 2021 or on results for the year.

With respect to 31 December 2020 there were no significant changes in the scope of consolidation, except for the disposal of various companies in the US motorway channel. For details of that operation, see Section 2 below ("Disposals") and the Directors' Report.

It should be reminded that, in particular, the Group doesn't have a meaningful direct exposure to Russia (€ 4.1m of revenue in 2021, 0.1% of the Group Revenues).

2. CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The Group follows the historical cost principle, except for items that in accordance with IFRS are measured at fair value pursuant to IFRS 9 and IFRS 13, as specified in the individual accounting policies below.

BUSINESS COMBINATIONS

The Group follows the rules of IFRS 3 (2008) - Business combinations.

All business combinations are accounted for using the acquisition method. The consideration transferred in a business combination includes the sum of fair value, as of the acquisition date, of the assets and liabilities transferred and of the interests issued by the Group in exchange for control of the acquired company, as well as the fair value of any contingent consideration and incentives in share-based payments recognized by the acquiree that have to be replaced in the business combination. If the business combination settles a pre-existing relationship between the Group and the acquiree, the lesser of the settlement provision, as established by contract, and the off-market price of the element is deducted from the consideration transferred and recognized under other costs.

The identifiable assets acquired and the identifiable liabilities assumed are measured at their respective acquisition-date fair values.

A contingent liability of the acquiree is assumed in a business combination only if this liability represents a current obligation deriving from past events and when its fair value as of the acquisition date can be reliably measured.

For each business combination, any minority interest in the acquiree is measured at fair value or in proportion to the minority share of the acquiree's net identifiable assets.

Goodwill arising from the acquisition is recognized as an asset and is initially measured as the excess between the consideration transferred and the acquisition-date net amount of the identifiable assets acquired and the identifiable liabilities assumed.

In case of a business combination achieved in stages, the interest previously held in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in profit or loss.

The costs relating to the acquisition are recognized in profit or loss in the years in which the costs are incurred and the services received; the sole exception is for the cost of issuing debt securities or equities.

Conversely, if a disposal leads to lost control of an entity, the difference between the disposal price and the value of the net assets transferred

Conversely, if a disposal leads to lost control of an entity, the difference between the disposal price and the value of the net assets transferred (corresponding to the change in the scope of consolidation) is taken to profit or loss, while for disposals without loss of control (where the entity remains in the scope of consolidation) the difference between the disposal price and the value of the net assets transferred is recognized in equity.

BUSINESS COMBINATIONS UNDER COMMON CONTROL

A business combination in which the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, when that control is not transitory, qualifies as a combination "under common control". Business combinations under common control are outside the scope of IFRS 3 "Business Combinations" and of other IFRS. In the absence of an accounting principle that deals specifically with these transactions, the most suitable accounting principle to be chosen

175

ANNUAL REPORT 2021

should meet the general object of IAS 8, that is, faithful and reliable presentation of the transaction. Furthermore, the accounting treatment of business combinations under common control should reflect the economic substance of the transaction, regardless of its legal form. The pre-eminence of economic substance is therefore the key factor guiding the method chosen to account for these business combinations. Economic substance must refer to the creation of added value that translates into significant changes in the cash flows of the net assets transferred.

The accounting treatment of the transaction should also take account of current interpretations and trends, in particular OPII (Orientamenti Preliminari Assirevi in tema di IFRS - Preliminary Orientations on IFRS by the Italian Association of Auditors), "Accounting treatment of business combinations of entities under common control in separate and consolidated financial statements".

The Autogrill Group recognizes the net assets transferred at the carrying amounts presented in the consolidated financial statements of the common parent and treats the resulting difference between the acquisition price and the value of the net assets transferred as an adjustment of net equity reserves attributable to the Group. Conversely, in the case of discontinued operations, the difference between the disposal price and the value of the net assets transferred is treated as an adjustment of the Autogrill Group's share of net equity reserves.

ACQUISITIONS OF NON-CONTROLLING INTERESTS

The Group applies IFRS 10 to all acquisitions carried out after control is assumed. On that basis, such acquisitions are treated as transactions carried out with shareholders in their capacity as owners, and do not give rise to goodwill. Adjustments to non-controlling investments are based on a proportional amount of the subsidiary's net assets. Previously, the recognition of goodwill from the acquisition of a non-controlling interest in a subsidiary represented the excess cost of the additional investment with respect to the book value of the interest in the net assets acquired on the transaction date.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is a company over which the Group has a significant influence, but not control or joint control, through participation in decisions regarding the associate's financial and operational policies; a joint venture is an agreement through which the Group has rights to net assets, rather than rights to assets and obligations for liabilities.

The income, expenses, assets and liabilities of associates and joint ventures are recognized in the consolidated financial statements using the equity method, except where the investment is classified as held for sale.

Accordingly, investments in associates and joint ventures are initially recognized at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the investees' profits or losses, recognized using the equity method, up to the date it no longer has significant influence or joint control.

RECOGNITION OF REVENUE AND COSTS

The standard "IFRS 15 - Revenue from Contracts with Customers" sets out the following model for recognizing revenue:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;

- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- revenue is recognized when the entity satisfies each performance obligation.

2. CONSOLIDATED FINANCIAL STATEMENTS

In this context, sales revenue and costs for the purchase of goods are recognized on transfer of title at fair value, i.e., the price paid or received net of returns, rebates, sales discounts and year-end bonuses.

Revenue is recognized when (or gradually as) the risks and the benefits connected to ownership of the goods are transferred to the buyer and the amount of the revenue can be accurately measured. If it is probable that discounts will be granted and the amount can be measured reliably, the discount is charged as a reduction of revenue when the sale is recognized.

Goods are transferred when the customer acquires control, meaning the ability to decide how an asset is used and to reap its benefits. In the case of a retail sale, the transfer generally takes place when the goods are delivered and the consumer has paid the consideration asked. In the instance of wholesale transactions, the transfer usually coincides with the arrival of the products in the client's warehouse.

Service revenue and costs are recognized according to the stage of completion at year end. Stage of completion is determined according to measurements of the work performed. When the services covered under a single contract are provided in different years, the consideration will be broken down by service provided on the basis of the relative fair value.

When the Group is acting as an agent and not as a principal in a sales transaction, the revenue recognized is the net amount of the Group's premium or commission.

Grants, including non-monetary grants measured at fair value, are recognized if there is reasonably certainty that the Group will meet the conditions set out in contracts (in the case of private grants, e.g. awarded against services rendered) or government regulations (in the case of public grants awarded in the different countries where the Group operates) and that the grants will be received.

Capital grants are recorded in the statement of financial position as deferred revenue, which is recognized as income on a systematic, rational basis over the useful life of the tangible or intangible asset.

Operating grants are recognized on a systematic basis in the income statement in the years in which the Group recognizes as costs the expenses that the grants are intended to offset.

Where a government grant is meant to provide immediate financial assistance, such as the various forms of relief provided by different countries' governments in response to the Covid-19 pandemic, it may be recognized in the income statement the year the right to receive it accrues.

Such operating grants are recognized in the income statement under "Other operating income" or, alternatively, deducted from the related cost.

Recoveries of costs borne on behalf of third parties are recognized as a deduction from the related cost.

RECOGNITION OF FINANCIAL INCOME AND EXPENSE

Financial income includes interest on invested liquidity (including financial assets available for sale), income from finance lease receivables, dividends approved, proceeds from the transfer of financial assets available for sale, fairvalue changes in financial assets recognized in profit or loss, income arising from a business combination due to the remeasurement at fair value of the interest already held, gains on hedging instruments recognized in profit or loss, and the reclassification of net gains previously recognized in

other comprehensive income. Interest income is recognized on an accruals basis using the effective interest method. Dividends are recognized when the Group's right to receive them is established.

Financial expense includes interest on loans, expense on lease liabilities and defined benefit plans, the release of discounting on provisions and deferred income, losses from the transfer of financial assets available for sale, fair value changes in financial assets recognized in profit or loss and in contingent consideration, impairment losses on financial assets (other than trade receivables), losses on hedging instruments recognized in profit or loss, and the reclassification of net losses previously recognized in other comprehensive income.

Net foreign exchange gains or losses on financial assets/liabilities are shown under financial income and expense on the basis of the net gain or loss produced by foreign currency transactions.

EMPLOYEE BENEFITS

All employee benefits are recognized and disclosed on an accruals basis.

Group companies provide defined benefit and defined contribution plans.

Post-employment benefit plans are formalized agreements whereby the Group provides post-employment benefits to one or more employees. The manner in which these benefits are provided varies according to legal, fiscal and economic conditions in the countries in which the Group operates, and are normally based on compensation and years of service.

Defined-contribution plans are post-employment benefit plans under which the Group pays pre-determined contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions should the fund have insufficient assets to pay all benefits to employees.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans may be unfunded or entirely or partly funded by contributions paid by the employer, and sometimes by the employee, to a company or fund which is legally separate from the company that pays the benefits.

The amount accrued is projected forward to estimate the amount payable on termination of employment and is then discounted using the projected unit credit method, which determines the liability on the basis of employment conditions in effect on the date it is measured.

The liability is recognized in the accounts net of the fair value of any plan assets. If the calculation generates a benefit for the Group, the amount of the asset recognized is limited to the sum of any unrecognized cost for previous employment and the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group when it can be realized throughout the duration of the plan or upon settlement of the plan liabilities.

Actuarial valuations are made by actuaries outside the Group. Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income.

Due to changes in the system of post-employment benefits (frattamento di fine rapporto or TFR) brought about by Law 296 of 27 December 2006 and by the decrees and regulations issued in early 2007 (the "Social security reform"):

- TFR accrued at 31 December 2006 by employees of the Group's Italian companies is treated as a defined benefit plan in accordance with IAS 19. The benefits promised to employees in the form of TFR, which are paid upon termination of service, are recognized in the period in which the right vests;

2. CONSOLIDATED FINANCIAL STATEMENTS

- TFR accrued from 1 January 2007 is treated as a defined contribution plan, so contributions accrued during the period are fully recognized as costs. The portion not yet paid into the funds is listed under current liabilities (other payables).

SHARE-BASED PAYMENTS

In the case of share-based payment transactions settled with equity instruments of the company, which include the Performance Share Unit plan, the grant-date fair value of the options granted to employees is recognized in personnel expense with a corresponding increase in equity ("Other reserves and retained earnings"), over the period in which the employees become unconditionally entitled to the awards. The fair value of options is estimated on the basis of all market-based vesting conditions, such as the performance of Autogrill shares and market indexes. Also, so that the final amount is based on the number of options that will actually vest, the cost is adjusted to reflect both service conditions and non-market conditions.

There is no true-up for differences between expected and actual conditions.

In the case of cash-settled share-based payment transactions (or those settled with equity or other financial instruments issued by a different entity), which include the Growth Potential Share Option plan, the fair value of the amount payable to employees is recognized as cost with an increase in

which include the Group's Phantom Stock Option plan, the fair value of the amount payable to employees is recognized as a cost, with an increase in liabilities as a contra entry over the period during which the employees have the unconditional right to receive payment. The liability is measured at each year-end and at the settlement date, based on the remeasurement of the fair value of the option rights. Any changes in the fair value of the liability are recognized in profit or loss under personnel expense (employee benefits).

INCOME TAX

Tax for the year is the sum of current and deferred taxes recognized in the profit or loss for the year, with the exception of those recognized directly in equity or in other comprehensive income.

Current tax is calculated on taxable income for the year. Taxable income differs from the result reported in the income statement because it excludes costs and income that will be deducted or taxed in other years ("temporary differences"), as well as items that will never be deducted or taxed ("permanent differences"). Current tax liabilities are determined using the tax rates in effect (on an official or de facto basis) on the reporting date in the countries where the Group operates.

For three-year period 2019-2021, Autogrill S.p.A. is following the tax consolidation regulations of the ultimate parent Edizione S.p.A., as permitted by the Consolidated Income Tax Act.

Under those regulations, the Company is also part of the fiscal subconsolidation with the other Italian subsidiaries, which for IRES (corporate income tax) purposes only, involves the settlement of accounts receivable or payable with the Parent company Autogrill S.p.A.

The regulations provide for:

- payment in full of the amount corresponding to the transferred profit times the IRES rate;
- payment in full of the amount corresponding to the transferred loss times the IRES rate, when utilized by Edizione S.p.A.;
- the transfer of any tax assets, also with respect to the subgroup including all Italian subsidiaries, as acknowledged in the regulations defining transactions with Edizione S.p.A.

The net current tax asset or liability for the year, in respect of IRES only, is therefore recognized as a receivable or payable due from/to Edizione S.p.A. and is therefore

179

ANNUAL REPORT 2021

not shown under tax assets or liabilities but under "Other receivables" or "Other payables".

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets, arising from deductible temporary differences and losses carried forward, are recognized and maintained in the financial statements to the extent that future taxable income is likely to be earned allowing use of those assets. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income, also with respect to the subgroup including all Italian subsidiaries, as acknowledged in the regulations defining transactions with Edizione S.p.A.

Deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or, for transactions other than business combinations, of other assets or liabilities in transactions that have no influence either on accounting profit or on taxable income. Deferred tax liabilities are recognized on taxable temporary differences relating to equity investments in subsidiaries, associates or joint ventures, unless the Group is able to monitor the reversal of the temporary differences and they are unlikely to be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rate that will apply at the time the asset is realized or the liability is settled, taking account of the tax rates in force at the end of the year.

Current and deferred tax assets and liabilities are offset when there is a legal right to do so and when they pertain to the same tax authorities.

Note that coordination between the international accounting standard IFRS 16 and calculation of the tax effect in Italy is governed by an Economy Ministry decree dated 5 August 2019.

NON-CURRENT ASSETS

GOODWILL

Goodwill arising from the acquisition of subsidiaries is shown separately in the statement of financial position.

Goodwill is not amortized, but is subject to impairment testing on a yearly basis or when specific events or changed circumstances indicate the possibility of a loss in value. After its initial recognition, goodwill is measured at cost net of any accumulated impairment losses.

Upon the sale of a company or part of a company whose previous acquisition gave rise to goodwill, account is taken of the residual value of the goodwill in determining the capital gain or loss from the sale.

OTHER INTANGIBLE ASSETS

"Other intangible assets" are recognized at purchase price, production cost or goodwill value, including ancillary charges, and amortized over their useful life when it is likely that use of the asset will generate future economic benefits.

The Group reviews the estimated useful life and amortization method of these assets at each year end and whenever there is evidence of a change in the asset's expected future profitability. If impairment losses arise - determined in accordance with the section "Impairment losses and reversals" - the asset is written down accordingly.

2. CONSOLIDATED FINANCIAL STATEMENTS The following are the amortization periods used

for the various kinds of intangible asset:

Concessions, licenses, trademarks and similar rights:

Software licenses	3-10 years or term of license
License to sell state monopoly goods	Term of license
Contractual rights 3-6 years	Term of the rights
2-10 years or term of underlying contract	

Other:

Software on commission Other costs to be amortized

PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment" are recognized when it is probable that use of the asset will generate future benefits and when the cost of the asset can be reliably determined. They are stated at purchase price or production cost, including ancillary charges and direct or indirect costs according to the share that can reasonably be attributed to the asset.

On transition to IFRS, any revaluations carried out in accordance with monetary revaluation laws were maintained in the financial statements as they are consistent with IFRS 1.

"Property, plant and equipment" are depreciated on a straight-line basis at rates deemed to reflect their estimated useful lives. The Group reviews the useful life of each asset at every year end. Cost includes reasonably estimated expenses (if compatible with IAS 37) that are likely to be incurred on expiry of the relevant contract to restore the asset to the contractually agreed condition, assuming that maintenance will continue to be carried out properly and with the usual frequency. Components of significant value (in excess of € 500k) or with a different useful life (50% longer or shorter than that of the asset to which the component belongs) are considered separately when determining depreciation.

The following are the depreciation periods used for property, plant and equipment:

Property, plant and equipment	Useful life (years)
Industrial buildings	5-50
Plant and machinery	3-14
Industrial and commercial equipment	2-22

Industrial and Commercial equipment	2-23
Other	3-23

Land is not depreciated.

For "Assets to be transferred free of charge", these rates, if higher, are replaced by those corresponding to the term of the concession contract. An asset's useful life is reviewed annually, and is changed when maintenance work during the year has involved enhancements or replacements that materially change its useful life.

In the event that, regardless of depreciation already recorded, there is a loss in value determined according to the criteria described in the section "Impairment losses and reversals on non-current assets", the asset is written down accordingly.

Costs incurred to enhance and maintain an asset that produce a material and tangible increase in its productivity or safety or extend its useful life are capitalized and amortized over the asset's useful life. Routine maintenance costs are taken directly to the income statement.

181

ANNUAL REPORT 2021

Leasehold improvements are included in property, plant and equipment on the basis of the type of cost incurred. They are depreciated over the asset's residual useful life or the term of the concession contract, whichever is shorter.

The gain or loss from the sale of property, plant or equipment is the difference between the net proceeds of the sale and the asset's carrying amount, and is recognized under "Other operating income" or "Other operating expense".

RIGHT-OF-USE ASSETS

"Right-of-use assets" are recognized as of the commencement date of the lease contract, namely the date when the lessor makes the underlying asset available to the lessee. In some circumstances, the lease contract may contain different lease components and consequently the effective date shall be determined by each lease component.

"Right-of-use assets" are initially valued at cost and include the present value of the lease liability, the lease payments made before or at the commencement date of the lease contract, and any other initial direct cost. They can then be further adjusted to reflect any remeasurement of lease receivables/liabilities.

"Right-of-use assets" are systematically depreciated over the lease term or the asset's residual useful life, whichever is shorter. Typically, in the Group, lease contracts do not provide for the transfer of ownership of the underlying asset and therefore depreciation is carried out over the contractual term. Depreciation begins as of the commencement date of the lease.

Regardless of depreciation already recognized, if there are impairment losses (determined as described for onerous contracts), the asset is written down accordingly.

The Group has made certain professional judgments involving the definition of some accounting policies and the use of estimates and assumptions. In detail:

- not to apply IFRS 16 to leases that have as underlying an intangible asset;
- not to apply IFRS 16 to some Italian contracts where Autogrill Italia S.p.A. already owns the land and buildings along the motorway and negotiates access rights with the landlord, with the commitment to sell fuel and lubricants and/or food and beverages to motorway users;
- for the purpose of determining the lease term, to analyze lease agreements and define each one's term as the "non-cancellable" period, together with the effects of any extension or early termination option if the exercise of these is deemed reasonably certain using the information available at the inception date;
- as the implicit interest rate is not available for all the Group's leases, to determine lease liabilities by applying to future minimum lease payments a discount rate equal to the risk-free rate of each country where the leases were drawn up, with maturities in line with the duration of the leases plus a country-specific credit spread.

IMPAIRMENT LOSSES AND REVERSALS ON NON-CURRENT ASSETS

At each balance sheet date, the Group tests whether there are internal or external indicators of impairment or reversal of impairment for its property, plant and equipment, intangible assets, and right-of-use assets, with reference to the total amount of such assets allocated per cash generating unit. If so, the recoverable amount of the assets is estimated to determine any impairment loss or reversal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs; a cash-generating unit is a group of assets that generates cash flows broadly independent from other assets or groups of assets. With regard to property, plant and equipment and right-of-use assets in the sales network, this minimum aggregation unit is the store or stores covered by a single concession agreement.

Goodwill and assets under development are tested for impairment at each year end and any time there is evidence of possible impairment.

2. CONSOLIDATED FINANCIAL STATEMENTS

The cash generating units to which goodwill has been allocated are grouped so that the level of detection of impairment reflects the level of greatest detail at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the cash-generating units expected to benefit from the synergies of the combination.

The recoverable amount is the higher of market value (fair value less costs to sell) and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a post-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, it is reduced to recoverable amount. Impairment losses are recognized in the income statement.

Impairment losses on cash-generating units are first deducted from the carrying amount of any goodwill attributed to the unit; any remainder is deducted from the other assets of the unit, including right-of-use assets, in proportion to their carrying amount.

If the reason for the impairment loss no longer exists, the asset or cash-generating unit is reversed to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the carrying amount net of depreciation/amortization that the asset would have had if the impairment loss had not been charged. The reversal of impairment is taken to the income statement.

ASSETS/LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

A discontinued operation is part of a group whose activities and financial flows are clearly distinguishable from the rest of the group, and which:

- constitutes a major independent branch or geographical area of business,
- is part of a single coordinated plan to dispose of a major independent branch or geographical area of business, or
- is a subsidiary acquired for the sole purpose of reselling it.

An operation is listed as discontinued when it is sold or when it meets the conditions for being classified as "held for sale", whichever comes first.

When an operation is listed as discontinued, the comparative statement of comprehensive income is redetermined as if the operation had been discontinued as of the beginning of the previous year.

The assets and liabilities of operations being discontinued are classified as held for sale if their carrying value has been or will be recovered mainly through their sale and not through continued use. Once an asset/liability is classified as held for sale, it is recognized at the lower of carrying value and fair value net of costs to sell.

In the financial statements:

- the net profit or loss of discontinued operations is shown separately in the income statement, net of tax effects and transfer costs (if sold), along with any capital gain or loss realized with the sale; the corresponding amounts from the prior year are reclassified for the sake of comparison;
- financial assets and liabilities held for sale and discontinued operations are shown in the statement of financial position separately from other assets/liabilities and are not offset.

ASSETS AND LIABILITIES - CURRENT AND NON-CURRENT

INVENTORIES

Inventories are recognized at the lower of purchase or production cost and market value. Purchase or production cost includes directly attributable expenses, net of discounts, rebates, annual bonuses and similar contributions from suppliers, and is calculated using the FIFO method or with criteria that approximate FIFO. When the carrying value of

that approximate FIFO, when the carrying value of

ANNUAL REPORT 2021

inventories is higher than their net realizable value, they are written down and an impairment loss is charged to the income statement. The recoverability of inventories is verified at each reporting date. If the reasons for the impairment loss cease to apply, they are reversed to an amount not exceeding purchase or production cost.

TRADE AND OTHER RECEIVABLES

"Trade receivables" and "Other receivables" are initially recognized at fair value, and subsequently at amortized cost, where necessary, using the effective interest method. They are reduced by estimated impairment losses, determined according to procedures that may involve both writedowns of individual positions, if material, where the receivables are objectively uncollectable in whole or in part, or generic impairment calculated on the basis of historical and statistical data ("expected credit losses" or "ECL").

In accordance with international accounting standard IFRS 9, factored receivables are eliminated from the accounts if the contract entails the full transfer of the associated risks and rewards (contractual rights to receive cash flows from the asset). The difference between the carrying value of the asset transferred and the amount received is recognized in the income statement under financial expense.

LEASE RECEIVABLES

In its role as sub-lessor, the Group recognizes lease receivables as of the commencement date of the lease.

The sub-leases are determined with reference to the right-of-use asset deriving from the principal lease contract, rather than the underlying asset. For this reason, considering the recognition of a right-of-use asset under IFRS 16 and the fact that the sub-leases typically have a duration equal to the principal lease, the Group reduces its right-of-use assets and recognizes a lease receivable as a counter-entry, split between current and non-current assets.

The lease receivable corresponds to the present value of the minimum lease payments to be received as of the commencement date, including those determined on the basis of an index or rate (initially valued using the index or rate at the commencement date of the contract), as well as any penalties in the event that the lease term provides for the option for the early termination of the lease contract and the exercise of that option is estimated to be reasonably certain. The present value is determined using the implicit interest rate of the lease contract. If it is not possible to determine this rate easily, the Group uses the incremental borrowing rate as discount rate. The lease receivable is subsequently increased by the interest accrued and decreased by the receipts received for the lease.

Lease receivables are remeasured in the event of changes in the future minimum receipts expected for the lease, as result of:

- changes in the index or rate used to determine the lease receipts: in such cases the lease receivables are remeasured by discounting the new minimum lease receipts at the initial discount rate;
- change in the lease term or in the likelihood of exercise of the purchase, extension, or early termination option: in such cases the lease receivable is remeasured by discounting the new minimum lease receipts at the discount rate in place at the date of the change;
- contractual changes that do not fall under any of the reasons for the separate recognition of a new lease: in these cases as well, the lease receivable is remeasured by discounting the new minimum lease payments at the discount rate in place at the date of the change.

The use of estimates in relation to the measurement of lease receivables is mentioned in the previous section on right-of-use assets.

OTHER FINANCIAL ASSETS

IFRS 9 requires a single approach to the analysis and classification of all financial assets, including those containing embedded derivatives. They are classified and measured

2. CONSOLIDATED FINANCIAL STATEMENTS

considering both the business model applied to the asset and the contractual characteristics of the cash flows the asset produces. Depending on the characteristics of the asset and the business model, it will fall into one of three categories: (i) financial assets measured at amortized cost; (ii)

financial assets measured at fair value through other comprehensive income (FVTOCI); (iii) financial assets measured at fair value through profit and loss (FVTPL).

A financial asset is measured at amortized cost if both of the following conditions are met: (i) the business model consists of holding the financial asset for the sole purpose of collecting cash flows; and (ii) the asset generates, on contractually predetermined dates, cash flows consisting solely of payments of principal and interest. Under the amortized cost method, the initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying amount. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying amount. Receivables and other financial assets measured at amortized cost are presented in the statement of financial position net of impairment provisions.

Financial assets consisting of debt instruments whose business model allows for both the collection of contractual cash flows and the realization of capital gains (held to collect and sell) are measured at FVTOCI. In this case, the fair value changes in the instrument are recognized in equity under other comprehensive income. The cumulative amount of the fair value changes in other comprehensive income is reversed to profit and loss when the instrument is derecognized. Interest income calculated using the effective interest rate, exchange differences, and impairment losses are recognized in the income statement.

Financial assets consisting of debt instruments that are not measured at amortized cost or FVTOCI are measured at fair value through profit and loss.

CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" include cash and current accounts with banks and post offices, demand deposits, and other highly liquid short-term financial investments (maturity of three months or less on the acquisition date) that are immediately convertible to cash; they are stated at face value as they are not subject to significant impairment risk.

LOANS, BANK LOANS, BONDS AND OVERDRAFTS

Interest-bearing bank loans, bonds and account overdrafts are initially recognized at fair value taking account of the amounts received, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

TRADE PAYABLES

"Trade payables" are initially recognized at fair value (normally the same as face value) net of discounts, returns and billing adjustments, and subsequently at amortized cost, if the financial effect of payment deferral is material.

LEASE LIABILITIES

The Group recognizes lease liabilities as of the commencement date of the lease.

The lease liability corresponds to the present value of the minimum lease payments due as of the commencement date, including those determined on the basis of an index or rate (initially valued using the index or rate at the commencement date of the contract), as well as any penalties in the event that the lease term provides for the option for the early termination of the lease contract and the exercise of that option is estimated to be reasonably certain. The present value is determined using the implicit interest rate of the lease contract. If it is not possible to determine this rate easily, the Group uses the

ANNUAL REPORT 2021

incremental borrowing rate as discount rate. The lease liability is subsequently increased for the accrual of interest and reduced to reflect the lease payments made.

The lease liability is remeasured in the event of changes to the future minimum lease payments, due to:

- changes in the index or rate used to determine the lease payments: in such cases the lease liability is remeasured by discounting the new minimum lease payments at the initial discount rate;
- change in the lease term or in the likelihood of exercise of the purchase, extension, or early termination option: in such cases the lease liability is remeasured by discounting the new minimum lease payments at the discount rate in place at the date of the change;
- contractual changes that do not fall under any of the reasons for the separate recognition of a new lease: in these cases as well, the lease liability is remeasured by discounting the new minimum lease payments at the discount rate in place at the date of the change.

The use of estimates in relation to the measurement of lease liabilities is mentioned in the previous section on right-of-use liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group's liabilities are exposed primarily to financial risks due to changes in interest and exchange rates. To manage these risks the Group uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. The use of derivatives is governed by the "Financial Management and Financial Risks Policy" and the "Annual Financial Strategy" approved by Autogrill S.p.A.'s Board of Directors, which set standards and guidelines for the Group's financial risk hedging strategy. Derivative contracts have been entered into with counterparties deemed to be financially solid, with the aim of reducing default risk to a minimum. Group companies do not use derivatives for purely trading purposes, but rather to hedge identified risks.

For further information see the policy described in Section 6.1 - Financial risk management.

In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only if: (i) the relationship consists only of eligible hedging instruments and eligible hedged items; (ii) at the inception of the hedge relationship there is formal designation and documentation ("hedge documentation") of the hedge relationship, risk management objectives, and hedging strategy; (iii) all hedge effectiveness requirements are satisfied.

All derivative financial instruments are initially measured at fair value in accordance with IFRS 13 and IFRS 9, with the related transaction costs recognized in profit or loss when incurred. They are subsequently carried at fair value. More specifically, the fair value of forward exchange contracts is based on the listed market price, where available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current spot rate for the residual maturity of the contract using a risk-free interest rate (based on government securities) of the country/ currency of the instrument's user.

For interest rate swaps, fair value is determined using the cash flows estimated on the basis of the conditions and remaining life of each contract, and according to the year-end market interest rates of comparable instruments.

When financial instruments qualify for hedge accounting, the following rules apply:

- Fair value hedge: if a derivative financial instrument is designated as a hedge against changes in the fair value of a recognized asset or liability attributable to a particular risk that may affect profit or loss, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts its carrying amount and is recognized in profit or loss;

2. CONSOLIDATED FINANCIAL STATEMENTS

- Cash flow hedge: if a derivative financial instrument is designated as a hedge against exposure to variations in the future cash flows of a recognized asset or liability or a forecast transaction that is highly probable and could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognized in comprehensive income and presented in the "hedging reserve" under equity. The cumulative gain or loss is reclassified from comprehensive income and recognized in profit or loss in the same year in which the economic effect of the hedged transaction is recognized. Fair value gains and losses associated with a hedge (or part of a hedge) which has become ineffective are recognized in the income statement immediately. If a hedge or a hedging relationship is terminated, but the hedged transaction has not yet taken place, the gains or losses accrued up to that time in the statement of comprehensive income are reclassified to profit or loss as soon as the transaction occurs. If the transaction is no longer expected to take place, the gains or losses not yet realized that have been included in comprehensive income are reclassified immediately to profit or loss;
- Hedge of net investment: if a derivative financial instrument is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediary holding company, the effective portion of the gain or loss on the hedge is recognized in comprehensive income and presented in the "translation reserve" under equity, while the ineffective portion is taken to profit or loss. On disposal of the foreign operation, the gain or loss on the effective portion of the hedge that has been cumulatively recognized in the translation reserve is also taken to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the financial derivative are immediately recognized in the income statement.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recognized when the Group has a present obligation as a result of a past event and will likely have to use resources in order to produce economic benefits that satisfy that obligation, and when the amount of the obligation can be reliably determined. Provisions are based on the best estimate of the cost of fulfilling the obligation as of the reporting date, and when the effect is material, are discounted to their present value.

With the adoption of international accounting standard IFRS 16, provisions for onerous contracts are recognized net of the right-of-use asset

pertaining to the individual store, by discounting the right-of-use assets corresponding to each onerous lease contract. A provision for onerous contracts is made when the unavoidable costs necessary to fulfil the obligations of a contract are greater than the economic benefits the Group can expect to obtain therefrom. The provision is measured at the present value of the lower of the cost of terminating the contract and the net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment losses on the assets associated with the contract.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or been publicly announced, thus generating a valid expectation. Future operating costs are not provided for.

SHARE CAPITAL AND PURCHASE OF TREASURY SHARES

The share capital is comprised wholly of ordinary shares, which form part of equity. Incremental costs directly attributable to the issue of ordinary shares are deducted from net equity, net of the tax effects.

If treasury shares are purchased, the amount paid - including directly attributable expenses and net of tax effects - is deducted from equity. The shares thus purchased are classified as treasury shares and reduce the amount of shareholders' equity. The amount received from the subsequent disposal of the treasury shares is added back to equity. Any positive or negative difference from the transaction is transferred to or from retained earnings.

187

ANNUAL REPORT 2021

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to the company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, as defined above, for the effects of all dilutive potential ordinary shares and stock options granted to employees. In case of a loss, there are no dilutive effects.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are converted into the reporting currency at the exchange rate in effect on the transaction date. Foreign currency assets and liabilities are converted at the year end exchange rate. Exchange gains and losses arising from the conversion are recognized in the income statement under financial income and expense.

USE OF ESTIMATES

The preparation of the consolidated financial statements and Notes requires management to make estimates and assumptions that affect the carrying amounts of assets, liabilities, costs and income and the disclosure about contingent assets and liabilities at the year-end date. Actual results may differ. Estimates are used to determine the effects of business combinations (goodwill and its amortization), asset impairment losses/reversals (value in use and realizable value), the fair value of financial instruments, provisions for bad debts (specific and general risk), provisions for inventory obsolescence (disposal policies), amortization and depreciation (useful life), employee benefits (actuarial assumptions), taxes (recoverability of deferred tax assets), and provisions for risks and charges (outcome of disputes). Estimates and assumptions are periodically reviewed and the effect of any change is taken to the income statement of the present year and the years to which the changes pertain. The estimation criteria used for these financial statements are the same as those followed the previous year, unless otherwise specified.

With the adoption of international accounting standard IFRS 16, the Group has made certain professional judgments involving the definition of some accounting policies and the use of estimates and assumptions, as mentioned earlier in these Notes.

Following the guidance of the most recent documents published by ESMA, in light of the Covid-19 pandemic and the consequent health emergency, estimates at 31 December 2021 reflect a highly uncertain future and are based on up-to-date assumptions of the presumed future impact of the virus, whose potential effects in terms of extent and duration will be constantly monitored in the coming weeks and months.

Finally, the uncertainties on the evolution of the Russian-Ukrainian conflict have no impact on the use of estimates made in the financial statements

as at 31 December 2021, according to IAS 10.

2. DISPOSALS

On 23 July 2021, further to an agreement dated 31 March 2021 and after obtaining the necessary government authorizations and consent from the landlords, HMSHost Corporation finalized the disposal of its US motorway business to the consortium controlled by Blackstone Infrastructure Partners, which includes Applegreen Limited and B&J Holdings.

The sale price was \$ 381,394k (equivalent to € 324,122k), subject to an earn-out mechanism on the basis of revenue earned by the new ownership in the two-year period 2022-2023, which cannot be quantified on the basis of currently available information. The capital gain,

2. CONSOLIDATED FINANCIAL STATEMENTS

without considering the earn-out mechanism, amounts to \$ 157,950k (€ 133,550k).

The US motorway business includes food & beverage concessions of various brands such as Starbucks, Burger King, and Pret (which the Group will continue to operate as licensee in other channels) and convenience retail concessions at about 60 motorway rest stops in the United States.

Until the sale date in 2021, revenue from the US motorway business was € 92,443k (\$ 109,332k), compared with € 121,238k (\$ 138,478k) the previous year.

The transaction resulted in cash generation of € 322,736k (\$ 379,763k), as the difference between the consideration received and the € 1,386k (\$ 1,631k) in cash transferred.

3. NOTES TO THE STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

I. CASH AND CASH EQUIVALENTS

(€k)		31.12.2021	31.12.2020 Change
Bank and post office deposits	j	307,034;	590,255 (283,221]
Cash and equivalents on hand	i	36,174'	23,290 12,884
Total	j	343,2081	613,545 (270,337]

"Cash and equivalents on hand" include cash floats at stores and amounts in the process of being credited to bank accounts. The amount may vary substantially depending on the frequency of pick-ups for deposit, which are generally handled by specialized third-party carriers.

The significant decrease in "Bank and post office deposits" (€ 283,221k) mostly reflects repayments carried out as part of the refinancing operation completed in December 2021, as described in Note XXI and the Directors' Report.

The statement of cash flows presents the various sources and uses of cash that contributed to the change in this item, along with the balance of current account overdrafts.

II. OTHER FINANCIAL ASSETS

Other financial assets are as follows:

(€k)		31.12.2021	31.12.2020 Change
Financial receivables from third parties	l	28,7441	37,818 (9,074]
Receivables from credit card companies	i	7,558;	5,564 1,994
Fair value of interest rate hedging derivatives		-!	1,698 (1,698)
Fair value of exchange rate hedging derivatives	i	38!	3,049 (3,011
Total		36,3401	48,129 (11,789)

"Financial receivables from third parties" consist primarily of the current portion of capital advances due back from the non-controlling shareholders of some North American subsidiaries; the amount takes account of their ability to pay the sums back with future earnings. The net change in this item is due largely to payments received during the year, which exceeded new disbursements.

The increase in "Receivables from credit card companies" is explained by the gradual recovery in sales despite the ongoing Covid-19 pandemic.

In 2020 the "Fair value of interest rate hedging derivatives" included the current portion of the fair value measurement of derivatives with a combined notional value of \$ 100m associated with the bond loans; those derivatives were unwound as part of the refinancing completed in December 2021 (Note XXIV).

"Fairvalue of exchange rate hedging derivatives" refers to the fairvalue measurement of the derivatives entered into to hedge exchange rate risk, in particular to the forward purchase and/or sale of currency. The significant decrease is explained by the unwinding of the derivatives held by Autogrill S.p.A. due to the repayment of intercompany loans with the US subsidiary HMSHost Corporation, in the context of the refinancing.

190

2. CONSOLIDATED FINANCIAL STATEMENTS

III. TAX ASSETS

These amount to € 68,013k, compared with € 6,132k at 31 December 2020, and refer to income tax credits assets accrued mainly in the United States (€ 65,741k). The significant increase on the previous year concerns the reclassification of the current portion of the gain realized in 2020 by the US subsidiary through use of the carry-back mechanism (included under other non-current receivables), which will be received in 2022 in the amount of € 55,761k (\$ 63,155k).

IV. OTHER RECEIVABLES

31.12.2020

44,986 j

Lease/concession and royalties advance payments

Inland revenues and government agencies

Receivables from grantors for investments

Sub-concessionaires

Receivable from personnel

Other

Total

33,720 135,789

(1,546)

163 (16,617)

"Suppliers" refers to amounts receivable for marketing contributions awaiting settlement, as well as advances for services to be received. Most of the decrease relates to the reduced amount of contributions.

"Lease and concession advance payments" consist of lease instalments paid in advance, as required by contract.

"Receivables from inland revenue and government agencies" relate mostly to indirect taxes. The reduction is due primarily to the decrease in the Italian companies' VAT credits, taking account of Autogrill S.p.A.'s transfer of the VAT credit in June 2021 for a nominal € 12,865k against a net amount received of € 12,756k.

The decrease in "Receivables from grantors for investments" relates to lower commercial investments made on behalf of concession grantors in North America in accordance with contractual provisions.

Amounts due from "Sub-concessionaires" refer to businesses sublet to others and consist mainly of receivables due under lease contracts with variable rents.

"Receivables from personnel" refer to wages and salaries advanced or rounded up and employees' expenses paid in advance by the Group.

"Other" consists mainly of prepayments for maintenance fees, insurance policies and reimbursements, as well as advances on local taxes and miscellaneous receivables, which increased due to the upturn in business. At 31 December 2021 this item also includes € 13,409k due to the German subsidiary Le CroBag GmbH & Co KG from the German government for Covid-19 relief payments which, as part of the joint request filed with the Benetton Group, will be received in the name and on behalf of the Benetton Group and paid over to it (Section 11 - Other information - Related party transactions). That change was counterbalanced by the offsetting, possible as from this year, of the US subsidiary HMSHost Corporation's liability for the Employee Retention Tax Credit (ERTC) in the amount of € 16,465k (\$ 18,648k) against the corresponding credit for the portion not yet received (€ 16,601k or \$ 18,802k).

V. TRADE RECEIVABLES

(€k)

Third parties Bad debt reserve Total

The item "Third parties" refers mainly to catering service agreements and accounts with affiliated companies. The increase with respect to 31 December 2020 reflects a recovery in business volumes thanks to the gradual improvement of the pandemic situation.

As in previous years, the default risk of receivables has been estimated on the basis of the general default risk of receivables not yet due on the reporting date as inferred from past performance, in keeping with international accounting standard IFRS 9.

Movements in the allowance for impairment are shown below:

j€k|

Bad debt reserve at 31 December 2020 8,142

Reversal, net of allowances (1,388) Other movements and exchange rate differences 1,244 Utilizations (1,329) Bad debt reserve at 31 December 2021 6,669

Net releases of € 1,388k in 2021 reflect revised estimates as to the recoverability of disputed receivables and the general default risk applicable to receivables not yet due, mainly in North America and Italy.

Utilizations, amounting to € 1,329k, refer particularly to the settlement of disputes during the year against which bad debt provisions had been made in the past.

VI. INVENTORIES

Inventories amounted to € 116,540k at 31 December 2021, compared with € 97,444k a year earlier. The increase with respect to 31 December 2020 reflects a recovery in business volumes thanks to the gradual improvement of the pandemic situation. The amount is shown net of the write-down provision of € 4,286k (€ 2,856k at 31 December 2020), determined considering revised recoverability estimates of the value of slow-moving goods. Inventories are concentrated mostly in Italy and the United States and consist chiefly of food raw materials, drinks, packaged products, and goods sold under government monopoly.

As mentioned in the Directors' Report, the negative impact of inventories disposed of or no longer sellable because they were damaged or past their expiration dates as a result of the pandemic amounted to € 213k (€ 9,189k in 2020).

NON-CURRENT ASSETS

VII. PROPERTY, PLANT AND EQUIPMENT

The following tables show movements in property, plant and equipment in 2021 and 2020.

Land and buildings	improvements	Plant and machinery	commercial equipment	free of charge	Leasehold	Industrial and	Assets to be transferred
	advances on	Other payments					Assets under construct, and
Gross carrying amount							
104,044	1,379,326	199,803	989,752	340,670			
Acquisitions							
(19,849)	(38,898)						
Exchange rate gains (losses)							
16,943							
	20,077						
(29,871)	(28,394)						
837	(182,290)						
1,397,260							
(239,478)							
66,237	14,843						
(98,934)							
210,437	974,800	312,424					
6,529	(53,931)	34,085					
3,170	(10,015)						
5,712							
12,289							
(53,288)	(21,286)						
716	(80,407)						
Balance at 31 December 2021							
Depreciation/Impairment losses							
(57,777)	(844,881)	(155,917)	(761,947)	(264,021)	(51,483)		
Acquisitions							
Disposals							
(184)							
49,804	(111,810)						
(3,228)							
1,547							
(1)	(24,588)						
27467							
(354)							
27698							
(9,832)	(78,416)	(18,284)					
(3,019)							
(3,083)							
29,611							
[38]	4,252						
	28,394						

Other movements

(58,324) (908,759) (161,889) (774,244) (222,816) (50,694)

Disposals

Exchange rate gains (losses)

(2,479) (95,405) (10,856) (63,842) (15,632)

Impairment losses (Note XXXIV)

Decrease

Other movements

(61,520) (842,879) (168,083) (777,279) (221,662) (50,484)

Carrying amount

Balance at 31 December 2020	50,138	488,501	48,548	200,556	89,608		5,241	85,355,967,946
Balance at 31 December 2021	51,326	336,104	49,091	157,449	92,350	4,366	87,508,778,193	

193

ANNUAL REPORT 2021

Capital expenditure in 2021 amounted to € 122,228k, while the net carrying amount of disposals was € 6,967k in addition to € 146,506k in net disposals for the US motorway operations (Section 2 - Disposals). The disposals produced no significant net capital gains. Other movements consist mainly of the reclassification upon completion of assets under construction. Details of capital expenditure by channel and principal locations are provided in the Directors' Report.

Depreciation came to € 190,385k for the year (€ 224,097k in 2020).

Impairment testing of individual locations resulted in net impairment losses of € 12,677k (€ 30,738k in 2020), including the reversal of losses charged in previous years (up to historical amortized cost as of the reversal date for immaterial amounts) where the reasons for impairment no longer exist (€ 675k in 2021). Consistently with the method followed in the 2020 financial statements, impairment testing was based on the estimated future cash flows for each location (without incorporating any assumed efficiency gains), discounted at the average cost of capital, which reflects the cost of money and the specific business risk associated with each country.

"Leasehold improvements" refer to expenses incurred to set up or adapt leased premises and concessions. This includes costs for the development of locations managed at airports, at shopping centers in North America, and at several locations prevalently on Italian motorways.

"Assets under construction and payments on account" are concentrated mostly in the United States and Italy and include investments for new openings and contract renewals.

2. CONSOLIDATED FINANCIAL STATEMENTS

VIII. RIGHT-OF-USE ASSETS

The following tables detail changes in right-of-use assets in 2021 and 2020:

Buildings

Gross carrying amount

Balance at 1 January 2020

Acquisitions

Disposals

Exchange rate gains (losses)

Additions

(202,700)

(202,199)

Other movements

Balance at 31 December 2020

Disposals

Exchange rate gains (losses)

Additions

(160,148)

Other movements

Balance at 31 December 2021

Depreciation/Impairment losses

Balance at 1 January 2020

Acquisitions

Disposals

Exchange rate gains (losses)

Increase (Note XXXIV)

Impairment losses (Note XXXIV)

Decrease

Other movements

Balance at 31 December 2020

Disposals

Exchange rate gains (losses)

Increase (Note XXXIV)

Impairment losses (Note XXXIV)

Decrease

Other movements

Balance at 31 December 2021

Carrying amount

Balance at 31 December 2020

Balance at 31 December 2021

ANNUAL REPORT 2021

Right-of-use assets amounted to € 1,487,463k at 31 December 2021 (€ 1,748,787k at the end of 2020).

Of the net change in this item, € 330,123k (€ 116,310k at 31 December 2020) concerns new contracts and the remeasurement of leases further to the lease term extensions agreed with landlords and the Italian government's two-year extension of motorway concessions pursuant to Decree Law 121/2021 in connection with the Covid-19 pandemic and other changes concerned Covid-related negotiations, a decrease for early lease terminations (€ 127,230k, compared with € 193,457k in 2020), and the disposal of the North American motorway business for € 225,313k (Section 2 - Disposals), as well as exchange differences. These transactions did not have a significant economic impact.

Depreciation on this item came to € 305,894k for the year (€ 356,914k in 2020).

Impairment testing of individual points of sale resulted in impairment losses of € 8,927k (€ 27,661k in 2020, mostly in the United States and Italy), net of impairment reversals of € 8,886k.

"Buildings" refers essentially to area concessions, business leases and commercial leases, while "Other assets" consist mainly of leased vehicles.

In particular:

- Area concessions are contracts with which the infrastructure operator (motorway or airport) grants a concession to a specialized entity to arrange and provide food & beverage and/or fuel services, authorizing it (i) to build and install, on land owned by the grantor, buildings, plant, furnishings and fittings designed for the sale of food and drink, complementary products and groceries and/or for the distribution of fuel, and (ii) to carry on this business against payment of a fee based on turnover, with certain stipulations regarding the means and continuity of service provision during the business hours established by the grantor.
It frequently occurs that the subconcession for all the services of an entire motorway service area or airport terminal is assigned to a single entity, which then sub-assigns each individual service to a number of additional specialized firms. Usually, on expiry of the contract, the assets built for the provision of motorway services must be transferred free of charge to the grantor, while this is almost never the case for airport terminals;
- leasing a business or business branches allows an operator to use rights and/or buildings, equipment etc. organized to serve food and beverage products. In some cases the business consists of an authorization to operate and of administrative licenses, in which case the operator incurs the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorization and the necessary buildings and equipment. Leasing a company in the concession business entails the obligation to ensure continuity of service and payment of a fee; for primary concession contracts between a petrol company and a motorway operator, it also entails payment of the royalties due by the petrol company;
- in a commercial lease, the operator uses buildings for business activity against payment of rent. The premises are equipped and furnished according to the specifications and at the expense of the operator, who must clear the premises when the lease expires.

These latter two types of concession are common (i) along motorways, where there are area or service sub-concessions assigned to a petrol company, which then turns to a caterer, and (ii) in cities, railway stations and shopping centers, according to the business objectives of the owner of the property.

2. CONSOLIDATED FINANCIAL STATEMENTS

IX. GOODWILL

At 31 December 2021 goodwill amounted to € 816,944k, compared with € 819,473k the previous year.

The cash-generating units (CGUs) were identified on the basis of business segment, following a geographical/operational logic, consistently with the governance responsibilities of the chief executive officers of those segments and the minimum level at which goodwill is monitored for internal management purposes.

The carrying amounts of goodwill by geographical CGU are as follows:

(€k)		31.12.2021	31.12.2020	Change
North America	j400,593 j	412,950	(12,357)	
International	69,219 j	65,544	3,675	
Europe	{			
Italy	83,631 J	83,631		
Other European countries	263,501 j	257,348	6,153	
Total	j816,944 1	819,473	(2,529)	

The change since the previous year relates to the disposal of the US motorway operations (€ 44,988k), whose effect was partially offset by exchange differences of € 42,459k, mostly involving the U.S. dollar.

In a context marked by the ongoing Covid-19 pandemic throughout 2021, impairment testing was carried out following the same methods used in previous years, as recommended in ESMA communications of the past two years⁵⁶.

In consideration of the significant amount of goodwill recognized, the recoverability of the goodwill allocated to each CGU was tested by estimating its value in use, defined as the present value of estimated future cash flows discounted at a rate differentiated by geographical area reflecting the specific risks of the individual CGUs at the measurement date. The discount rate was set using the capital assets pricing model, based on indicators and variables observable in the market.

The estimated future cash flows of each CGU for the five-year period 2022-2026, used to determine recoverable amount, have been calculated by each country's executive team, validated by the country and the relevant CGU's management, approved by Group Senior Management (CEO and CFO), and reviewed by the Board of Directors.

They have been estimated on the basis of the 2022 budget and financial projections for 2023-2026 (explicit forecast period) and developed by the CGUs' management on the basis of expected traffic curves in the channels served by the Group, which were modelled in consideration of the specific features of those channels and the data provided by airport authorities and other external sources.

Cash flows beyond the range of financial projections have been estimated by normalizing the information from those projections, using the discount rate described above, and applying nominal growth rates ("g") which do not exceed the long-term growth estimates of each CGU's sector and country of operation (consistently with medium- to long-term inflation forecasts by the International Monetary Fund), and by using the perpetuity method to calculate terminal value. For all CGUs, growth investments are correlated with the expiration of contracts, while maintenance investments are assumed to be consistent with historical trends; the financial projections, in line with IAS 36 and consistently with previous tests, do not include the effects of potential new contract acquisitions that have not yet been assigned.

56 ESMA - "European common enforcement priorities for 2020 annual financial reports" of 26 October 2020 and "European common enforcement priorities For 2021 annual financial reports" of 29 October 2021

ANNUAL REPORT 2021

The findings and conclusions of the impairment tests are backed by a Fairness Opinion issued by an independent third-party company which, including on the basis of independent checks, confirms the overall reasonableness of the outcomes and the proper application of the impairment model.

The following table shows the discount rates used for impairment testing at 31 December 2019 and 31 December 2020:

	Discount Rate at 31.12.2021
	Discount Rate at 31.12.2020
	Discount Rate at 31.12.2019
North America	
International	
6.6%	
Other European countries	

On the basis of these assumptions, the amount of goodwill attributed to each CGU was found to be fully recoverable.

Sensitivity analyses were then conducted, taking into account the changes in the discount rate and "g" rate; and "break-even" WACC and EBITDA were identified to find the levels beyond which goodwill would be subject to impairment.

In detail:

- the following table shows the discount rates at which there would no longer be a gap between the individual CGU's value in use and book value ("stress rates");

	at 31.12.2021	at 31.12.2021	Discount rate	"Break-even" Discount Rate
Other European countries	j	5.3% 7.6%		

- in the sensitivity analysis of the "stress rate" it should be noted that the likelihood of a further increase in the WACC is remote, as this would be in

addition to the substantial WACC increase resulting from the pandemic (Group average +0.7% in 2021 with respect to the 2019 test), which already incorporates the higher volatility and uncertainty in the Group's industry and in the equity market in general;

- in order to eliminate the difference between the CGU's value in use and carrying amount, the Group would have to suffer EBITDA losses of around € 130m per year for the next five years, which is not a likelihood based on the five-year projections.

These sensitivity analyses, therefore, also confirmed the full recoverability of goodwill.,

See the paragraph "ESG Risks - Climate change and environment" about the impact of climate change on the financial statement line items and the related risk of impairment.

2. CONSOLIDATED FINANCIAL STATEMENTS

X. OTHER INTANGIBLE ASSETS

The following tables show movements in other intangible assets in 2021 and 2020.

	Concessions, licenses, trademarks and similar rights Assets under construction and advances on payments
Gross carrying amount	
Balance at 1 January 2020	
Acquisitions	
Disposals	
Exchange rate gains (losses)	
Additions	
Decrease	
1.4,415) 5,619	
1724)	
354,094	
	(5,493) 8,102
Additions	
Decrease	
Other movements	
Balance at 31 December 2021	
Amortization/Impairment losses	
Balance at 1 January 2020	
Acquisitions	
Disposals	
66	
(9,695)	
(111)	
631 21	
(109,701)	
(49)	
4,671 (28,431)	
	(986) 4,880 22
(248,387)	
	4,695 (4,529)

increase (Note XXXIV)
 Impairment losses (Note XXXIV)
 Decrease
 Other movements
 Balance at 31 December 2021

Carrying amount
 Balance at 31 December 2020
 Balance at 31 December 2021

Capital expenditure in 2021 came to € 13,028k, mostly for business software, while amortization totalled € 26,083k (€ 28,431k in 2020).

"Disposals" refer to the disposal of the US motorway business (Section 2 - Disposals).

"Other movements" consist mainly of the reclassification upon completion of assets under construction.

All "Other intangible assets" have finite useful lives.

Impairment testing of individual points of sale, carried out in conjunction with the property, plant and equipment testing mentioned in Note VII, led to intangible asset impairment losses of € 1,875k for the year (€ 986k in 2020).

XI. INVESTMENTS

This item is mainly comprised of associates and joint ventures, measured using the equity method.

Any surplus of an investment's carrying amount over pro rata equity represents future profitability inherent in the investment.

For the sake of thoroughness, we report that the following were recognized in accordance with the equity method:

- net positive adjustments of € 122k under "Share of the profit (loss) of equity method investments" (compared with negative adjustments of € 192k in 2020);
- immaterial exchange differences (vs. net exchange losses of € 59k the previous year) in the statement of comprehensive income.

Investments at 31 December 2021 and 31 December 2020 are detailed below:

31.12.2021

Name	Registered		Total assets	Total liabilities	Profit (loss) for the investment	Carrying amount
	office	Countries				
DLV-WSE. LLC *	j California	USA				
QA HMSHost LLC	j Doha	Qatar				
Caresquick N.V.	' Antwerp	Belgium				
Other						
Total as of 31 December 2021						

	revenues	assets	liabilities	for the year amount
%held Currency				
Currency/000				€/000
49% USD	-	-	-	"33
49% QAR	-	-	-	-
50% EUR	4,317	1,820	1,011	89 910;
				51
				122 961

(-) Wound up in 2021

31.12.2020

Registered office

€/000

Total Total Profit (loss) Carrying assets liabilities for the year amount

Currency/000

DLV-WSE. LLC

Caresquick N.V.

Other

Total as of 31 December 2020

200

2. CONSOLIDATED FINANCIAL STATEMENTS

XII. LEASE RECEIVABLES

(€k)	31.12.2021	31.12.2020	Change
Lease receivables - current	i 15,964 j	15,003	961
Lease receivables - non current	; 59,890 j	61,808	(1,918)
Total	75,854 1	76,811	(957)

The recognition of lease receivables represents the transfer of some of the Group's rights of use to third parties under sublet agreements (mostly in North America). At 31 December 2021 this item amounted to € 75,854k (€ 76,811k at the end of 2020), of which € 15,964k (€ 15,003k at 31 December 2020) was classified under current assets and € 59,890k (€ 61,808k the previous year) under non-current assets.

Of the change for the year, € 15,160k (€ 22,523k at 31 December 2020) refers to new sublet agreements and the remeasurement of existing ones, € 4,798k (€ 8,166k the previous year) to early terminations, € 2,193k to the disposal of the US motorway business, and € 5,241k to exchange gains.

Implicit interest accrued came to € 2,384k (€ 4,342k in 2020), while amounts received totalled € 9,468k (€ 8,343k the previous year).

In addition, these receivables decreased as a result of the permanent rent reduction agreements on sublets that the Group has granted in connection with the Covid-19 emergency (see Note XXIX for the impact on the income statement).

XIII. OTHER FINANCIAL ASSETS

(€k)	31.12.2021	31.12.2020	Change
Interests-bearing sums with third parties	3 043 i	12 021	(8 078)

interest-bearing sums with third parties	3,370 j	12,021	(8,651)
Guarantee deposits	18,978	18,398	580
Other financial receivables from third parties	7,974 j	2,272	5,702
Fair value of interest rate hedging derivatives		i	- i 4,659 (4,659)
Total	j 30,895 j	37,350	(6,455)

"Interest-bearing sums with third parties" consist of security deposits on which the Group receives interest. The decrease reflects the disposal of the US motorway business.

"Guarantee deposits" are essentially in line with the previous year.

"Other financial receivables from third parties" consist primarily of the non-current portion of capital advances due back from the non-controlling shareholders of some North American subsidiaries and non-subsidiary companies; the amount takes account of their ability to pay the sums back with future earnings. The increase in this item refers to new loans granted, the partial reversal of writedowns recognized in 2020, and exchange differences.

"Fair value of interest rate hedging derivatives" includes the non-current portion of the fair value measurement of derivatives with a combined notional value of S 100m; those derivatives were unwound as part of the refinancing completed in December 2021 (Note XXIV).

XIV. DEFERRED TAX ASSETS AND LIABILITIES

At the end of 2021, deferred tax assets not offsettable against deferred tax liabilities amounted to € 62,279k (€ 76,694k at 31 December 2020). At the end of 2021, deferred tax liabilities not offsettable against deferred tax assets amounted to € 16,243k (€ 46,241k the previous year).

Deferred tax liabilities and deferred tax assets are broken down as follows:

31.12.2020

Deferred tax liabilities gross

Deferred tax assets available for offset

Deferred tax liabilities non available for offset

Deferred tax assets non available for offset

The following tables show gross movements in deferred taxes in 2021 and 2020.

Recognised in other comprehensive income	Exchange rate gains (losses) and other variations	Consolidation gains (losses) and other variations	Recognised 31.12.2020 in profit and loss
Deferred tax assets			
Property, plant and equipment and intangible assets			
Right-of-use assets			

Trade receivables
 3,969
 9,174 (3,582)
 Other assets
 Defined benefit plans and provisions for personnel
 Provision for risks and charges
 Other reserves and retained earnings
 Other liabilities
 Carry-forward tax losses
 124,282
 Deferred tax liabilities
 Property, plant and equipment and intangible assets
 Right-of-use assets
 Other assets
 Provision for risks and charges
 Defined benefit plans and provisions for personnel
 Other reserves and retained earnings
 Other liabilities
 Total
 54
 1,211 111,823
 1294)
 (39,497)
 63 5,918
 58
 980 j 78,246 i

202

2. CONSOLIDATED FINANCIAL STATEMENTS

Recognised 31.12.2019 in profit and loss

Recognised
 in other
 comprehensive
 income
 Exchange rate
 Consolidation
 gains (losses) and
 other variations
 perimeter
 variation

Deferred tax assets

Property, plant and equipment and intangible assets
 Right-of-use assets
 Trade receivables Other assets
 Defined benefit plans and provisions for personnel

"Trade payables" at 31 December 2021 came to € 357,609k. The net increase with respect to the balance of € 292,097k at 31 December 2020 is explained chiefly by the growth of purchasing during the period, in parallel with the upturn in business volumes following the course of the Covid-19 pandemic.

XVII. TAX LIABILITIES

"Current tax liabilities" amount to € 1,164k (€ 1,176k at 31 December 2020) and refer to taxes accrued during the year net of offsettable credits. The balance is in line with the previous year.

XVIII. OTHER PAYABLES

(€c)	31.12.2021	31.12.2020	Change
Personnel expense	98,444;	64,227	34,217
Due to suppliers for additions of capital expenditure	75,164 *	87,450	(12 286)
Social security and defined contribution plans	43,605	34,023	9,582
Indirect taxes	59,738	32,905	26,833
Withholding taxes	7,122	6,097	1,025
Other	94,920	41,661	53,259
Total	378,993	266,363	112,630

Most of the net increase in "Personnel expense" reflects the upturn in business and the relaxing of measures taken by Group management in 2020 to mitigate the effects of the Covid-19 crisis. The measures that were relaxed with respect to 2020 mainly concern a reduction in working hours consistently with the decline in traffic, the use of different forms of relief measures put in place by local governments and equivalent actions in the countries served by the Group and personnel accruals of 2021, as well.

The significant decrease in "Amounts due to suppliers for additions of capital expenditure" reflects decreased investment as a result of the pandemic. It is also explained by the settlement of capex payables upon the disposal of the US motorway business (Section 2 -Disposals).

The item "Social security and defined contribution plans" refers to the amount due to local social security institutions and payments due under defined contribution programs. The increase mostly regards the extended payment terms granted by the governments of various countries as a form of Covid relief (€ 6,401k).

Most of the change in "Indirect taxes" concerns value added tax/sales tax. The increase pertains chiefly to the extended payment terms granted by the Dutch tax authorities in accordance with a government regulation concerning Covid-19 (€ 24,490k).

2. CONSOLIDATED FINANCIAL STATEMENTS

In addition to sundry payables, the heading "Other" includes amounts due to Directors and Statutory Auditors as well as deferred promotional contributions from suppliers and accrued liabilities for utilities and maintenance, which increased as a result of the recovery in business. At 31 December 2021 this item also includes € 13,409k due by the German subsidiary Le CroBag GmbH & Co KG to the Benetton Group for Covid-19 relief payments which, as part of the joint request filed with the Benetton Group, will be received in the name and on behalf of the Benetton Group and paid over to it once received from the German government (Section 11 - Other information - Related party transactions).

XIX. OTHER FINANCIAL LIABILITIES

31.12.2020

Accrued expense and deferred income for interest on loans

Liabilities due to others

Fair value of exchange rate hedging derivatives 1

Other financial accrued expense and deferred

(13,751)

In 2020, "Accrued expenses and deferred income for interest on loans" consisted mainly of interest on the American bond loan contracted by the US subsidiary HMSHost Corporation. The sharp decrease is due primarily to the refinancing completed in December 2021, as described in Note XXIV.

"Liabilities due to others" refer mainly to financial payables to the non-controlling shareholders of certain North American subsidiaries.

"Fair value of exchange rate hedging derivatives" refers to the fair value measurement of the derivatives entered into to hedge currency risk, in particular to the forward sale and/or purchase of currency by the US subsidiary and Autogrill Europe S.p.A.

NON-CURRENT LIABILITIES

XX. OTHER PAYABLES

These amount to € 16,166k (€ 29,177k at 31 December 2020) and consist of the € 7,920k due to personnel for defined contribution plans (€ 7,837k at 31 December 2020).

The net change with respect to 31 December 2020 refers mainly to the offsetting, allowed as of this year, of the Employee Retention Tax Credit (ERTC) of the US subsidiary HMSHost Corporation (€ 16,465k, or \$ 18,648k) against the corresponding receivable for the amount not yet received (€ 16,601k, or \$ 18,802k).

XXI. LOANS

(€k)

Current account overdrafts

Unsecured bank loans

Total current

Unsecured bank loans

Fair value adjustment of contractual cash flow |
modification

Commissions on loans

Commissions on loans

Total non-current

1,462,230

"Current unsecured bank loans" consist mainly of ultra-short-term bank borrowings by the Parent company and the North American subsidiaries, as well as the current portion of Covid-19-related loans received by the European subsidiaries.

The change since the previous year reflects the full repayment of the ultra-short-term bank borrowings contracted chiefly by the Parent company and various North American subsidiaries, as well as current payments on long-term loans. In 2020, in fact, this item included the current portion of the amortizing term loan held by Autogrill S.p.A. (€ 12.5m) repaid in July 2021, the current S 50m portion (€ 40,746k) of the amortizing term loan held by HMSHost Corporation that matured in June 2021, and the current portions of loans obtained by the European subsidiaries (€ 5,413k).

The change in "Non-current unsecured bank loans" is due to the full repayment of the credit lines outstanding at the end of 2020 using the Group's liquidity and the cash made available by the refinancing that concluded in December 2021 (Autogrill S.p. A.'s amortizing term loan of € 200m and HMSHost Corporation's amortizing term loan of \$ 347,790k, or € 307,072k).

The refinancing entailed the full release to the income statement of the remaining balance of the fair value adjustment for change in contractual flows and of fees on paid off loans (Note XXXVI).

2. CONSOLIDATED FINANCIAL STATEMENTS

The breakdown of "Non-current unsecured bank loans" at the close of 2021 and 2020 is presented below:

31.12.2020

Amount |€k|
Drawdowns (€k)
Amount Drawdowns
(€k)

a 7

i

Term Amortizing Facility - Autogrill S.p.A.

Revolving Amortizing Facility - Autogrill SpA- January 2025

2018 Line

Revolving Facility - Autogrill SpA.

2018 Line

Revolving Facility - Autogrill S.p.A.

2019 Line

Term Amortizing Facility - Autogrill S.p.A.

2019 Line

Term Amortizing Facility - Autogrill S.p.A. March 2025

Term Loan Facility (guaranteed by SACE) June 2025

2020 Line

Term Loan Facility - Autogrill S.p.A.

Term Loan Facility - Autogrill S.p.A (Tranche I) October 2026

Term Loan Facility - HMSHost Corporation (Tranche II) **

Revolving Amortizing Facility ***

revolving amortizing facility

1,007,072

Other credit lines

2020 and 2021 Line

1,055,560

of which current portion *

Total lines of credit net of current portion

Drawdowns in Foreign currency are valued based on exchange rates at 31 December 2021 and 31 December 2020 * Equivalent to \$ 347,790k

** Line available to Autogrill S.p.A. and HMSHost Corporation (for the latter, up to \$ 200m)

*** At 31 December 2021 the balance refers to the French, Swiss, and Greek subsidiaries (respectively for € 3,660k, € 1,452k and € 200k) In 2020 the balance included \$ 50m for the American amortizing term loan, € 12.5m for Autogrill SpA's amortizing term facility (2019 line), and € 5m for other credit lines held by the Belgian subsidiary

207

ANNUAL REPORT 2021

At 31 December 2021 the Group's committed credit facilities were drawn down by 53% (fully drawn down at 31 December 2020).

On 1 April 2021, Autogrill S.p.A. contracted a term line of € 100m, used on 9 April and fully repaid on 2 July 2021.

Starting in the second quarter of 2021 and throughout the summer, drawdowns on the committed revolving facilities held by Autogrill S.p.A. were repaid in the amount of € 325m and those held by HMSHost Corporation in the amount of \$ 200m, using the two companies' available liquidity.

At the end of June, HMSHost Corporation made a \$ 50m payment against the amortizing term loan contracted in 2018 for an original amount of \$ 200m, and in July Autogrill S.p.A. paid the € 12.5m installment due on the amortizing term loan contracted in 2019 for an original amount of € 50m.

In the fourth quarter the Group revised its debt mix in order to reduce the overall cost of borrowing, improve financial flexibility, and extend average residual duration in continuity with the corporate finance transactions completed in the first nine months of the year.

In that context, on 28 October 2021 Autogrill S.p.A. and a pool of leading banks signed a facility agreement for maximum total principal of one billion euros, which was also entered into by the US subsidiary HMSHost Corporation on 22 November 2021.

The loan is made up of:

- an amortizing term loan of € 500m, to be split into two tranches: i) Tranche I of up to € 200m, available to Autogrill S.p.A. and ii) Tranche II of up to € 300m (\$ 347,790k), available in US dollars to the subsidiary HMSHost Corporation. Tranche I will be paid back starting in October 2024 in two yearly installments of € 66m, with a final principal payment of € 68m in October 2026, while Tranche II will be paid back starting in October 2024 in two yearly installments of \$ 114.8m, with a final principal payment of \$ 118.2m in October 2026;
- a revolving credit line of € 500m available to Autogrill S.p.A. and of up to \$ 200m available to HMSHost Corporation, to be fully repaid by October 2026.

The facility agreement requires the compliance with the following financial ratios: leverage ratio (net debt/adjusted EBITDA) of 3.5 or less and interest coverage (adjusted EBITDA/net financial expense) of at least 4.5, calculated on Group consolidated data. The first covenant test will be carried out on financial statement figures at 31 December 2022.

For the calculation of these ratios, net debt, adjusted EBITDA, and financial charges are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, the final ratios are not readily apparent from the financial statements.

By contract, the lenders are entitled to cancel the facilities and force the borrower to pay back all amounts in advance in the event of the borrower's change of control. For these purposes, a "change of control" would occur if one or more parties - other than the current key investors of Edizione S.p.A. - acted individually or in concert to acquire control of Autogrill S.p.A. as defined by paragraphs 1.1 and 1.2 of Civil Code Art. 2359.

On 3 December 2021 the Group completed its refinancing through the use of Tranche I of the amortizing term loan in the amount of € 200m by Autogrill S.p.A. and Tranche II of the amortizing term loan in the amount of € 300m (S 347,790k) by HMSHost Corporation.

2. CONSOLIDATED FINANCIAL STATEMENTS

The liquidity deriving from the use of these credit lines and - where necessary - the Group's own liquidity were used immediately for the full prepayment of the two companies' loans.

More specifically, HMSHost Corporation closed out the loan contracted in 2018 consisting of i) an amortizing term line originally of \$ 200m (drawn down by \$ 100m at the time of repayment) and ii) a fully-available revolving line of \$ 200m. Both lines were to mature in June 2023.

Autogrill S.p.A. closed out the following:

- the amortizing term line of € 300m contracted in November 2020 and guaranteed by SACE S.p.A., with an original final maturity of June 2025;
- the amortizing term line of € 150m contracted in March 2020, with an original final maturity of March 2025;
- the revolving credit line of € 100m contracted in January 2018 with an original final maturity of January 2023, fully available as of the close-out date;
- the loan consisting of an amortizing term line of € 100m and an amortizing revolving line of € 200m (the latter fully available as of the close-out date), contracted in January 2018 with an original final maturity of January 2025;
- the loan consisting of an amortizing term line of € 50m (outstanding for € 37.5m as of the close-out date) and an amortizing revolving line of € 25m (fully available as of the close-out date), contracted in August 2019 with an original final maturity of August 2024.

Closing out these loans entailed termination of the loan covenants and the limitations deriving from the waivers negotiated in 2020 and 2021 for covenant holidays with respect to the leverage ratio and interest coverage ratio, including a margin supplement on drawdowns during the holiday period, allowing the Group to move towards a lower overall cost of debt and to improve its financial flexibility.

"Other credit facilities" refer mainly to government loans granted to various European subsidiaries to help manage the Covid-19 emergency and support capital expenditure.

During the first six months of the year, the following were obtained: (i) government-guaranteed bank loans to meet liquidity needs for local operations, by the indirect subsidiaries based in France (€ 8.4m) and Germany (€ 4m); (ii) a credit line of € 2.5m to fund capital expenditure by the indirect subsidiary based in Belgium, used in the amount of € 1,654m at the end of December.

XXII. LEASE LIABILITIES

(€k)	31.12.2021	31.12.2020	Change
Lease liabilities - current	309,098;	377,289	(68,191]
Lease liabilities - non current	1,383,163 j	1,590,384	(207,221)
Total	1,692,261 j	1,967,673	(275,412)

This item includes the current and non-current portion of liabilities arising from the discounting of minimum guaranteed lease payments, as a result of applying IFRS 16.

Of the change in this item, € 344,830k (€ 139,509k at 31 December 2020) concerns new contracts and the remeasurement of leases further to the lease term extensions agreed with landlords and the Italian government's two-year extension of motorway concessions pursuant to Decree Law 121/2021 in connection with the Covid-19 pandemic and other changes concerned Covid-related negotiations, a decrease for early lease terminations (€ 133,631k, compared with € 208,179k in 2020), and the disposal of the US motorway business for € 241,269k (Section 2 - Disposals), as well as exchange gains of € 86,320k.

Implicit interest accrued came to € 45,048k (€ 64,850k in 2020), while amounts paid totalled € 194,760k (€ 138,532k the previous year).

These liabilities did increase as a result of the temporary rent reductions the Group obtained through negotiations with landlords, but the effect was amply offset by decreases reflecting the permanent rent reductions agreed with landlords as a result of the Covid-19 emergency which fall within the scope of application of the amendment to IFRS 16 (see Note XXXII for the impact on the income statement).

XXIII. OTHER FINANCIAL LIABILITIES

(€k)			31.12.2021	31.12.2020	Change
Liabilities due to others		922'	1,283	361	
Total	'	922'	1,283	(361)	

"Liabilities due to others" refer mainly to financial payables to the non-controlling shareholders of certain North American subsidiaries.

XXIV. BONDS

(€k)	31.12.2021	31.12.2020	Change
------	------------	------------	--------

"Bonds" refer to private placements issued by HMSHost Corporation, which were fully redeemed during the year in the context of the Group's refinancing, as detailed below:

- early redemption of the \$ 150m private placement issued in January 2013, due to mature in January 2023, with fixed-interest half-yearly coupons of 6.12%;
- early redemption of \$ 135m against the \$ 200m private placement issued in March 2013 (of which \$ 25m was redeemed in September 2020 and \$ 40m in September 2021), with half-yearly coupons and split into tranches as summarized in the following table:

Nominal amount (\$m)	Issue date	Annual Fixed rate	Expiry
80	March 2013	6.40%	September 2024
55	March 2013	6.45%	September 2025

At the time of the early redemption, the US subsidiary HMSHost Corporation paid the bondholders a contractual make-whole fee, amounting to the present value of future coupons based on the difference between the contractually agreed interest rate and the applicable US Treasury yield for the same maturity. The make-whole cost of € 20,201k (\$ 23,915k) is included in "Other financial expense" for the year.

2. CONSOLIDATED FINANCIAL STATEMENTS

The early redemption of the private placements and consequent termination of the financial covenants and limitations deriving from the waivers associated with the covenant holiday allow the Group to lower the overall cost of debt and improve its financial flexibility.

The interest rate hedges on the bond loans, with a notional amount of \$ 100m, have also been unwound. The unwinding process produced an income of € 2,721k (\$ 3,219k).

The refinancing entailed the full release to the income statement of the remaining balance of the fair value adjustment for change in contractual flows and of fees on the redeemed private placements (Note XXXVI).

XXV. DEFINED BENEFIT PLANS

At 31 December 2021 the net value of "Defined benefit plans" was € 44,905k (€ 60,082k at the close of the previous year).

The table below shows details of employee benefits recognized as defined benefit plans. The legal obligation for Italian post-employment benefits (trattamento di fine rapporto or "TFR") is € 32,993k, compared with € 37,276k determined on an actuarial basis.

31.12.2020

40,707 19,375

(3,431) (11,746)

(15,177)

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognized:

(€k)

Present value of the funded plans Fair value of the plan assets

Present value of the unfunded plans

31.12.2018

94,741 (71,695)

23,046

47,990

31.12.2017

92,547 (69,430) 23,117

56,993

Net liabilities recognised

The actuarial assumptions used to calculate defined benefit plans are summarized in the following table:

Other plans

2021 2020

Discount rate

1.8%] 0.6%-1.4%

Yield on assets

1%-2.3%i 1.0%-1.8%

Pension increase rate

The discount rates were determined based on the yield of corporate bonds of high standing at the date of these financial statements.

Below are the amounts recognized in the income statement for defined benefit plans:

(€k)		Full Year 2021	Full Year 2020 Change
Current service costs		2,384 j	3,264 (880)
Past service costs		(5,167) j	(516) (4,651)

Interest expense of € ink is recognized under "Financial expense" net of interest income on plan assets, while the post-employment benefit cost is recognized under "Personnel expense".

Movements in the present value of post-employment benefit obligations are as follows:

(€k)	Italy	Switzerland	Other plans	Total
Present value of the obligation at 31 December 2019	42,289	96,554	9,261	148,105
Current service costs ¹	-	2,460	804	3,264
Past service costs		(516)	(516)	
Interest expense	139	287	90	516
Actuarial losses (gains) due to:				
• demographic assumptions		(2,581)	82(2,499)	
• financial assumptions	394	1,408	614	2,417
• experience adjustments	316	(2,352)	(43)	(2,078)
• Employees' share of contributions	2,149	-2,149		
• Benefit paid	(2,430)	(6,024)	(363)	(8,817)
• Exchange rate losses (gains)	-507	(12)	494	
• Other	-(110)	(110)		
• Present value of the obligation at 31 December 2020	40,707	92,408	9,808	142,923
• Current service costs	-2,009	375	2,384	
Past service costs		(5,167) (5,167)		
Interest expense	42	180	68 290	
• demographic assumptions				
• financial assumptions				
• experience adjustments Employees' share of contributions Benefit paid				
Exchange rate losses (gains) Other				
Actuarial losses (gains) due to:				
			(4,035)	(64)
				(4,100)
	271	(1,963)(691)(2,383)		
	946	(1)(148)797		
		1,487(71)1,417		
	(4,688)	(8,857)(263)(13,809)		
		3,435183,453		
			(394)	(84)
				(478)
Present value of the obligation at 31 December 2021	37,276	79,102	8,947 125,327	

This table shows movements in the present value of plan assets:

Other plans

Fair value of the assets at 31 December 2019

Interest income

Estimated yield on plan assets, except interest income

Employees' share of contributions Group's share of contributions Benefits paid

Exchange rate gains (losses)

Fair value of the assets at 31 December 2020

231 1,732

2,149 3,256 (6,024) 456

76,897

52 584

361 (58)

5,944

283

2,316 2,149

3,617

(6,082)

456

82,841

Interest income

Estimated yield on plan assets, except interest income

Employees' share of contributions

Group's share of contributions Benefits paid

Exchange rate gains (losses)

155

645

1,487

1,763

(8,857) 3,262

24 (747)

372

(129)

180

(102) 1,487

2,135

(8,986) 3,262

Other

Fair value of the assets at 31 December 2021

The main categories of plan assets are:

Switzerland

Cash and cash equivalents

Equity instruments

Bonds

Real estate

Other securities

Fair value of the assets at 31 December 2021

17,622 34,748 15,885

6,703

74,959

0.0%

0.0%

0.0%

0.0% 100.0%

Equity instruments and bonds have official market prices.

The occurrence of reasonably possible variations in actuarial assumptions at the end of the year would have affected the defined benefit obligation as quantified in the table.

Switzerland

(€k)

Discount rate Salary increase rate

Pension increase rate

Inflation rate

As a result of the revised estimate, the liability for defined benefit plans increased by € 5,584k gross of the tax effect; after € 1,069k in taxes the net impact of € 4,515k was recognized in comprehensive income (Note XXVII). Liabilities for employee benefits decreased by a net € 5,654k, which more than offset the change recorded in OCI, due to net liquidations for the period (€ 4,824k) and the gain recognized in the income statement (€ 5,167k) as a result of the impact of significant involuntary leavings on the determination of past service costs attributable to the Swiss subsidiary.

XXVI. PROVISIONS FOR RISKS AND CHARGES

The change is due to normal allocations and utilizations for the year, and to the release of provisions as described below.

(€k)		
Provision for taxes	Other provisions	
244		
6,105		Other movements and exchange 31.12.2020 rate
2,843		
6,750		
Provision on investment		
Restructuring provision		
Provision for legal disputes	Provision for onerous contracts	
Provision for the refurbishment of third party assets	Total provisions for current risks and charges	
Other provisions		
Provision for legal disputes		
Provision for the refurbishment of third party assets	Total provisions for non-current risks and charges	
1,351		
507		
759		
7,028		
870	711	
2,068	3,649	
(255)	(5,688);	5891
(154)	[3,195] '8,767;	
(409)		507;
		1,235
(19,489)		20,892
20,541		
(153)		
(818) :	(586);	
(298)		
(1,638) ;		
1,721 i		
(3,042) :		
(4511		
9,370!		
31,633!		

(€k)	
Provision for taxes	Other provisions
Provision on investment	Restructuring provision
Provision for legal disputes	
Provision for the refurbishment of third party assets	Total provisions for current risks and charges
Other provisions	
Provision for legal disputes	
Provision for the refurbishment of third party assets	
Total provisions for non-current risks and charges	

31.12.2019

2,319

8,325

1,416

2,408

192 14,660

29,724

2,028

7500

39,253

Other movements and exchange rate

[250]

2,697

(1,413)

(87)

(561] (13)

373

(5,114)

(1,406)

(143) (6,663)

Allocations

241 7,886

6,620

10,083

256

25,086

1,545

2,298

1,168

5,011

2,843 6,750 43

Reversals Utilizations 31.12.2020

533

(12,158] 40

6,533

(117]
(1,184)
(117)

10,629 435

(12,769) 27,233

(60]
(493)

(587) 25 508 (118) 1 QR1

7,733 (507) 20,000 (770) 1,501
35,223
1553)

(792) (1,825)

PROVISION FOR TAXES

This item relates primarily to disputes over US companies' indirect tax obligations and reflect the advice of the Group's tax advisors. No significant allocations were made during the year.

OTHER PROVISIONS

These consist of a United States "self-insurance" provision covering the deductibles on third-party liability contained in insurance plans, settled on an annual basis. In 2021, € 3,953k was allocated to the current and non-current portions of this provision, determined by independent appraisers on the basis of track records and forecasts regarding accidents, while settlements for the year came to € 11,009k.

2. CONSOLIDATED FINANCIAL STATEMENTS

PROVISION FOR LEGAL DISPUTES

This provision covers the risk of losing lawsuits brought against Group companies, and takes account of the opinions of the Group's legal advisors. Utilizations concern actual payments, in line with forecasts.

PROVISION FOR THE REFURBISHMENT OF THIRD PARTY ASSETS

This represents the estimated liability for ensuring that leased assets are returned in the contractually agreed condition.

RESTRUCTURING PROVISION

This provision, first recognized in 2020, concerns restructuring plans implemented in Italy and Europe. The plans aim to centralize the strategic functions of the Europe business unit at the Rozzano headquarters (Milan) and to permanently reorganize the Corporate functions. The significant change mostly concerns utilizations to cover plan-related expenses during the first half of 2021.

PROVISION FOR ONEROUS CONTRACTS

This refers to long-term leases or concession agreements on commercial units that are not profitable enough to cover promotional contributions and service fees, with reference to a location of the Austrian subsidiary whose landlord has opted for early termination.

XXVII. EQUITY

Movements in equity items during the year are detailed in the statement of changes in equity.

SHARE CAPITAL

After the Extraordinary Shareholders' Meeting of 25 February 2021 approved the mandate to increase the share capital, the option period ran from 14 June to 29 June inclusive. During the option period 249,110,975 options were exercised for the purchase of 129,537,707 new shares (99.16% of the total), amounting to € 594,578k, of which € 76,427k goes to share capital and the rest to the share premium reserve.

At the end of the option period, 2,107,375 options were unexercised for the purchase of 1,095,835 new shares, or 0.84% of the total. Those options were placed on the Milan Stock Exchange and sold in their entirety on 1 July 2021. They have since been exercised in full, for a total of € 5,030k, of which € 647k has been allocated to share capital and the rest to the share premium reserve.

On 20 July 2021, the certification of the capital increase was filed with the Novara Companies Register.

Therefore, at 31 December 2021 Autogrill S.p.A.'s share capital, fully subscribed and paid in, amounted to € 145,762k (€ 68,688k at 31 December 2020) and was made up of 385,033,542 ordinary shares with no specified par value (254,400,000 shares at the end of 2020).

ANNUAL REPORT 2021

At 31 December 2021 Schematrentaquattro S.p.A., wholly owned by Edizione S.p.A., held 50.3% of the share capital.

LEGAL RESERVE

The legal reserve (€ 13,738k) is the portion of Autogrill S.p.A. profits that cannot be paid out as dividends, in accordance with Art. 2430 of the Italian Civil Code.

TRANSLATION RESERVE

Translation differences are generated by the translation into euros of the foreign currency financial statements of companies consolidated on a line-by-line basis or using the equity method, net of the fair value of instruments designated as net investment hedges. Of the increase, € 33,366k concerns exchange rate differences from the translation of financial statements in foreign currencies and € 36k to the change in the fair value of instruments designated as net investment hedges, net of the tax effect.

SHARE PREMIUM RESERVE

The share premium reserve, formed as a result of the capital increase described above, includes the portion of the capital increase price designated as a premium: € 524,083k (including € 1,549k from the sale of unexercised options) net of € 21,766k in transaction costs.

OTHER RESERVES AND RETAINED EARNINGS

These include the profits of subsidiaries not distributed as dividends and the amount set aside in connection with the recognized costs of the stock option plans.

Other reserves and retained earnings also include unrealized actuarial gains and losses (net of the tax effect) arising from the remeasurement of defined benefit plan assets and liabilities.

The change in this item was caused mainly by the loss for 2020 that has been carried forward on the basis of the Shareholders' Meeting resolution of 23 April 2021, as well as € 1,028k for contributions made on behalf of a partner of a North American affiliate that later became a wholly-owned subsidiary and € 35k for tax adjustments by the Italian companies Autogrill Italia S.p.A. and Autogrill Europe S.p.A., recipients of the ICT and Payroll divisions transferred by Autogrill Advanced Business Services S.p.A. ("business combination under common control" carried out in 2020).

TREASURY SHARES

At 31 December 2021 Autogrill S.p.A. owned 3,181,641 treasury shares with a carrying amount of € 13,042k, unchanged since the end of 2020.

NON-CONTROLLING INTERESTS

Non-controlling interests amount to € 51,002k, compared with € 59,881k at 31 December 2020. Most of the change is due to the profit for the period (€ 17,331k) and exchange gains of € 4,267k, net of the decrease in non-controlling interests due to reduced contributions for capital expenditure in the amount of € 30,477k.

2. CONSOLIDATED FINANCIAL STATEMENTS

OTHER COMPREHENSIVE INCOME

The following table shows the components of comprehensive income and the relative tax effect:

Full Year 2020

Tax benefit (expense)

Net amount Gross amount (expense)

Tax benefit

Remeasurements of the defined benefit (liabilities) asset

Items that will never be reclassified to profit or loss

Equity-accounted investee - share of other comprehensive income

Foreign currency translation differences for foreign operations

Gain (loss) on net investment hedge

(33,364) (71)

Items that may be subsequently reclassified to profit or loss

Total comprehensive income

4. NOTES TO THE INCOME STATEMENT

XXVIII. REVENUE

"Revenue" is detailed below:

Change
Full Year 2021
Full Year 2020

In 2021 the Group enjoyed an increase in revenue which improved steadily throughout the year, reflecting greater business volumes as a result of the slowdown in the pandemic (with the gradual easing of restrictions) and the successful vaccination campaign.

See the Directors' Report for a detailed review of sales performance.

XXIX. OTHER OPERATING INCOME

Full Year 2020

Marketing contributions from suppliers

Other income

177,028 i

"Marketing contributions from suppliers" increased by € 4,025k, due mainly to the higher purchasing volumes as a result of the gradual post-pandemic recovery in traffic in all of the Group's sales channels and countries.

"Income from business leases" refers to variable rent received under such arrangements. The increase was caused by the upturn in business, and the consequent reduction in the impact of completed renegotiations with sub-lessees of the terms and conditions of leases in light of the Covid-19 emergency (€ 7,282k vs. € 11,625k the previous year).

"Affiliation fees" pertain mostly to income earned by the companies Le CroBag and Autogrill Italia S.p.A. for franchised locations; the balance was stable from year to year.

"Gains on sales of property, plant and equipment" increased in 2021 as a result of the disposals in the United States.

"Other income", which includes income from services, reimbursements from third parties, and insurance payments, rose by € 52,937k mostly as a result of:

- the increase in revenue from the sale of food & beverage at American Airlines airport lounges (from € 24,598k or \$ 28,096k in 2020 to € 38,289k or \$ 45,284k in 2021) under an exclusive five-year contract with the airline (since May 2019) through the US subsidiary HMSHost Corporation;
- various forms of government Covid-19 relief for a total of € 36,531k (zero in 2020), mostly in Germany, France, and Switzerland.

2. CONSOLIDATED FINANCIAL STATEMENTS

There was basically no change in commissions from the sale of goods and services for which the Group acts as an agent (mostly telephone cards, fuel, and lottery tickets).

XXX. RAW MATERIALS, SUPPLIES AND GOODS

(€k)	Full Year 2021	Full Year 2020	Change
Purchases	1,190,623 j	902,267	288,356
Change in inventories	(20,659) ¹	32,910	(53,569)
Total	1,169,964 !	935,177	234,787

The increase in this item correlates with the growth in revenue. See the Directors' Report for further details.

XXXI. PERSONNEL EXPENSE

Full Year 2020

Wages and social security contribution

Employee benefits

Other costs

820,079 j

The increase in this item relates chiefly to the recovery of business and a relaxing of the initiatives taken by management in 2020 to mitigate the negative consequences of the pandemic. The measures that were relaxed with respect to 2020 mainly concern a reduction in working hours consistently with the decline in traffic and the use of different forms of relief measures put in place by local governments and equivalent actions in the countries served by the Group. These latter were significantly lower in 2021 (€ 79,784k) than the previous year (€ 155,479k).

The decrease in employee benefits is strictly correlated with the income of € 5,167k reported in Switzerland due to the impact of significant involuntary leavings on the determination of past service costs.

"Other costs" include the portion of the stock option plans pertaining to the year and fees paid during the period to the Board of Directors, as detailed in Section 11 below. The decrease is due to the significant impact of restructuring expenses (€ 18,916k) the previous year.

The headcount was 34,639 (31,092 in 2020).

XXXII. LEASES, RENTALS, CONCESSIONS AND ROYALTIES

(€k)

Leases, rentals and concessions Royalties

151,978

The balance of "Leases, rentals and concessions" at 31 December 2021 consists of variable lease and concession fees (€ 252,384k), short-term leases (€ 13,118k), low-value leases (€ 5,035k), and fees for access rights (€ 3,448k). The increase is due to a rise in the variable component (€ 153,885k in 2020) as well as the gain deriving from the release to the income statement in connection with the reduction/cancellation of lease liabilities as a result of the renegotiations concluded with landlords because of the ongoing Covid-19 pandemic, which entailed a reduction in minimum guaranteed lease payments of € 181,950k (€ 194,260k in 2020).

219

ANNUAL REPORT 2021

"Royalties" also increased, in line with business performance. XXXIII. OTHER

OPERATING EXPENSE

Full Year 2020

52,386 |

Maintenance

maintenance

Cleaning and disinfestations

Consulting and professional services

Commissions on credit card payments

Storage and transport

Advertising

Travel expenses

Telephone and postal charges

Insurance

Surveillance

Transport of valuables

Banking services

Sundry materials

Other services

Costs for materials and services

Impairment losses on receivables (Note V)

For taxes

For legal disputes

For onerous contracts

For restructuring

For other risks

Allocation to provisions for risks (Note XXVI)

Indirect and local taxes

Other operating expense

395,606 J

The increase in "Costs for materials and services" relates mainly to the rise in fees on credit card payments. The other items were essentially in line with the previous year, thanks to the cost-cutting measures taken by Group companies starting in March 2020 in light of the decrease in sales due to the spread of Covid-19. As better detailed in the Directors' Report, however, this item was affected by the final reckoning of non-recurring logistics costs, and by the introduction of important measures to protect the health and safety of employees and customers for € 1,971k (€ 5,667k in 2020).

2. CONSOLIDATED FINANCIAL STATEMENTS

"Allocations to provisions for risks" decreased substantially with respect to the 2020 figure, which was heavily influenced by provisions made by the North American subsidiaries against legal disputes with employees and third parties and provisions for restructuring costs in European countries. See Note XXVI for further details.

XXXIV. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The following table summarizes this item by asset category:

Full Year 2021

Change

Full Year 2020

Depreciation of right-of-use assets is broken down below by asset category:

	Full Year 2021	Full Year 2020	Change
Buildings			
Other			
Total			
(€k)			
			304,116 1,778 305,894*
Change			(50,721) (299) (51,020)

The steep reduction for property, plant and equipment reflects lower capital expenditure as a result of the Covid-19 pandemic, and for assets to be transferred free of charge, the effect of the two-year extension of Italian motorway concessions as established by Art. 2(2) of Decree Law 121/2021.

The depreciation of right-of-use assets decreased further as a result of the business slowdown in 2020, which led to fewer store openings, and the remeasurement of leases further to negotiations arising from the contractual extensions agreed with landlords.

Contributing to the reduction in both items was the disposal of the Spanish operations at the end of the previous year (€ 20,709k for all of 2020) and of the US motorway business in late July 2021 (€ 13,384k for the period August-December 2020).

During the year a total of € 23,479k in impairment losses was recognized (€ 61,656k in 2020), following impairment tests based on the prospective cash flows of each point of sale. Most of the impairment losses were recognized in the United States, Italy, Belgium, and Switzerland.

As mentioned earlier, these impairment losses reflect the new earnings projections of various locations which, due to the Covid-19 emergency and medium-term expectations regarding a return to pre-pandemic profitability, led management to change its location management strategies and to plan on exiting from these contracts in the coming months.

221

ANNUAL REPORT 2021

In this regard, in 2021 there was also a positive effect of € 8,886k from the early closure of two locations in the United States that management had already decided to exit in 2020.

The following table breaks down net impairment losses by category:

(€k)	Full Year 2021	Full Year 2020	Change
Goodwill	-2,271	(2,271)	
Other intangible assets	1,875	986	889
Property, plant and equipment	8,188	27,719	(19,531)
Assets to be transferred free of charge	4,489		3,019
Right-of-use assets	41	27,661	(27,620)

Total 14,59361,656(47,063)

See notes VII, VIII, IX, and X for details of the assumptions and criteria used to measure the recoverability of these categories of non-current assets.

XXXV. CAPITAL GAINS FROM THE DISPOSAL OF OPERATING ACTIVITIES

For 2021 this item refers to the disposal of the US motorway operations; for 2020 it concerned the disposal of Autogrill Iberia S.L.U. For further details see Section 2 of these Notes.

XXXVI. FINANCIAL INCOME AND EXPENSE

Full Year 2020

Interest income

Exchange rate income

Finance income on lease receivables

Other financial income

Total financial income

Full Year 2021

Interest expense

Finance expense on lease liabilities

Discounting of long-term liabilities

Exchange rate losses

Interest differential on exchange rate hedges

Fees paid on loans and bonds

Ineffective portion of hedging instruments

Other financial expense

Total financial expense

Total net financial expense

222

2. CONSOLIDATED FINANCIAL STATEMENTS

For 2021, net financial expense of € 100,925k (€ 112,926k the previous year) includes € 42,664k (€ 60,508k in 2020) in net implicit interest on lease liabilities in accordance with international accounting standard IFRS 16.

In light of the ongoing Covid-19 pandemic, in March 2021 a new set of covenant holidays was arranged with lender banks and bondholders for the temporary suspension of required parameters (leverage ratio and interest coverage ratio). These contractual changes, in accordance with IFRS 9, led to a revision of the 2020 calculation of the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows, entailing the recognition of € 13,648k in interest expense (€ 22,300k in 2020, for the

first round of covenant holidays). During the year, prior to the refinancing described above, € 20,805k was released to the income statement (€ 6,976k in 2020).

The debt refinancing that concluded in December 2021 entailed the following: • an increase in fees due to the release to the income statement of not-yet-amortized upfront fees on the loans repaid in advance (€ 7,938k);

an increase in other financial expense due mainly to the payment to US bondholders of a contractual make-whole fee, amounting to the present value of future coupons based on the difference between the contractually agreed interest rate and the applicable US Treasury yield for the same maturity. The expense of the make-whole fee of € 20,201k (\$ 23,915k) was partially offset by the unwinding of interest rate derivatives hedging the change in fair value of the bonds issued by HMSHost Corporation (notional amount \$ 100m), which produced an income of € 2,721k (\$ 3,219k).

The early repayment of bank loans and US bonds for which covenant holidays had been agreed led to the release to the income statement of € 7,735k, for the not-yet-amortized portion of the fair value adjustment recognized on application of IFRS 9 classified under interest expense.

That amount was partially offset by higher interest expense in 2021 due to the increase in margins on bank loans and bond coupons during the covenant holiday that began in June 2020 and ended in December 2021 with full repayment and cancellation of the loan agreements and bonds.

There was also a reduction in finance expense on lease liabilities, due to the general decrease in the incremental borrowing rate used for new contracts and for remeasurements not related to indexing.

XXXVII. REVALUATIONS (WRITE-DOWN) OF FINANCIAL ASSETS

Amounting to € 1,634k in 2021, this item includes the writeback of loans granted to the non-controlling shareholders of some North American subsidiaries classified under financial receivables from third parties, since the reasons for previous writedowns (€ -13,242k in 2020 in connection with the pandemic) no longer apply.

XXXVIII. INCOME TAX

The negative amount of € 39,976k (€ +134,094k in 2020) includes € 48,002k in current taxes (€ 6k the previous year) and € 8,528k in net deferred tax assets (€ 134,861k in 2020). Tax was affected by the amount due by HMSHost Corporation for the capital gain on the disposal of the US motorway business, amounting to € 44,659k (\$ 52,820k).

The 2020 amount included a tax refund of \$ 119m (€ 104.2m) to which the subsidiary HMSHost Corporation was entitled, by offsetting the federal tax loss incurred in 2020 as a result of the Covid-19 pandemic against the taxable income of prior years since 2015, according to the carry-back mechanism introduced in 2020 by US tax law. It was also possible to carry forward net operating losses for state tax purposes, for an additional deferred tax benefit of \$ 17m (€ 14.9m) that has likewise been recognized in the income statement.

At 31 December 2021 this item includes IRAP of € 232k (€ 71k the previous year), which is charged on Italian

operations and whose basis is essentially EBIT plus personnel expense for fixed-term labor, and CVAE of € 209K (€ 690k in 2020), charged on French operations and calculated on the basis of revenue and value added.

Below is the reconciliation between theoretical income tax and recognized income tax:

Full Year 2020

Theoretical income tax

Reduced tax due to the direct taxation of minority partners in fully consolidated US joint ventures

Net effect of unrecognised tax losses, of utilization of unrecognised prior-year tax losses and the revision of estimates on the taxability/ deductibility of temporary differences

Adjustment on French deferred tax liabilities due to the variation on tax rate from 25% to 26.5% (from 28% to 25% in the previous year)

Gain on operating activity disposal - difference between the book value and the tax value of the assets sold

Tax concession on the labour cost in the United States

Other net permanent differences

Income tax, excluding IRAP and CVAE

IRAP and CVAE

Recognised income tax

Average tax rate of the country where the Group operates

224

2. CONSOLIDATED FINANCIAL STATEMENTS

XXXIX. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated as the Group's share of net profit divided by the weighted average number of ordinary Autogrill S.p.A. shares outstanding during the year; treasury shares held by the Group are therefore excluded from the denominator.

Diluted earnings per share takes account of dilutive potential shares deriving from stock option plans when determining the number of shares outstanding.

		Full Year 2021	Full Year 2020
Profit (loss) for the period attributable to owners of the Parent (€k)	(37,846) i	(479,868)	
Weighted average no. of outstanding shares (no./OOO)	!	317,424;	251,915
Basic earnings (loss) per share (€)	j	-0.1192	-1.9049

5. NET FINANCIAL INDEBTEDNESS

Details of the net financial position (net financial indebtedness) at 31 December 2021 and 31 December 2020 are as follows:

Note	(€m)	31.12.2021	31.12.2020	Change
I	A) Cash	36.2	23.3	12.9
	B) Cash equivalents	307.0	590.3	(283.3)
	C) Other current financial assets			

Other current financial assets

- D) Liquidity (A + B + C)
- E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)
- F) Current portion of non-current financial debt
- G) Current financial indebtedness (E + F)
- H) Net current financial indebtedness (G - D)

1,927.4!

0.9; 1,928.3 i
(860.1)

(239.7) (0.4) (1,100.2)

M) Net financial indebtedness (H + L) - cam. CONSOB (04/03/2021 | ESMA 32-382-1138)¹

N) Other current and non-current financial assets

Net financial indebtedness (M - N)

¹ As required by the CONSOB circular and in accordance with ESMA 32-232-1138 recommendation of 4 March 2021
^{*} It includes the following financial statements lines "Bank loans and borrowings" excluding the current portion of non-current financial indebtedness [€ 37 Bm] and "Other financial liabilities" (€ 1.6m)
^{**} It includes the following financial statements lines "Bank loans and borrowings" limited to the current portion of non-current financial indebtedness [€ 5.3m], "Lease liabilities" for the current portion [€ 309.1m]
^{***} It includes the following financial statements lines for non-current liabilities "Loans" for the non-current portion of Financial Indebtedness [€ 544.2m] and "Lease liabilities" (€ 1,383.2m)
^{****} It includes the following financial statements lines "Lease receivables" [€ 16.0m], "Other Financial assets" (€ 36.3m) for current assets, "Lease receivables" [€ 599m] and "Other financial assets" net of guarantee deposits and intracsi-bcannng sums with third parties [€ 79m] for non-current assets

The decrease in net financial indebtedness is strictly correlated with the capital increase and the disposal of the US motorway business, which generated the cash needed to conclude the Group's refinancing in December 2021 (Notes XXI and XXIV).

For further commentary, see the notes indicated above for each item; the Group has a direct presence in Russia which is irrelevant also with reference to the impact on net financial indebtedness.

The Group's Dutch subsidiaries have local tax liabilities of € 24,490k (Note XVIII) as a result of the extended payment terms granted by an emergency Covid-19 government regulation; these are not included in net financial indebtedness as they are not a significant financing component, either implicitly or explicitly, in accordance with disclosure guidelines pursuant to ESMA 32-232-1138 of 4 March 2021.

226

2. CONSOLIDATED FINANCIAL STATEMENTS

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As required by IAS 7 (§44A), the following table reconciles changes in liabilities arising from financing activities, distinguishing between those arising from cash flows and other non-monetary changes.

€m	Cosh flow	Exchange rate	Non-monetary movements		Other movements	Total
			movements	gains (losses)		
	01.01.2021					31.12.2021

Bank loans and borrowings *	1,4118	(8774]	26.3	(9.9)	16.4 j	550.8 j
Bond issued	279.0	(274.8)	10.5	(14.7)	(4.2)	-j
Lease liabilities **	1,967.7	(160.9)	80.1	(194.6)	(114.5) j	1,692.3 j
Other financial liabilities ***	2.4	(1.0)	0.1	(0.2]	(0.1) j	1.3 i
Lease receivables **	(76.8)	(8.1)	(5.2)	.14.3	9.0 ;	(75.9) j
Other financial assets***	(44.8)	(5.5)	(4.4)	10.5	6.1 j	(44.3) j
<i>Total</i>	<i>3,539.2</i>	<i>(1,327.7)</i>	<i>107.3</i>	<i>(194.6)</i>	<i>(87.3) j</i>	<i>2,124.2j</i>

Current portion of Bank loans and borrowings, net of current account overdrafts (€ 5.3m), Loans, net of current portion (€ 544.2m), and accruing interest reported under current Other financial liabilities (€ 1.2m) of the Consolidated statement of financial position For the purposes of reconciliation with the Consolidated statement of cash flow, the cash flows are included in the item "Utilization of non-current loans" for € 499.7m, in the item "Repayments of non-current loans" for the entire amount and in the item "Issue of new current loans net of repayments" for € 155.7m

For the purposes of reconciliation with the Consolidated statement of cash flow, the cash flows are included in the item "Principal repayment of lease liabilities" net of one-off payments for € 0.5m

Current other financial liabilities, net of accruing interest (€ 0.4m), non-current Other financial liabilities (€ 0.9m) For the purpose of reconciliation with the Consolidated statement of cash flow, the cash flows are included in the item "Utilization of non-current loans" for € 0.2m and in the item "Issue of new current loans net of repayments" for € 0.8m

Current Other financial assets (€ 36.3m), non-current Other financial assets net of guarantee deposits and interest-bearing deposits with third parties (€ 79m) For the purposes of reconciliation with the Consolidated statement of cash flow, the cash flows are included in the item "Utilization of non-current loans" for € 6.4m and in the item "Issue of new current loans net of repayments" for € -11.9m Amounts shown in the statement of cash flows

The "Other changes" column includes the interest provisions for the year and changes in lease receivables and liabilities as a result of exemptions and contract remeasurements

6. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

6.1 FAIR VALUE HIERARCHY

The following tables break down assets and liabilities by category at 31 December 2021 and 2020 and financial instruments measured at fair value by valuation method. The different levels are defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for

than quoted prices included within Level 1 that are observable for assets and liabilities either directly (prices) or indirectly (derived from prices); Level 3 - inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

The Group has recognized financial assets according to the business model test for the use of amortized cost (held to collect) or fair value through other comprehensive income (held to collect and sell).

31.12.2021

Carrying amount

FVTPL ■
hedging Amortised
instruments cost FVTOCI

Financial assets measured at fair value

38 38

38 38

Financial assets not measured at fair value

Cash and cash equivalents

Trade receivables

Other current receivables

Other non current receivables

Lease receivables

Other financial assets (current)

Other financial assets (non-current)

642 694,907

Financial liabilities measured at fair value

151 151

151 151

Financial liabilities not measured at fair value

Bank overdrafts			32,809	-	32,809	■	-	-	-j
<u>Unsecured bank loans **</u>	j	-	<u>549,556</u>		<u>549,556</u>		<u>200,361</u>		<u>200,361</u> j
Lease liabilities	1	-	1,692,261	-	1,692,261	■	-	■	-l
Financial liabilities due to others ****	i	-	1,148	-	1,148	■	1,148	■	-j
Bonds	!	-	-	-	-	-	-	-	•j
Trade payables	j		357,609		357,609	■	-	-	J
Due to suppliers for investments	j		75,164		75,164				75,164 -j
Total	j	■	2,708,547	■	2,708,547				!

* Included in current Other financial assets of the statement of financial position

** Included in current Other financial liabilities of the statement of financial position

*** The fair value refers to the credit lines of Autogrill SpA, used in the amount of € 200,000k at 31 December 2021

**** Included in non-current Other financial liabilities for € 922k and current Other financial liabilities for € 226k

228

2. CONSOLIDATED FINANCIAL STATEMENTS

31.12.2020

(€k)	Carrying amount			Fair value		
	FVTPL ■ hedging Amortised instruments	cost FVTOCI	Total	level 1	level 2	level 3 Total

	2021	2020	2019	2018	2017	2016	2015
Financial assets measured at fair value							
Fair value of interest rate hedging derivatives *	6,356	-	-	6,356	-	6,356	- 6,356
Fair value of exchange rate hedging derivatives **	3,049			3,049		3,049	3,049
9,405							
Financial assets not measured at fair value							
Cash and cash equivalents	-	613,545					
Trade receivables		36,696					
Other current receivables	828	134,961					
Other non current receivables	-	104,916					
Lease receivables	-	76,811					
Other financial assets (current)	-	43,371					
Other financial assets (non-current)	-	30,796					
	613,545	36,696	135,789	104,916	76,811	43,371	30,796
828 1,041,096							
liabilities measured at fair value							
of interest rate hedging derivatives							
of exchange rate hedging derivatives							
97							
liabilities not measured at fair value							
Bank overd							
<i>bank loans *</i>							
1,967,673							
Lease liabil							
Financial In							
2,273,272,493							
ities							
abilities due to others							
Bonds							
Trade payables 292,097							
Due to suppliers for investments		- 87,450					
Total 4,084,215							
1,967,673							
292,359							
2,273,272,493							
292,359							
292,097 -87,450 -4,084,215							

Included in current Other financial assets (€ 1,698k) and non-current Other financial assets (€ 4,459k) of the statement of financial position. Included in non-current Other financial assets of the statement of Financial position. Included in current Other Financial liabilities of the statement of Financial position. The fair value refers to the credit lines of Autogrill SpA, used in the amount of € 925,000k at 31 December 2020.

Information on the fair value of assets and liabilities is not included when the carrying amount is a reasonable approximation of fair value.

In 2021 there were no transfers between different hierarchical levels.

ANNUAL REPORT 2021

a) Level 1 financial instruments

The fair value of a financial instrument traded in an active market is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and

active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price.

b) *Level 2 financial instruments*

The fair value of financial instruments not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For level 2, the specific valuation techniques are as follows:

- the fair value of interest rate swaps has been estimated considering the present value of future cash flows based on observable yield curves. This fair value takes into account the credit risk of the counterparty determined based on observable market data. It also takes into account the credit risk of the Group, calculated on the basis of credit and other financial ratios and benchmarking;
- the fair value of loans and bonds was estimated by discounting future cash flows at a risk-free market interest rate gross of a spread determined on the basis of the Group's credit risk, financial ratios and benchmarking.

6.2 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks:

- market risk;
- credit risk;
- liquidity risk.

The overall responsibility for the creation and supervision of a Group risk management system lies with Autogrill S.p.A.'s Board of Directors, which has formed a sub-committee for Control, Risk and Corporate Governance. The sub-committee is responsible for looking into matters concerning Autogrill's control and risk management system and helping the Board of Directors reach informed decisions on these issues.

The Group's risk management policies are designed to identify and analyze the risks to which the Group is exposed, establish appropriate limits and controls, and monitor the risks and compliance with those limits. These policies and the corresponding systems are revised regularly to reflect any changes in market conditions and the Group's operations. Through training, standards and official procedures, the Group aims to create a disciplined and constructive environment in which its employees are aware of their roles and responsibilities. The Internal Audit unit complements the sub-committee for Control, Risk and Corporate Governance in its monitoring activities, conducting periodic reviews and spot checks of the controls and risk management procedures and reporting results to the Board of Directors.

This section describes the Group's exposure to each of the risks listed above, its risk objectives and policies, and its means of managing and assessing these risks.

2. CONSOLIDATED FINANCIAL STATEMENTS

MARKET RISK

Market risk arises from exposure to fluctuations in variables relevant to financial transactions or in the prices of factors relevant to the Group's activities, due to changes in exchange rates, interest rates or equity instrument prices. The aim of market risk management is to take steps to minimize the impact of the volatility of such variables on the income statement or the consolidated financial statements. Minimizing volatility means keeping it within acceptable limits, also considering the cost-effectiveness of transactions to hedge the underlying risk.

Autogrill's financial policy places a strong emphasis on the management and control of market risk, in particular with respect to interest rates and exchange rates, given the extent of the Group's borrowings and its international profile.

INTEREST RATE RISK

The aim of interest rate risk management is to ensure the constant monitoring of financial expense and its volatility. This entails, through a mix of fixed-and floating-rate liabilities, the predetermination of a portion of financial expense out to a time horizon in keeping with the structure of debt, which in turn must be in line with capital structure and future cash flows. Where it is not possible to obtain the desired risk profile in the capital markets or through banks, it is achieved by using derivatives of amounts and maturities in line with those of the liabilities to which they refer. The derivatives used are mainly interest rate swaps (IRS).

Hedging instruments are allocated to companies with significant exposure to interest rate risk, through debt carrying a floating rate (thus exposing

Hedging instruments are allocated to companies with significant exposure to interest rate risk, through debt carrying a floating rate (thus exposing the Group to higher finance costs if interest rates rise) or a fixed rate (which means that lower or higher interest rates do not bring about a reduction or an increase in the amount payable).

Interest rate hedging instruments are accounted for as cash flow hedges in the financial statements of Group companies exposed to this risk. They are recognized under financial assets or liabilities, on a separate line of the statement of comprehensive income, and in the "Hedging reserve" in net equity.

Financial instruments hedging the risk of changes in the fair value of liabilities are accounted for as fair value hedges in the financial statements of Group companies exposed to this risk, and recognized as financial assets or liabilities with a balancing entry in the income statement.

At the close of 2021, net financial indebtedness excluding lease receivables and liabilities was denominated almost entirely in US dollars (51% a year earlier).

At the same date, all net financial indebtedness excluding lease receivables and liabilities consisted of fixed-rate debt, while at 31 December 2020 the share of fixed-rate debt was 17%.

EXCHANGE RATE RISK

The Group operates in various countries with functional currencies other than the euro. In these countries, the procurement policy dictates that raw material purchases and other operating expense be conducted in the same currencies, thereby minimizing exchange rate risk. Such a risk remains with respect to intragroup loans, when granted to subsidiaries that use non-euro currencies. Under these circumstances, the objective of currency risk management is to neutralize some of this risk in respect of payables and receivables in foreign currency arising from lending transactions in currencies other than the euro.

231

The Group's exposure to currency translation risk is detailed below, in local currency:

(Currency/0001	USD	CAD CHF
Equity	481,719	43,715 26,891
Profit (loss)	102,231	(10,358) (5,869)

If the euro had risen or fallen by 10% against the above currencies, at 31 December 2021 equity and profit for the year would have been altered as shown in the following table (in thousands of euros):

(€k)	USD 1.1326		CAD CHF 1.4381 1.0331			
	10%	-10%	10%	-10%	10%	-10%
Equity	(38,666)	47,258	(2,763)	3,378	(2,366)	2,892
Profit (loss)	(7,858)	9,604	635	(776)	493	(603)

This analysis was based on the assumption that the other variables, especially interest rates, remain unchanged.

Hedging instruments are allocated to companies with significant exposure to currency risk in terms of translation risk (i.e., the risk attending conversion into euros in the Parent company's or its subsidiaries' accounts of equity investments denominated in foreign currency) or financial assets or liabilities in a currency other than the reporting currency. These transactions are recognized at fair value under financial assets or liabilities.

Fluctuations in the fair value of hedges of foreign currency financial assets or liabilities are taken to profit or loss as

Fluctuations in the fair value of hedges of foreign currency financial assets or liabilities are taken to profit or loss, as is the corresponding change in the amount of the hedged assets and liabilities.

The fair value of exchange rate hedges outstanding at 31 December 2021 is shown below:

Notional amount (currency/000)	Expiry	Forward rate (€k)	Fair value
CHF10,985	November 2021	10470	(141)
NOK28,500	February 2022	10.2209	21
GBP2,000	February 2022	0.8480	17
USD8,000	February 2022	110980	(10)

232

2. CONSOLIDATED FINANCIAL STATEMENTS

CREDIT RISK

Credit risk is the risk that a customer or a financial instrument counterparty may cause a financial loss by defaulting on an obligation. It arises principally in relation to the Group's trade receivables and financial investments.

The carrying amount of the financial assets is the Group's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties, as detailed in Section 10.

Exposure at 31 December 2021 and 31 December 2020 was as follows:

31.12.2020

Bank and post office deposits

Other current financial assets

Lease receivables - current portion Trade receivables

Other current receivables '

43,371 15,003

36,696 89,061

(7,060)

961

0 078 10 2011

3,070 (3,424)

Derivative instruments *

Other non-current financial assets

Lease receivables - non-current portion

Other non-current receivables

(363,190)

This item excludes amounts due from "Personnel" for € 976k (€ 2,522k in 2020), from "Inland Revenue and government agencies" for € 14,909k (€ 29,410k in 2020), and "Accrued income and prepayments" for € 23,520k (€ 14,796k in 2020) in relation to the current assets item "Other receivables" in the consolidated statement of financial position, whose total balance comes to € 119,172k (€ 135,789k the previous year) Included in current "Other financial assets" for € 38k (€ 1,698k in 2020) and non-current "Other financial assets" for € 0k (€ 4,659k in 2020) of the Consolidated statement of financial position

Exposure to credit risk is modest because the Group serves consumers who pay in cash or by credit/debit card at the moment of purchase; this means that trade receivables and thus the relative degree of risk is of limited significance in relation to total financial assets.

In most cases, the Group's trade receivables stem from catering service agreements and commercial affiliations.

Other receivables (current and non-current) consist mainly of advances for services or commercial investments made on behalf of concession grantors, for which the degree of credit risk is low.

Financial assets are recognized net of impairment losses calculated on the basis of the counterparty's risk of default. Impairment is determined according to local procedures, which may require impairment of individual positions, if material, where there is evidence of an objective condition of uncollectability of part or all of the amount due, or generic impairment calculated on the basis of historical and statistical data.

(€k)	31.12.2021						Total
	Expired not impaired						
	Not expired	1-3 months	3-6 months	1 year	Over 1 year		
Airlines	15,632	5,387	284	341	18	21,662	
Franchises	3,968	392	161	84	680	5,283	
Catering services agreements	664	466	150	92	497	1,869	
Motorway partners	1	2,394	2,539	108	729	5,781	
Other	5,178	2,339	813	2,484	365	11,179	
Total	27,532	11,409	1,518	3,000	2,090	45,549	

Total 47,030 11,123 1,510 3,010 4,208 45,774

31.12.2020

Expired not impaired

6 months-

(€k)	Not expired	1-3 months	3-6 months	1 year	Over 1 year	Total
Airlines	4,042	1,373	25	33	104	5,577
Franchises	3,874	3,353	3 2 3	67	1,629	9,246
Catering services agreements		1,327	304	.90	122	471 2,314
Motorway partners		6,637	233	172	168	576 7,786
Other		5,995	3,997	692	544	546 11,773
Total		21,875	9,258	1,302	934	3,327 36,696

There is no significant concentration of credit risk: the top 10 customers account for 28% of total trade receivables (26% at 31 December 2020), and the largest customer, American Airlines, for 10% (7% the previous year).

LIQUIDITY RISK

Liquidity risk arises when it proves difficult to meet the obligations relating to financial liabilities.

The Group manages liquidity by ensuring that to the extent possible, it always has sufficient funds to meet its obligations on time, without incurring excessive charges or risking damage to its reputation.

The defining elements of the Group's liquidity situation are the resources generated or absorbed by operating and investing activities, the characteristics of its debt, the liquidity of its financial investments, and financial market conditions.

2. CONSOLIDATED FINANCIAL STATEMENTS

Exposure and maturity data at the close of 2021 and 2020 were as follows:

31.12.2021

Contractual cash flows

Carrying amount	Total	6 months-				Over 5
		1-3 months	3-6 months	1 year	1-2 years	
Current account overdrafts						
19,000	530,401					
68,609	149,350	281,321	597,913	503,928	1	
Liabilities due to others Bonds						
357,609	357,609	351,916				
Due to suppliers for investments						
73,000	454,050	300,334	4,100,000	504,000		

73,900 154,950 300,321 1,126,899 304,200:

31.12.2021

Contractual cash flows

Carrying amount
6 months-

Over 5 years

1 year 1-2 years 2-5 years

Forward foreign exchange derivatives Total

31.12.2020

Contractual cash flows

Non-derivative financial liabilities (€k)	amount	Total	Carrying		1 year	1-2 years	6 months- 2-5 years years	Over 5
			1-3 months	3-6 months				
Current account overdrafts	58,154	58,154	58,154	-				
Unsecured bank loans	1,409,378	1,409,378	161,229		45,746	48,795	1,123,608	30,000
Lease liabilities	1,967,673	1,967,673	96,436	82,489	198,365	397,394	619,826	573,164
Liabilities due to others	2,273	2,273	989		1		633	328 322
Bonds	273,710	273,710			32,806	240,904		
Trade payables	292,097	292,097	287,994		1,591	2,513		
Due to suppliers for investments	87,450	87,450	86,877		486	87		
Total	4,090,735	4,090,735	691,678	84,567	279,517	446,822	1,984,665	603,486

31.12.2020

Contractual cash flows

Carrying amount
6 months-

Over 5 years

1 year 1-2 years 2-5 years

Forward foreign exchange derivatives Total

97 97

97 97

97 97

With regard to exposure to trade payables, there is no significant concentration of suppliers, of which the largest io account for 28% of the total and the leading supplier (Autostrade per ritalia)foro%.

The loans (Note XXI) outstanding at 31 December 2021 require the compliance with certain financial ratios, specifically, the leverage ratio (net debt/EBITDA) and interest coverage ratio (EBITDA/net financial expense). These are measured with different criteria and for different groupings of companies depending on the loan and the beneficiary. In particular,

Autogrill S.p.A. has outstanding loans for which the above ratios are calculated on figures pertaining to the Autogrill Group as a whole.

The weighted average term of bank loans and bonds at 31 December 2021, including unutilized credit lines, is approximately 4 years and 3 months (2 years and 11 months at the end of 2020).

The accounting policies used for segment reporting are the same as those applicable to the consolidated financial statements.

Segment reporting in table form is provided below.

Profit & Loss (€k)	Full Year 2021				North	America	International	Europe
Corporate Consolidated								
Total revenue and other operating income	j	1,362,343	203,090	1,494,120	109	3,059,662		
Depreciation, amortisation and impairment losses on property, plant, equipment, intangible assets and right-of-use assets	;	(261,308)	(73,694)	(200,063)	(1,890)	(536,955)		
Operating profit (loss)	i	212,656	(41,557)	(24,926)	(27,544)	118,630		
Net financial income (expense)	j					(100,925)		
Share of the profit (loss) of equity method investments						122		j
Revaluation (write-down) of financial assets	j					1,634		
Pre-tax profit (loss)						19,461	J	
Income tax						(39,976)	I	
Profit (loss) for the year	;					(20,515)	I	

Profit & Loss (€k)	Full Year 2020				North	America	International	Europe
Corporate Consolidated								
Total revenue and other operating income		1,198,456	269	2,328,892	892,160			238,006
Depreciation, amortisation and impairment losses on property, plant, equipment, intangible assets and right-of-use assets		(236,596)	(2,059)	(671,098)	(341,508)			(90,935)
Operating profit (loss)		(148,711)	(21,994)	(511,624)	(260,537)			(80,383)
Net financial income (expense)							(112,926)	
Share of the profit (loss) of equity method investments							(192)	
Revaluation (write-down) of financial assets							(13,241)	
Pre-tax profit (loss)							(637,983)	
Income tax							134,094	
Profit (loss) for the year							(503,889)	

The Directors' Report highlights, by segment, the impact of elements that are unusual in terms of amount or likelihood of recurrence which, in the Directors' opinion, condition the perception of the normalized profitability of the Group and its segments. The corresponding adjusted figures are expressed as underlying EBIT and underlying profit.

It should be reminded that the Group doesn't have a meaningful direct exposure to Russia (4.1m€ of revenue in 2021, 0.1% of the Group Revenues), as already described in the Directors' Report and in the Notes.

ANNUAL REPORT 2021

31.12.2021

Corporate Consolidated

816,944 j

Other intangible assets

Property, plant and equipment

Right-of-use assets

Financial assets ⁵⁷**Non-current assets Net working capital** ⁵⁸**Other non-current non-financial assets and liabilities** ⁵ **Net invested capital**

31.12.2020

Corporate Consolidated

340,979

Other intangible assets

Property, plant and equipment

Right-of-use assets

Financial assets ³⁷**Non-current assets**Net working capital³⁸Other non-current non-financial assets and liabilities ⁵⁹**Net invested capital**

9. SEASONAL PATTERNS

The Group's volumes are closely related to the flow of travellers, which is highly seasonal in some businesses, and this in turn affects consolidated results.

Despite the ongoing Covid-19 pandemic, the breakdown of 2021 results by quarter was quite similar to 2019, when volumes were mostly concentrated in the second six months of the year when business is stronger due to the summer holidays. In 2020, on the other hand, the breakdown of results by quarter showed how the spread of the Covid-19 altered the seasonal pattern of previous years so that nearly half of all revenue was earned during the first quarter, before the pandemic was widespread, then dropped sharply during the second quarter when the first wave reached its peak and governments strictly curtailed personal movement.

⁵⁷ "Financial assets" include Investments and Other financial assets with the exception of Financial receivables From third parties [€ 79m at 31 December 2021 and € 2.3m at the end of 2020) and Fair value at interest rate hedging derivatives [zero of 31 December 2021 and € 4.7m at the end of the previous year]

⁵⁸ Net working capital consists of Tax assets, Other receivables, Trade receivables, Inventories, Trade payables, Tax liabilities, Other payables, and Provisions for risks and charges (current portion only)

⁵⁹ Other non-current non-financial assets and liabilities include Deferred tax assets, Other receivables, Deferred tax liabilities, Defined benefit plans, Provisions for risks and charges, and Other payables (non-current portion only)

2. CONSOLIDATED FINANCIAL STATEMENTS

Full Year 2021

First six months First nine months"

Revenue '

% of full year

Operating profit (loss)

% of full year

Pre-tax profit (loss)

% of full year

Profit (loss) attributable to owners of the Parent

% of full year

For consistency with the data in the Directors' Report, revenue does not include fuel sales, which take place mainly at Italian and Swiss service stations Figures not audited

The percentages shown are general indications only and should not be used to predict results or the generation of cash.

10. GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES

At 31 December 2021 the guarantees given by the Autogrill Group amounted to € 455,983k (€ 460,077k at the close of 2020) and referred mainly to performance bonds and other personal guarantees issued in favor of grantors and business counterparties.

COMMITMENTS

Commitments outstanding at 31 December 2021 concern:

- the value of goods on consignment held at Group locations (€ 217k);
- commitments for service contracts (€ 204,525k);
- commitments for access rights (€ 15,037k);
- commitments under low-value and short-term leases (€ 7,269k).

An access concession exists when ownership of the land and buildings along the motorway is in the hands of a private firm (like Autogrill), which negotiates access rights with the motorway company with the commitment to sell fuel and lubricants and/or food and beverages to motorway users. The firm accepts the obligation to pay rent to the motorway as well as certain stipulations regarding the way the services are to be provided and the hours of operation.

CONTINGENT LIABILITIES

At 31 December 2021, there were no contingent liabilities as defined in IAS 37.

11. OTHER INFORMATION

RELATED PARTY TRANSACTIONS

Autogrill S.p.A. is controlled by Schematrentaquattro S.p.A., which owns 50.3% of its ordinary shares. Schematrentaquattro S.p.A. is a wholly-owned subsidiary of Edizione S.p.A.

All related-party transactions are carried out in the Company's interest and at arm's length.

In 2021 Autogrill S.p.A. and its subsidiaries conducted no transactions with the direct parent, Schematrentaquattro S.p.A.

Raw materials, supplies and goods

Full Year 2021 Full Year 2020 Full Year 2021 Full Year 2020 Full Year 2021 Full Year 2020

Parent:

Edizione S.p.A.

Other related parties:

Arlantia group

Verde Sport S.p.A. Olimpias Group S.r.l. Equity investments

Other related parties *

Total Related parties

Total Group

Incidence

The other related parties refers to transactions with Directors, Statutory Auditors and Executives with strategic responsibilities

Trade payables

Statement of financial position (€k)

Parent:

Edizione S.p.A.

Other related parties:

47,580 j

6,248 i

19,106

1,423

5,881

1,338)

2 i

Atlantia group Benetton

Group S.r.l. Equity

investments

542 l

The other related parties refers to transactions with Directors, Statutory Auditors and Executives with strategic responsibilities.

240

2. CONSOLIDATED FINANCIAL STATEMENTS

Leases, rentals,		concessions and royalties		Other operating expense		Personnel expense		Financial (expense) income	
Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020
112	i								
(5,552)	j								
45									
7,953	!								
(5,552)	i								
								151,978	13.9% i
395,606	s	2.6%	i					416,332	1.3%
								773,183	0.6%
								(112,926)	5.3%

Lease liabilities - Current		Lease liabilities - Non Current			
31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020

146

268,867 j 210,284

2 569 i 16 360 i

2,000,000	10,000,000
378,993	
4.3%	
39,917	
	309,098 12.9% i
268,867	
	1,383,163 j 19.4%j
210,284 1,590,384	
13.2%	

241

ANNUAL REPORT 2021

Edizione S.p.A.

"Personnel expense" refers to fees earned by a Director of Autogrill S.p.A. and paid back to Edizione S.p.A. where he serves as executive manager.

"Other payables" mostly originate from Autogrill Italia S.p.A.'s purchase of Edizione S.p.A.'s tax credit (IRES) for the year 2019, amounting to € 750k, which was paid for in July.

Atlantia group

"Leases, rentals, concessions and royalties" refer to variable concession fees and ancillary costs paid to Autostrade per l'Italia S.p.A. by Autogrill Italia S.p.A. In 2021 the variable portion more than offset the reduction due to the waiver of fixed concession fees (€ 34,893k) granted by Autostrade per l'Italia S.p.A. and recognized in the income statement in accordance with the amendment to IFRS 16.

"Other operating expense" refers chiefly to the management of motorway locations.

"Financial expense" concerns the application of international accounting standard IFRS 16, which requires the recognition of implicit interest previously included under "Leases, rentals, concessions and royalties".

"Trade payables" originate from the same contractual relationships.

"Lease liabilities" arise from the application of IFRS 16 and the consequent recognition of € 308,784k deriving from the discounting of fixed or substantively fixed future minimum lease payments outstanding at 31 December 2021. During the year, the enactment of Art. 2(2) of Decree Law 121 of 11 September 2021 granted a two-year extension of motorway concessions. As a result, the Company recognized additional right-of-use assets and lease liabilities.

"Other receivables" refers mainly to credit notes to be received from Autostrade per l'Italia S.p.A., as well as fees for rest stop cleaning services.

Verde Sport S.p.A.

Other operating expense concerns the commercial sponsorship of youth sports at the facilities housed at "La Ghirada - Citta dello Sport".

Benetton Group S.p.A.

Benetton Group S.p.A.

"Other payables" include € 13,409k due by the German subsidiary Le CroBag GmbH & Co KG to the Benetton Group for Covid-19 relief payments which, as part of a joint request, will be received in the name and on behalf of the Benetton Group and paid over to it once received from the German government. The current presentation of this item represents the most likely settlement of the parties' positions with each other and with the German tax authorities as of this writing.

2. CONSOLIDATED FINANCIAL STATEMENTS

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The following remuneration accrued to members of the Board of Directors and to key management personnel in 2021¹:

Remuneration	Bonus and incentives	otherNon-monetary benefits	Other fees	(€)	(€)	(€) (€)
						From 18/11/2021 to 2022
Paolo Roverato ¹						
From 2020 to 18/11/2021						
Paolo Zannoni						
Gianmario Tondato da Ruos						
Alessandro Benetton						
Massimo Di Fasanella D'Amore di Ruffano ^{***} Director						
Francesco Chiappetta ^{***}						
Ernesto Albanese						
Franca Bertagnin Benetton						
Maria Pierdicchi						
Barbara Cominell						From 21/05/2020 to 2022
Simona Scarpaleggia						
Laura Cioli ^{****} Total Directors						From 21/05/2020 to 2022
						From 21/05/2020 to 2022
Corporate General Manager						
Key management personnel						
276,270	3,285,430					

(1) The above table does not include the remuneration of Elisabetta Ripa (7,200k€) for Autogrill Italia S.p.A. until the approval of 2022 Annual Report
 (2) Other fees are for serving as director at Autogrill Europe S.p.A and Autogrill Italia S.p.A.
 *** Other fees are For serving on the Control, Risks and Corporate Governance, Strategies and Sustainability, and Human Resources committees.
 **** Other Fees are For serving as director, at Autogrill Europe SpA and Autogrill Italia S.p.A., respectively
 ***** Laura Cioli resigned From Autogrill S.p.A.'s Board of Directors on 28 February 2022, effective immediately
 ***** other Fees are For serving as sole director of Autogrill Advanced Business Services S.p.A

A significant portion of the variable compensation received by the CEO, the Corporate General Manager, and the key management personnel is tied to the achievement of specific targets established in advance by the Board of Directors, by virtue of their participation in management incentive plans. Should the CEO leave office for any reason, he shall retain the right to variable pay under the incentive plans of which he is a beneficiary, subject to the achievement of the targets and the satisfaction of any other condition stated in each plan, regulation, or program and in an amount proportional to the service rendered during the relevant period of time.

For the Corporate General Manager and key management personnel, any rights acquired under incentive plans (including options) shall be null and void in the event of termination for just cause, subjective justified cause, or voluntary resignation ("bad leavers"). In the event of termination for objective justified cause or retirement ("good leavers"), the beneficiary does not lose the pro-rata rights acquired under the plans

leavers), the beneficiary does not lose the pro-rata rights acquired under the plans.

See the section "Incentive plans for executive Directors and key management personnel" for a description of the plans in force.

The CEO's remuneration includes his executive salary from Autogrill S.p.A., which is shown under "Other remuneration". According to the Board of Directors resolution of 21 May 2020, which governs the CEO's employment, if the CEO resigns with just cause or is dismissed by the Company without just cause, the Company will top up to € 2m the standard indemnity in lieu of notice and any other indemnity or leaving compensation provided for in the national collective managers' contract for the commercial sector, when less than that amount. Also, given the CEO's strategic role at the Company, he is bound by a non-compete agreement and a ban on poaching Autogrill Group personnel for 18 months, under a specific agreement that entails a penalty for breach thereof.

Non-compete agreements, with or without an option clause, are also in place with the Corporate General Manager and with key management personnel.

STATUTORY AUDITORS' FEES

The following fees accrued to members of the Board of Statutory Auditors in 2021:

Marco Giuseppe Maria Rigolti	
Francesco Michela Maurelli	
Massimo Catullo Antonella Card *	
Total Statutory auditors	
50,000	
50,000 175,205	

* Other fees are related to the remuneration as Statutory Auditor for Autogrill Advanced Business Services SpA

Remuneration (€)
Other fees (€)

INDEPENDENT AUDITORS' FEES FOR AUDIT AND OTHER SERVICES

Service provider	
Parent's auditors	Parent's auditors
Parent's auditors network	
Parent's auditors	
Parent's auditors	
Parent's auditors network	
Parent's auditors network	

INCENTIVE PLANS FOR DIRECTORS AND KEY MANAGEMENT PERSONNEL

2016 PHANTOM STOCK OPTION PLAN

On 26 May 2016, the General Meeting of shareholders approved an incentive plan referred to as the "2016 phantom stock option plan". The options were assigned free of charge to executive Directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or

responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

This plan, which expires on 30 June 2024, is split into three sub-plans or "Waves" which

244

2. CONSOLIDATED FINANCIAL STATEMENTS

grant each beneficiary the right to receive, for each option exercised, a gross cash amount equal to the difference between the terminal value and the allocation value of the Autogrill shares (the "Bonus"), subject to certain conditions and in any case not exceeding a given cap. Specifically, the terminal value of the shares is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the exercise date, plus dividends paid from the grant date until the date of exercise. The allocation value is defined as the average official closing price of the company's shares at the end of each trading session of the Italian Stock Exchange in the month prior to and inclusive of the allocation date.

On 26 May 2016, the plan was implemented and the terms and conditions of Wave 1 were defined. With a vesting period from 26 May 2016 to 25 July 2019, a total of 4,825,428 options were assigned. No options were cancelled in 2021.

Under the 2016 phantom stock option plan described below, the CEO has been assigned 679,104 options in Wave i, with a minimum holding commitment as detailed in the Remuneration Report. In 2019 the CEO exercised 543,283 of his Wave 1 options.

Movements in options in 2021 and 2020 are shown below:

Number of options

Options at 31 December 2019 795,474

Options exercised in 2020

Options cancelled in 2020 (7,464) Options at 31 December 2020 788,010

Options exercised in 2021 Options cancelled in 2021

Options at 31 December 2021 788,010

An independent external advisor has been hired to calculate the fair value of the phantom stock options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk-free rate of return. The calculation was performed using the binomial method.

The costs for this plan amounted to € 243k in 2021 compared with € -1,376k the previous year, when the amount was strongly influenced by the greater volatility and uncertainty in the Group's industry and in general throughout the stock market.

The remaining average contractual life is 0.6 years.

Thorough information on the 2016 phantom stock option plan is provided in the Disclosure Document prepared in accordance with Art. 84-iw (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com <<http://www.autogrill.com>> (/Governance/Shareholders' meeting).

2018 PERFORMANCE SHARE UNITS PLAN

On 24 May 2018, the General Meeting of shareholders approved an incentive plan referred to as the "2018 performance share unit plan". The units were assigned free of charge to executive Directors and employees with strategic responsibilities of the company and/or its subsidiaries or to members of the management team as named, on one or more occasions, by the Board of Directors.

The plan is split into cycles or "Waves" which grant each beneficiary the right to exchange units for Autogrill shares if the Group's stock market performance and financial results both satisfy given conditions.

245

On 24 May 2018, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. For Wave 1 (vesting period from 24 May 2018 to 23 May 2020) a total of 866,032 units were assigned. For Wave 2 (vesting period from 24 May 2018 to 23 May 2021) a total of 789,906 units were assigned.

Under the 2018 performance share unit plan, the CEO received 136,701 units in Wave 1 and 122,830 units in Wave 2.

On 27 June 2019, Wave 3 of the plan was rolled out. The vesting period runs from 27 June 2019 to 26 June 2022 and a total of 956,206 units have been assigned, of which 153,632 to the CEO.

Regarding Wave 2, in 2021 the vesting conditions were not satisfied, and the beneficiaries definitively lost the opportunity to convert their units into shares. Wave 2 is therefore terminated (as was Wave 1 in 2020).

To exclude the dilutive effect of the capital increase concluded in early July 2021, at its meeting of 30 July the Board of Directors voted to assign an additional 114,819 units (20,124 of them to the CEO).

Wave 3 movements in 2021 and 2020 are shown below:

	Number of units WAVE 3
Units at 31 December 2019	926,342
Units exercised in 2020	
Units cancelled in 2020	(47,809)
Units at 31 December 2020	878,533
Units exercised in 2021	
Options assigned in 2021	114,819
Units cancelled in 2021	(6,347)
Units at 31 December 2021	987,005

An independent external advisor was hired to calculate the fair value of the units, based on the value of shares on the grant date, volatility, estimated dividend payments, duration, and the risk-free rate of return. The calculation was performed using the binomial method.

2021 PERFORMANCE SHARE UNITS PLAN

On 23 April 2021, the General Meeting of shareholders approved a new long-term incentive plan referred to as the "2021 performance share unit plan". Units are assigned to employees and/or Directors of the Company and its subsidiaries who are selected, on one or more occasion, by Board of Directors - at its sole discretion - from among those individuals with strategic responsibilities or members of the management team tasked with creating value (the "Beneficiaries").

The units are assigned free of charge, giving Beneficiaries the right to one free share per unit, under the terms and conditions stated in the regulations.

The Plan is split into three subplans, or "Waves": the first with a launch date in 2021 and a vesting period of 24 months from the launch date, and the other two with launch dates in 2021 and 2022 and vesting periods of 36 months from those dates.

On 23 April 2021, the plan was implemented and the terms and conditions of Wave 1 and Wave 2 were defined. For Wave 1 (vesting period from 23 April 2021 to 22 April 2023) a total of 1,168,574 units were assigned. For Wave 2 (vesting period from 23 April 2021 to 22 April 2024) a total of 1,046,879 units were assigned.

Under the 2021 performance share unit plan, the CEO received 213,601 units in Wave 1 and 191,356 units in Wave 2.

2. CONSOLIDATED FINANCIAL STATEMENTS

To exclude the dilutive effect of the capital increase concluded in early July 2021, at its meeting of 30 July the Board of Directors voted to assign an additional 152,420 units (27,878 of them to the CEO) under Wave 1 and an additional 136,659 units (24,980 of them to the CEO) under Wave 2.

Movements in 2021 are presented below:

movements in 2021 are presented below.

	Number of units	
	Wave 1	Wave 2
Units at 31 December 2020		
Units received in 2021	1,321,094	1,183,538
Units exercised in 2021		
Units cancelled in 2021		
Units at 31 December 2021	1,321,094	1,183,538

An independent external advisor was hired to calculate the fair value of the units, based on the value of shares on the grant date, volatility, estimated dividend payments, duration, and the risk-free rate of return. The calculation was performed using the binomial method.

Costs in 2021 for the Group's performance share units plans came to € 2,887k (€ 850k in 2020).

The remaining average contractual life is 1.4 years.

Thorough information on the 2018 performance share unit plan and the 2021 performance share unit plan is provided in the Disclosure Document prepared in accordance with Art. 1021-bis (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com <<http://www.autogrill.com>> (/Governance/Shareholders' meeting).

12. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In 2021, there were no significant non-recurring events or transactions as defined by CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006.

13. ATYPICAL OR UNUSUAL TRANSACTIONS

In 2021 there were no atypical and/or unusual transactions as defined by CONSOB Communication DEM/6064293 of 28 July 2006. See, respectively, Note XXVII and Section 2 of the Notes for information on the capital increase and the disposal of the US motorway business, which fall within the Group's ordinary operations.

14. SUBSEQUENT EVENTS

Since 31 December 2021, no events have occurred that would have entailed an adjustment to the reported figures or required additional disclosures.

In particular, it should be noted that according to I AS 10, the impacts of the Russian-Ukrainian conflict do not affect the estimates related to the end of the financial year 2021 and will be considered, where necessary, in subsequent financial communications.

15. AUTHORIZATION FOR PUBLICATION

The Board of Directors authorized the publication of this annual report and consolidated financial statements at its meeting of 10 March 2022.

ANNEXES

LIST OF CONSOLIDATED COMPANIES AND OTHER INVESTMENTS

Parent

145,115,247 j 50.3000%! Schematrentaquattro S.p.A.

Companies consolidated line by line

100,000 j 100.0000%; Autogrill Italia S.p.A.

100.0000%! Autogrill S.p.A.

68,688,000 100.0000%! Autogrill S.p.A.

1,000,000 100.0000%! Autogrill S.p.A.

100.0000% j Autogrill Europe S.p.A.

100.0000% 1 Autogrill Europe S.p.A.

Autogrill Hellas Single Member Limited Liability Company

EUR 3,696,330 | 100.0000% i Autogrill Europe S.p.A.

100.0000% i Autogrill Europe SpA.

l

j 98.8700%, Autogrill Deutschland GmbH

1.1300% i Le Fournil de Frederic Neuhauser GmbH

26,192 [100.0000% l Le CroBag GmbH & Co KG

Le Fournil de Frederic Neuhauser GmbH

Autogrill Europe S.p.A.

Ac Restaurants & Hotels Beheer N.V.

3,250,000 | 999900% \ Autogrill Belgie N.V.

23,183,000 | 100.0000% i Autogrill Europe SpA

2,000,000 i 73.0000%! Autogrill Schweiz A.G.

1,500,000 i 54.3300% j Autogrill Schweiz A.G.

84,581,920 j 100.0000% i Autogrill Europe S.p.A.

31,579,526 i 100.0000%! Holding de Participations Autogrill S a s.

1,050,144 j 50.0000% l Autogrill Cote France S a s.

2,337,000 100.0000% j Holding de Participations Autogrill S a s.

Societe de Gestion Petroliere Autogrill S.ar.l. (SGPA) Marseille

Autogrill FFH Autoroutes S.ar.l.

375,000 l 100.0000%! Autogrill Restauration Carrousel S.a.s.

100.0000.% l Autogrill S.p.A.

- | 100.0000%! HMSHost Corporation

■ j 100.0000% ! HMSHost Corporation

100.0000% j HMSHost Corporation

1,000 ! 100.0000%i Host International, Inc

Host International of Maryland, Inc.

! i

248

2. CONSOLIDATED FINANCIAL STATEMENTS

Registered office Currency

1,000 100.0000% i HMSHost Corporation

100.0000% i Anton Airfood, Inc.

Anton Airfood of JFK, Inc. Anton Airfood of Minnesota, Inc.

Palm Springs AAI, Inc Fresno AAI, Inc
100.0000% : Anton Airfood, Inc.
100.0000% ; Anton Airfood, Inc.
25,500 . 100.0000%! Host International, Inc.
Host International (Poland) Sp.zo.o. (in liquidation) Warsaw
Shenzhen Host Catering Company, Ltd. (in liquidation) Shenzhen
11,289,360 < 100.0000%i Host International, Inc. 1,351,237 ! 100.0000% j Host International, Inc. 45,400 I 100.0000% i HMSHost International B V.
2,665,020 i 100.0000% I Host International, Inc.
99.0000% | Host International, Inc.
668,441,680 - 1.0000%] HMSHost International, Inc
2 I 100.0000% j Host International, Inc
1,520,048 i 100.0000% I Host International, Inc.
HMSHost (Shanghai) Enterprise Management Consulting Co., Ltd. (in liquidation)
18,090 j 100 0000% I Host International, Inc.
99.0000% ; HMSHost Services India Private Ltd. 1 0000% I HMSHost International, Inc.
60.0000% j HMSHost International B V.
2,500 j 100.0000% ! HMSHost International B V.
Host Bush Lubbock Airport Joint Venture
HSI Kahului Joint Venture Company
HSI Southwest Florida Airport Joint Venture
HSI Honolulu Joint Venture Company
HMS/Blue Ginger Joint Venture HSI-Tinsley Joint Venture
HSI/Tarra Enterprises Joint Venture
HSI D&D STL FB, LLC
Hawaii
Texas Florida
Florida Missouri
USD
USD
USD USD
USD
85.0000% i Host Services, Inc.
Host/JV Ventures McCarran Joint Venture
HSI Miami Airport FB Partners Joint Venture
51.0000%! Host International, Inc.
75.0000%! Host International, Inc.
Host CTI Denver Airport Joint Venture
63.0000% j Host International, Inc.
- j 100.0000% ! Host International, Inc.
85.0000% i Host International, Inc.
75.0000% j Host International, Inc.
90.0000% I Host International, Inc.
70.0000% j Host International, Inc.
95.0000% I Host International, Inc.
85.0000% j Host International, Inc.
- i 80.0000% Host International, Inc.

51.0000% | Host International, Inc.
65.0000% ! Host International, Inc.
HSI Havana LAX F&B, LLC
Host-CTI DEN F&B II, LLC Host Lee JAX FB, LLC
.50.0100% | Host International, Inc
70.0000% ! Host Services, Inc.
60.0000% | Host International, Inc. 80.0000% | HSI Havana LAX F&B, LLC
100.0000% Host International, Inc
85.0000% | Host International, Inc
65.0000% ; Host International, Inc.
76.0000% j Host Services, Inc.
-! 90.0000% | Host International, Inc.
51.0000% ' Host International, Inc.
Host Aranza Howell DFW B&E FB, LLC
65.0000% ! Host International, Inc.
70.0000% | Host International, Inc.
80.0000% ! Host International, Inc.
-! 51.0000% j Host International, Inc.
70.0000% | Host International, Inc.
60.0000% | Host International, Inc.
55.0000% i^{Host} International, Inc.
71.0000% ! Host Services, Inc.
Host JQE CVGFB, LLC Host MBA CMS LAX, LLC
USD USD
90 0000% | Host International, Inc. 70.0000% | Host International, Inc.
80 0000% | Host International, Inc.
- i 80 0000% j Host International, Inc.
70.0000% | Host International, Inc. 84.0000% | Host International, Inc
60.0000% ! Host International, Inc
70.0000% | Host International, Inc
90 0000% | Host International, Inc.
Host DOG LAS FB, LLC
Stellar Partners Tampa, LLC
Host LBL LAX T2 FB, LLC Host BGI MHT FB, LLC
Host SCR SAV FB, LLC
Host Chen ANC FB LLC
Host SCR SAN FB, LLC Host SCR SNA FB, LLC
USD
USD
USD
USD
USD USD
USD
USD
55.0000% j Host International, Inc 90.0000% | Stellar Partners, Inc
80.0000% | Host International, Inc
90 0000% ! Host International, Inc.
90.0000% , Host International, Inc.
88 0000% ! Host International, Inc.
75.0000% | Host International, Inc.
• j 75.0000% | Host International, Inc.
90 0000% | Stellar Partners, Inc

00.0000% i Stellar Partners, Inc.
80.0000% | Host International, Inc
50.0100% 1 Host International, Inc.
55.0000% | Host International, Inc.
80.0000% i Stellar Partners, Inc.
2,000 | 100.0000% | Host International, Inc.

250

2. CONSOLIDATED FINANCIAL STATEMENTS

Registered office Currency

217,065 1 100.0000%; HMSHost International B.V.
2,500,000 i 100.0000% | HMSHost International B.V.
13,600,000 | 100.0000%
100 100.0000% 1 HMSHost International B.V.
110,000,000 100.0000%) HMSHost International B.V.
46,600,000,000 | 65.0000% j HMSHost International B.V.
10,800,100 j 100.0000% i Host International of Canada, Ltd.
35,271,734 i 100.0000% | HMSHost International B.V.
Ho Chi Minh City VND 104,462,000,000 : 70.0000% | HMSHost International B.V.
Limited Liability Company Autogrill Rus
99.6670% | HMSHost International B.V
0.3330% | HMSHost Nederland B.V.
Ho Chi Minh City VND 1,134,205,500 . 100.0000% i HMSHost International B.V.
99.9999% i SMSI Travel Centres, Inc.
0.0001% j HMSHost Motorways, Inc
100.0000% | SMSI Travel Centres, Inc.
HMSHost Antalya Yiyecek Ve Icecek Hizmetleri A.S. Antalya
59.0000% ; Stellar Partners, Inc.
Host CEI KSL MSY, LLC Stellar RSH DFW, LLC
65.0000% i Stellar Partners, Inc.
670000% Host International, Inc
Host MCL DFW SB, LLC
Host MCL DFW Bar, LLC Host TGI DEN GD FB, LLC
55.0000% | Host International, Inc
75.0000% i Host International, Inc.
50.0100% | Host International, Inc
70.0000% | Host International, Inc.
80.0000% | Host International, Inc.
Republic of Maldives
99.3000% i HMSHost International B.V. 0.7000% | HMSHost Nederland B.V.
Russia
HMSHost Rus Limited Liability Company
HMS Host (Shanghai) Catering Management Co., Ltd. China
49.0000% : HMSHost International B.V.
Autogrill Middle East, LLC
HMSHost Catering Malaysia SDN BHD

Arab Host Services LLC Host CEG KSL LGA FB, LLC
350,000 ;
100,000 ; 100.0000%: HMSHost International B.V.

49.0000% ! Host International, Inc. 51.0000% i HMSHost International B.V.

200,000 1 49.0000% j Autogrill Middle East, LLC
70.0000% : Host International, Inc.

51.0000% : Host Services, Inc

65 0000% ! Stellar Partners, Inc.

251

ANNUAL REPORT 2021

% held at

Share capital 31.12.2021 Shareholders

Stellar Retail Group PHX, LLC Stellar LAM PHX, LLC

Host NMG EWR SB, LLC

Host PHE LDL MCO FB, LLC HSI MCA LBL LAX T6-TBIT, LLC

USD

Delaware

60.0000% ! Stellar Partners, Inc.

i 70.0000% i Host International, Inc.

USD

Dela

USD

51.0000% | Host Services, Inc.

Dela

Stellar MGVBWI, LLC HSI MCA MIA SB, LLC

80 0000% . Host Services, Inc.

75.0000% ! Host International, Inc

75.0000% ! Host Services, Inc.

Stellar DCA BNA, LLC Stellar DCA SLA BNA, LLC

60.0000% ; Host Services, Inc.

65.0000% ; Host International, Inc.

• ! 80.0000% | Host Services, Inc.

70.0000% | Host International, Inc.

75.0000% | Host International, Inc.

70.0000% · Stellar Partners, Inc.

90.0000% j PGC-St. Croix IAH, LLC

100.0000% j Stellar Partners, Inc.

■ ! 60.0000% j Stellar Partners, Inc.

74.0000% j Stellar Partners, Inc.

100 0000% ! Stellar Partners, Inc.

100.0000% | Stellar Partners, Inc

100.0000% Stellar Partners, Inc.

- ! 100.0000% | Stellar Partners, Inc.

85.0000% i Stellar Partners, Inc.

Stellar AIM VMW SFO, LLC Host AJA EI DTW FB, LLC Host SMI HPH LAX FB, LLC Adastra Brands, Inc. Puro Gusto NA, LLC HSI BGI BOS SB, LLC

80.0000% ! Host International, Inc.

80.0000% ! Stellar Partners, Inc.

Host JAVA Howell DFW F, LLC Stellar ACAF DFW TERM A RTL 3, LLC

75.0000% : Stellar Partners, Inc.

88.0000% ! Host International, Inc.

97.0000% ! Host International, Inc.

82.0000% j Host International, Inc.

- l 80.0000% j Host International, Inc

252

2. CONSOLIDATED FINANCIAL STATEMENTS

% held at

Share capital 31.12.2021 Shareholders

80 0000% ! Stellar Partners, Inc.

Stellar DML MCO News Partners LLC

Stellar ACAF DFW Term D, LLC

180,000 i 100.0000% ! HMSHost International B.V.

100.0000% . HMSHost International B.V.

50.0000% i Host International, Inc. 25.0000%! Stellar Partners, Inc

HOST NHE JQE BHM FB, LLC

USA

USD

70 0000% ! Host International, Inc.

0

USA

USD

! 49.0000% | HMSHost International BV ■ i 75.0000% | Stellar Partners, Inc

Stellar LAM PHX III, LLC

Companies consolidated using the equity method

1,020,000 i 50.0000% j Autogrill Belgie N.V.

49.0000%! HMSHost International B.V.

ANNUAL REPORT 2021

ATTESTATION BY THE CEO AND THE FINANCIAL REPORTING MANAGER

Certification of the consolidated financial statements pursuant to Art. Si-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. We, the undersigned, Gianmario Tondato Da Ruos as Chief Executive Officer and Camillo Rossotto as Manager in charge of Financial Reporting of Autogrill S.p.A., hereby declare, including in accordance with Art. 154-¹⁵ (3) and (4) of Legislative Decree 58 of 24 February 1998:
 - the adequacy of, in relation to the characteristics of the business; and
 - due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2021.
2. No significant findings have come to light in this respect.
3. We also confirm that:
 - 1 the consolidated financial statements:
 - a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
 - b) correspond to the ledgers and accounting entries;
 - c) provide a true and fair view of the financial position and results of operations of Autogrill S.p.A. and the companies included in the consolidation;
 - 2 the Directors' Report includes a reliable description of the performance and financial position of the issuer and the entities in the scope of consolidation, along with the main risks and uncertainties to which they are exposed.

Milan, 10 March 2022

Gianmario Tondato Da Ruos
Chief Executive Officer

Camillo Rossotto
Manager in charge

of Financial Reporting

2. CONSOLIDATED FINANCIAL STATEMENTS

EXTERNAL AUDITORS' REPORT



Tel +39 02 83322111 Fax +3902 83322112 www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of Autogrill S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Autogrill Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Autogrill S.p.A (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters, accordingly.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Trapani Udine Verona Sede legale Via Tortona, 75 - 20132 Milano | Capale Socials | Euro 10328.220.001.v
Codice registro/Registro delle Imprese di Milano Monia Bnami Lodi n. 03049560166 - REA n. r.v.-1720239 | Parma IVA (1 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società registrata a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. JTI ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. JTI (denominate anche "Deloitte Global") non fornisce servizi ai clienti di JTI. Per leggere informazioni complete relative alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo <http://deloitte.com/about>. <http://deloitte.com/about> © Deloitte & Touche LLP A

ANNUAL REPORT 2021



Effects of the rent concession renegotiations related to the COVID-19 pandemic

Description of the key On October 9, 2020 the European Union endorsed the amendment to IFRS 16

audit matter - "COVID-19 related rent concession" issued by the IASB on May 28, 2020; moreover, in order to extend the period of applicability of the practical expedient provided by such amendment, on August 31, 2021 the European Union endorsed an additional amendment to IFRS 16 - "COVID-19 related rent concession beyond 12 months" issued by the IASB on March 31, 2021. Autogrill Group opted for adoption of these amendments in the consolidated financial statements as of December 31, 2021, as already done in the financial statements as of December 31, 2020.

These amendments give the lessee the option to account, as a practical expedient, for the rent concessions related to the COVID-19 pandemic, if specific conditions are met, without the need to determine, through the contracts analysis, whether they constitute lease modifications in accordance with IFRS 16, and allows to reflect these effects directly in the income statement as of the effective date of the rent concession. Where the terms of the amendment are not met, lease contracts are remeasured in accordance with the lease modification definition stated by the IFRS 16

The net total benefits from negotiation with landlords, reflected in the 2021 income statement as a result of the abovementioned amendments adoption is Euro 174.7 million (Euro 182.6 million in 2020).

Taking into consideration the significance of the impact, we considered the application of the amendments in the recognition of the rent concession renegotiation related to the COVID-19 pandemic to represent a key audit matter for the Group consolidated financial statements.

The paragraph "1 - Accounting policies and consolidation methods - General standards" of the notes to the consolidated financial statements provides the effects of the amendments implementation.

Audit procedures performed

We performed, among others, the following procedures.

- understanding of the procedures and the relevant controls undertaken by the Group on the recognition process of the rent concession renegotiations related to the COVID-19 pandemic;
- check the compliance of the methodology used by Management to determine the impact of the rent concession renegotiations related to the COVID-19 pandemic to the accounting policies indicated in the notes, including the amendments to IFRS 16-COVID-19 related rent concessions,

- obtain and analyze, through the support of Deloitte specialist on IFRS adoption and interpretation, by gathering information and inquiries with Group Management, the accounting policy defined by the Group for the adoption of the amendments in the recognition of the effects of the rent concession renegotiations related to the COVID-19 pandemic;
- execute, in coordination with the Audit Teams of the Group subsidiaries, specific procedures on a sample basis in order to check the complete and accurate recognition of the rent concession renegotiations related to the COVID-19 pandemic,
- check the appropriateness of the disclosure included in the notes to the consolidated financial statements and its compliance in accordance with the related accounting standards

Impairment Test of the carrying amount of Goodwill

Description of the key Non-Current Assets of the consolidated financial statements as at

audit matter December 31, 2021 include goodwill for Euro 816.9 million which, during the financial year, had a net decrease of Euro 2.5 million due to the disposal of the US motorways operations for Euro 45.0 million, partially offset by the effect of the translation adjustments of Euro 42.5 million. Goodwill represents approximately 20% of the total assets and is subject to Impairment Test, at least on a yearly basis, as established by the accounting standard IAS 36.

Consistently with the minimum level at which goodwill is monitored by the Group's management for internal management purposes, the CGUs (Cash Generating Units) identified are North America, International, Italy and Other European Countries, for each CGU, the Impairment Test has been executed through the comparison between the carrying amount of goodwill and the other asset attributable to each CGU (including the right of use assets accounted for in accordance with the accounting standard IFRS 16) reported in the consolidated financial statements as at December 31, 2021 and the related recoverable amount, determined as the value in use, defined as the present value of estimated future cash flows of the operations realized by each CGU, discounted at different rate for each geographic areas, and which reflects the specific risks of the individual CGUs at the evaluation date.

The impairment process carried out by the Management is complex since it includes several assumptions regarding the forecasted future cash flows of operations of each CGU, the definition of appropriate discount rates (WACC) and long-term growth rates ("g-rate"). In this respect, Management has been supported by an independent advisor that in its Fairness Opinion has confirmed that the methodology adopted is adequate and reasonable.

ANNUAL REPORT 2021

Deloitte

For the determination of the recoverable amount, the Management based its assumptions, for the 5-years period 2022-2026, on the estimated future cash flows calculated by each country's executive team, validated by the countries and the relevant CGU's Management, approved by Group Senior Management (Group Chief Executive Officer and Group Chief Financial Officer) and reviewed by the Board of Directors. The estimated future cash flows used in the Impairment Test is based on the traffic expectations of the channels served by the Group, which were modelled in consideration of the specific features in those channels and the data provided by airport authorities and other qualified external sources.

For all the CGUs, growth capital expenditures are correlated with the expiration of contracts, while maintenance capital expenditures are assumed to be consistent with historical trends.

Furthermore, sensitivity analysis were developed considering the changes in the discount rate and in the long-term growth rate; there was also the determination of the thresholds, in terms of break-even EBITDA and WACC (beyond which it will be necessary to recognize an impairment loss on goodwill).

As a result of the Impairment Test exercise performed, no need for goodwill write-down resulted; moreover, also the sensitivity analysis developed by Management and reported in the notes to the consolidated financial statements confirm the complete recoverability of the goodwill.

Taking into consideration the relevant book value of goodwill reported in the consolidated financial statements and the subjectivity of the estimates used to determine future cash flows and key variables for the Impairment Test exercise, as well as the uncertainty of the outlook resulting from the COVID-19 pandemic, we considered the Impairment Test of the carrying amount of Goodwill to represent a key audit matter for the Group consolidated financial statements.

The notes "IX - Goodwill" and the paragraph "1 - Accounting policies and consolidation methods - Use of estimates" of the notes to the consolidated financial statements, provide the disclosure on the caption content and on the Impairment Test exercise, including the results of the sensitivity analysis

Audit procedures performed

We performed, among others, the following procedures, also through the support of Deloitte specialists:

- analyze the accounting procedures applied in the determination of the value in use of the CGUs;
- check of the compliance to accounting policies indicated in the notes of the Impairment Test exercises adopted by Management;

2. CONSOLIDATED FINANCIAL STATEMENTS

Deloitte

5

- update the observation of the procedures and relevant controls undertaken by the Group on the Impairment Test exercise; in this respect, we analyzed also the Fairness Opinion of the independent advisor, prepared for the Directors' benefit, as well organizing meetings for the comprehension and analysis of data and methodology adopted;
- analyze the appropriateness of the main assumptions adopted for the determination of financial forecasts, also through the analysis of sector data and external sources,
- analyze data realized in comparison with initial forecasts, with the aim to identify the reasons for the differences, also considering the effects of the COVID-19 pandemic, for concluding on the reliability on the financial forecasts determination process, checking the consistency between contract renewal rates and historical data, as well;
- check the reasonableness of the methodology for determining the discount and long-term growth rates testing, as well, the mathematical accuracy of the model used for the determination of the CGUs' value in use;
- independent testing of the sensitivity analysis performed by the Management and by the independent advisor;
- check of the appropriateness of the disclosure included in the notes to the consolidated financial statements on Impairment Test and its compliance in accordance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern,

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

259

ANNUAL REPORT 2021

Deloitte

6

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgment and maintained professional skepticism throughout the audit. Moreover:

- we identified and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

2. CONSOLIDATED FINANCIAL STATEMENTS

Deloitte

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and we communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Autogrill S.p.A. has appointed us on May 28, 2015 as auditors of the Company's separate and consolidated financial statements for the years from 2015 to 2023.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Autogrill SpA are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard making reference to the consolidated financial statement - to the regulatory technical standards on the specification of the single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation"), to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n 700B in order to express an opinion on the compliance of the ESEF consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the ESEF consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Autogrill S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Autogrill Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

ANNUAL REPORT 2021

Deloitte,,

8

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n 4 of Legislative Decree 58/98, with the consolidated financial statements of Autogrill Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Autogrill Group as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the CONSOB Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Autogrill S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by Ernesto Lanzillo
Partner

Milan, Italy April 7, 2022

As disclosed by the Directors on the first page, the accompanying consolidated financial statements of Autogrill Group have not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Only the original text in Italian language is authoritative, accordingly.

2. CONSOLIDATED FINANCIAL STATEMENTS

[Page left blank intentionally]

263

AUTOGRILL S.P.A.

REGISTERED OFFICE Via Luigi Giulietti 9 28100 Novara-Italy

Share capital: € 145,761,789.78 fully paid-in
Tax code/Novara Registrar of Companies: 03091940266
VAT code: 01630730032

HEADQUARTERS Centro Direzionale Milanofiori Palazzo Z, Strada 5 20089 Rozzano (MI) - Italy

Group Corporate Communication Telefono (+39) 02 48263250

Group Investor Relations Telefono (+39) 02 48261

Associate General Counsel Telefono (+39) 02 48263706

Website: www.autogrill.com <<http://www.autogrill.com>>

Co-ordination zero3zero9

Design Leftloft

iayoijts t&t

Illustrations Pablo Amargo

Printing
Graficne Antiga (TV)

Printed on FSC certified paper
Cover on Ground Bio Cycle Clilcroprnyl

April 2021

EXHIBIT 12

AIRPORT CONCESSIONS HANDBOOK

AIRPORT CONCESSION PROGRAM HANDBOOK



CHICAGO DEPARTMENT OF AVIATION

CITY OF CHICAGO DEPARTMENT OF AVIATION

2021 Concessions Program Handbook

TABLE OF CONTENTS

INTRODUCTION	3
THE CONCESSIONS PROGRAM	3
THE MONITORING PROGRAM	4
<u>THE PRE-MONITORING PROCESS</u>	<u>4-4</u>
<i>KEY ELEMENTS OF THE MONITORING PROGRAM</i>	<i>54</i>
SUMMARY	6

APPENDICES:

- 1 PHYSICAL INSPECTION STANDARDS
- 2 CONCESSION INSPECTION FORMS
- 3 FINANCIAL AUDIT STANDARDS
- 4 CONCESSIONS OPERATING STANDARDS
- 5 LISTING OF KEY DEPARTMENT OF AVIATION PERSONNEL
- 6 LISTING OF KEY CONCESSIONS MANAGEMENT PERSONNEL
- 7 RULES AND REGULATIONS

2021 Concessions Program Handbook

INTRODUCTION:

The City of Chicago ("City") and the Chicago Department of Aviation ("CDA") welcome you to the family of concessionaires operating at the City's airports. Your concession represents an excellent business and professional opportunity to serve the traveling public as well as operate a profitable enterprise. In order to ensure quality and uniformity among all concessions, we have designed a Concessions Program that is outlined in this handbook. It is important that you review and adhere to these standards as they will serve as tools for the successful operation of your concession.

THE CONCESSIONS PROGRAM:

The CDA's Airport Concessions Program serves as the primary resource to meet the needs of the traveling public with regard to the provision of quality, reasonably-priced goods and services at Chicago's airports. To this end, CDA is further responsible for the outreach, selection, coordination and monitoring of concessionaires. In order to fulfill these responsibilities, CDA has several functional units that, as part of their overall duties, operate as liaisons to prospective and existing concessionaires. The primary units and their

Overall duties, operate as liaisons to prospective and existing concessionaires. The primary units and their concession-related functions are as follows:

Policy generation and resolution.

Overall coordination of revenue, finance, bonding, insurance, property management and concessions functions/issues including merchandising plans, outreach, proposal generation and evaluation, contract negotiation, and overall coordination and processing.

CDA UNIT FUNCTIONS Commissioner's Office

Managing Deputy Commissioner

Assist in overseeing Concessions, the monitoring program and general airport guidelines.

Entity retained by the CDA to assist in overseeing Concessions, including construction of Improvements at the airport.

Assistant Commissioner

Concession Management Representative ("CMR")

Planning/Coordinating Architects Plan and design review; construction coordination and monitoring.

Finance/Revenue Financial reporting, review and auditing.

Security Coordination of security identification and other related issues.

THE MONITORING PROGRAM:

The Monitoring Program is designed to provide a process to ensure that concessions operating in the Airports comply with the ordinances and policies of the City, provisions of their respective Lease Agreements and specific airport guidelines as established by the CDA. The primary areas that will be reviewed include financial commitments, maintenance of concession space(s), licensing (where required), and overall adherence to the provisions of the Lease Agreement.

The intent of the Monitoring Program is to benefit the traveling public and other airport visitors, concessionaires and the City.

THE PRE-MONITORING PROCESS:

After a prospective concession is selected by CDA there are five stages that precede the commencement of the Monitoring Program

City Monitoring Program.

STAGE 1 - CITY COUNCIL APPROVAL

Upon completing lease negotiations with the concessionaire, CDA forwards the lease agreement ("Agreement"), signed by the Tenant, to the City's Law Department. After the Law Department's review of the form and legality of the proposed concession agreement, the proposed tenant is introduced to the full City Council. City Council sends the Agreement to the Aviation Committee for review. The Aviation Committee approves, rejects or requests further information. Once approved by the Aviation Committee, the recommendation is forwarded to the full City Council for final approval. In most cases, recommendations submitted to the full Council by Committee are ratified, usually at the next meeting. This approval is documented in the "Journal of Proceedings." The documented approval and contract are then forwarded to the Mayor and other pertinent City departments for execution.

STAGE 2 - LEASE AGREEMENT

The Lease Agreement outlines a concessionaire's contractual relationship with the City. It delineates the responsibilities, expectations and the requirements of both parties, financial and non-financial. During negotiation of the terms of the agreement, you will have cause to interact with individuals from the CDA and the CMR Office. The Managing Deputy Commissioner of Concessions will oversee the processing of the Lease Agreement as well the Monitoring Program.

4

STAGE 3 - DESIGN APPROVAL

All concessionaires must submit a conceptual, schematic drawing which shows the general design of the unit. The Planning and Architecture departments will review the concept, and if the approval is given, a letter will be sent giving conceptual approval and requesting 100% architectural drawings including a complete materials board, plans and specifications so the plans meet the CDA requirements and aesthetic appeal. Upon providing approval of the 100% plans, Architecture will send a letter to the concessionaire giving authority to apply to the City Buildings Department for building permits. In no case may construction begin prior to the receipt of this approval. The Planning Unit will also monitor construction in progress.

STAGE 4 - PRE-CONSTRUCTION APPROVAL

Prior to construction, each concession will meet with the CMR for the purpose of providing the concessionaire with general airport construction guidelines. Examples of these guidelines are locations and times for pick-ups, deliveries, refuse disposal, elevator usage, and loading.

and times for pick-ups, deliveries, refuse disposal, elevator usage, and bagging.

Following the operations meeting, the CMR will schedule a pre-construction meeting with CDA. Prior to the meeting, the General Contractor for the project will submit all documents, permits and approvals to CDA for review. Construction may begin following approval at the pre-construction meeting.

STAGE 5 - CONSTRUCTION

After the contract is finalized, each concessionaire has a specified period to commence and complete construction based on approved design and construction specifications. During this period each concessionaire has the responsibility to expeditiously begin and obtain all necessary approvals, licenses, insurances, etc. Each concessionaire should maintain communication with the CMR during the process to ensure that all construction and licensing requirements are addressed in a timely fashion. It is important that the concession be open to the public within the time parameters specified in the Agreement.

KEY ELEMENTS OF THE MONITORING PROGRAM:

The Concessions Monitoring Program consists of three primary elements: operations reviews, audits and pricing reports. Operations reviews will be conducted on an ongoing basis by the CMR. The operations review form in Appendix 2 will provide a frame work for this component of the Monitoring Program.

Financial and compliance audits will be conducted on an annual and periodic basis, respectively. Financial audits will review all financial, bonding and insurance related requirements.

As specified in the Agreement, each concession shall submit an annual pricing report.

PHYSICAL INSPECTIONS

5

The Monitoring Process will include ongoing site inspection of each concession site by the CMR. Typical inspections will consist of reviews of facilities, general maintenance, employee practices, product/price conformity and space utilization. Inspection staff will use the CMR Operation Review Form (Appendix 2) to record their findings and observations. Reviews will be sent to the concession manager for review and follow-up on all review items. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation.

FINANCIAL AUDITS

In accordance with the provisions of the standard Concession Lease Agreement, CDA reserves the right to require a certified public and/or City audit of all books, ledgers, journals, accounts and records of its concessions.

COMPLIANCE AUDITS

On a regular basis, the CDA will review compliance with insurance coverage, financial commitments and financial reporting requirements. Non-compliance could result in liquidated damages being levied

and financial reporting requirements. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation. Additionally, compliance with ACDBE Special Conditions will be audited.

SECRET SHOPPING

The CDA, from time to time, may hire an outside contractor to perform "secret shopping" and evaluate employee performance of each concession location. Such reviews shall be used to monitor customer service and cash handling procedures among other things.

SUMMARY:

The Monitoring Program will provide a basis of uniformity to all concessions. Adherence to the Concession Lease Agreement as well as the elements of this Handbook will contribute to the successful operation of your business.

The following Appendices will further delineate additional information/requirements stated above.

APPENDIX 1

PHYSICAL INSPECTION STANDARDS:

FACILITY MAINTENANCE STANDARDS ITEMS:

Overall appearance

Cleanliness of counters, displays, floors, fixtures, equipment, etc. Litter management/control Pest control

STANDARD:

Clean and neat to the eye.

Free of dust and litter upon inspection. **ACTION:**

Expect employees to clean/dust/sweep/vacuum/mop daily. Utilize covered metal waste receptacles. Have waste receptacles in high traffic areas.

Empty waste receptacles into designated compactor areas on a regular basis.

Have grease traps serviced and cleaned as often as necessary.

Instruct employees to look for and clean problem areas.

Provide for regular pest control service to sales and storage areas.

Have a plan/system for emergency clean-ups and replacement of broken or worn fixtures. Report any damage to the premises to CDA and your insurance company (if applicable) immediately.

ITEMS:

Lease line maintenance "Pop-out" areas

STANDARD:

All customer lines must be maintained within the Leased area.

Merchandise and displays must be maintained within the Leased area.

Solicitation and sampling must be maintained within the Leased area.

Only CDA approved fixtures may be placed in the pop-out area (if so designated in the Agreement) at the front of the space.

ACTION:

Train employees to direct customer lines so they do not spill out into the public corridor.

Review tenant design criteria for approved merchandising and fixtures.

Obtain written approval from CDA prior to adding or removing any merchandise fixtures or other objects within the pop-out area.

ITEMS:

Altering of layout

Renovations/construction Signage/advertising

STANDARD:

Written approval, prior to action, by the Commissioner of Aviation.

ACTION:

Consider areas for improving the concession location either from layout changes or renovation. Submit requested changes for approval with appropriate drawings, etc., to the CMR prior to initiation of the changes.

All signs must be professionally produced.

All signs and sign holders must be kept clean and in good repair.

All signs must be pre-approved by the Commissioner or a representative of the Commissioner.

ITEMS:

Properly functioning equipment

STANDARD:

Preventative maintenance program.
Ongoing, reliable, licensed source for immediate repairs.

ACTION:

Have employees' spot check all equipment for possible malfunction.
Maintain a back-up/alternative plan. Repair equipment as soon as possible.

EMPLOYEE STANDARDS

ITEMS:

Courteous and professional appearance Proper dress
Proper identification including CDA security badge Customer Service

Attend customer service meetings, as offered

STANDARD:

Employees should be polite and courteous to the traveling public.
Employees must wear clean and neat uniforms or approved attire.
Employees must not eat while on duty.
Employees must display a CDA issued security badge in addition to any other employee identification.
Only badged employees may work in the secured portion of the airport.

8

Employees must be familiar with the Merchant Handbook. Employees are to offer general public services:

- Making change
- Giving directions

ACTION:

Train employees in proper customer service techniques using the Merchant Handbook provided to all companies.
Give all new employees airport tours so they are familiar with the airport layout and available services.
Encourage employees to be polite and courteous.
Provide necessary employee breaks to discourage eating while on duty.
Supply employees with uniforms or at least a written standard, if they are responsible for their own, as well as guidelines for proper maintenance of the uniform.
Supply employees with company identification.

Obtain CDA security badges for all employees.

Supply employees with a company policies and procedures manual so that they know what is expected of them.

ITEMS:

Sanitary handling of foods/beverages

Proper cleaning and maintenance of food areas

STANDARD:

Employees must handle food in a safe and sanitary manner.

Employees must comply with all company and governmental health regulations and Lease requirements.

ACTION:

Provide explicit instructions to employees on the safe and sanitary handling of foods. Obtain and post proper instructions regarding health information available from City, State and Federal sources.

Provide explicit instructions for cleaning food areas in a manner that will not possibly lead to any harmful contamination.

A Certified Food Manger must be on-site during food preparation. A Safe Food Handling Certificate must be posted.

PRODUCT STANDARDS

ITEMS:

Selling of authorized products only Adequate inventory level Proper/professional approved signage Merchandising Product pricing

9

STANDARD:

Only authorized products can be sold as determined in the Lease Agreement.

Only use professionally produced or printed signage as approved by CDA.

Merchandising permitted only within the confines of the locations, unless as authorized in writing, by CDA.

Must adhere to Value Pricing as provided in the Lease Agreement.

ACTION:

Use professionally produced, approved signage only.

Consider innovative ways to merchandise your products/services.

Obtain written approval from the Commissioner of Aviation prior to implementing merchandising that will go beyond the confines of your space or that is outside of the terms of the Lease Agreement.

Maintain adequate inventory levels.

Notify the Department when adding, deleting or changing merchandise or changing prices.

Maintain pricing as provided in the Lease Agreement.

AUXILIARY SPACE STANDARDS ITEM:

Storage Area

Corridors, common areas

Pick-up, delivery and disposal

STANDARD:

Safe use of storage space.

Proper storage of potentially flammable items in accordance with fire codes. Provide adequate ingress and egress within storage space. Clear aisles and corridors.

Pick-ups and deliveries during designated hours at designated locations as determined by CDA.

Refuse disposal during designated hours at designated locations as determined by CDA.

ACTION:

Use storage space wisely.

Maintain a system providing for access by authorized personnel only. Report any tampering with or malfunctioning of security locks, gates, etc. Keep corridors and common areas free of debris, trash, carts and stock. Provide pest control service on a regular basis. Refrain from using luggage carts for deliveries. Dispose of refuse during designated hours.

APPENDIX 2

CONCESSIONS INSPECTIONS ARE DOCUMENTED USING THE CHICAGO DEPARTMENT OF AVIATION'S AIRPORTWARE RETAIL MANAGEMENT SYSTEM FOR AIRPORTS

Airport Concessions Program Handbook Page 11 Rev 07/30/2020

F&B Storage Dishwashing Area

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay

Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Are Soda and Condiment Stations Clean and Maintained?

- Needs detail cleaning

Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?

- Equipment needs detail cleaning

Is Ice Machine Clean and in Good Repair?

- Leaking/needs repair
- Mold

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted?

Are Signs/Items Infringing on Corridor?

Is Fagade Clean and Maintained?

Is the Exterior in Good Condition?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?

Are Counters Clean and Maintained?

Are Fixtures and Furniture Clean and Maintained?

Are Light Fixtures and Lights Clean and Maintained?

Are Supplies/Product Raised off the Floor?

Are Trash Receptacles Clean and Maintained?

Is Bar Area Clean and Maintained?

Is Cash Wrap Clean, Free of Debris, and Maintained?

Is Cash wrap Clean, Free of Debris, and maintained?
Is Front of House/Dining Area Clean and Maintained?
Is there Adequate Circulation Space for Passenger Traffic⁷

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safe Food Handling

Does all Food Appear to be Fresh? Is Safe Food Handling Practiced?

- Food Product
- Personal

Is the Food Service Manager on-site?

Safety Requirements

Are CO2 Tanks Secured⁷

Are Cleaning Supplies Segregated from Merchandise/Product⁷ Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean⁷

- Drains need cleaning - Drains need cover/screen Hot Water⁷ Is 3 Compartment Sink working properly?
- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water
- Water is not reaching Temp (110) Is Mop Sink working properly⁷
- Leaking/needs to be sealed
- Mop Sink not draining properly
- Mops not hung properly
- Standing water

Staff

Are All Sales Being Rung Appropriately?

Are Cash Handling Employees working in the Food Prep Area?

Are Employee IDs Visible Above the Waist?

Are Employees Courteous, Informed, and Greeting Customers?

Are Employees Eating or on the Phone?

Are Employees Wearing Appropriate Attire? Are

Off-Shift Staff Affecting On-Shift Staff⁷

Monthly F&B Dishwashing Area

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Are Soda and Condiment Stations Clean and Maintained?

- Needs detail cleaning

Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?

- Equipment needs detail cleaning

Is Ice Machine Clean and in Good Repair?

- Leaking/needs repair
- Mold

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted?

Are Signs/Items Infringing on Corridor?

Is Facade Clean and Maintained?

Is the Exterior in Good Condition?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?

Are Counters Clean and Maintained?

Are Fixtures and Furniture Clean and Maintained?

Are Light Fixtures and Lights Clean and Maintained?

Are Supplies/Product Raised off the Floor?

Are Trash Receptacles Clean and Maintained?

Is Bar Area Clean and Maintained?

Is Cash Wrap Clean, Free of Debris, and Maintained?

Is Front of House/Dining Area Clean and Maintained?

Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safe Food Handling

Does all Food Appear to be Fresh? Is Safe Food Handling Practiced?

- Food Product
- Personal

Is the Food Service Manager on-site?

Safety Requirements

Are CO2 Tanks Secured?

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean?

- Drains need cleaning
- Drains need cover/screen Are Sinks draining properly? Hot Water?

Is 3 Compartment Sink working properly?

- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area Is Hand Sink working properly?
- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water
- Water is not reaching Temp (110) Is Mop Sink working properly?
- Leaking/needs to be sealed
- Mop Sink not draining properly
- Mops not hung properly
- Standing water

Staff

Are All Sales Being Rung Appropriately? , Are Cash Handling Employees working in the Food Prep Area? Are Employee IDs Visible Above the Waist? Are Employees Courteous, Informed, and Greeting Customers? Are Employees Eating or on the Phone? Are Employees Wearing Appropriate Attire? Are Off-Shift Staff Affecting On-Shift Staff?

Retail

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay

Is the Pest Control Log on-site? Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair

- Cooler needs repair
 - External Temp gauges not working
 - Freezer needs repair
 - Inside of Cooler/Refrigerator/Freezer needs cleaning
 - Outside Doors of Refrigerator/Freezer needs cleaning
 - Refrigerator needs repair
- Is Cash Register Clean and Maintained?

Exterior

- Are Blade, Facia, and Sign Holders in Good Condition?
Are Hours of Operation Posted?
Are Signs/Items Infringing on Corridor? Is
Facade Clean and Maintained?

Interior

- Are Ceilings/Walls/Floors Clean and Maintained?
Are Counters Clean and Maintained?
Are Fixtures and Furniture Clean and Maintained?
Are Light Fixtures and Lights Clean and Maintained?
Are Supplies/Product Raised off the Floor?
Are Trash Receptacles Clean and Maintained?
Is Cash Wrap Clean, Free of Debris, and Maintained?
Is Front of House/Dining Area Clean and Maintained?
Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

- Are Merchandise/Product Levels Adequate?

Pest Control

- Is there Pest Evidence?
- Flies
 - Mice
 - Mouse Droppings
 - Roach Droppings
 - Roaches

Safety Requirements

- Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?
Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Staff

- Are Employee IDs Visible Above the Waist?
Are Employees Courteous, Informed, and Greeting Customers?
Are Employees Eating or on the Phone?
Are Employees Wearing Appropriate Attire?

16

Retail Storage

Documents/Logs

- Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Temp Log on-site?
- Food Temps have not been taken/Temps okay

Is the Pest Control Log on-site? Equipment

- Are Refrigerator/Freezer Temps Okay and in Good Repair?
- Cooler needs repair
 - External Temp gauges not working
 - Freezer needs repair
 - Inside of Cooler/Refrigerator/Freezer needs cleaning

- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Is Cash Register Clean and Maintained?

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted?

Are Signs/Items Infringing on Corridor? Is

Facade Clean and Maintained?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?

Are Counters Clean and Maintained?

Are Fixtures and Furniture Clean and Maintained?

Are Light Fixtures and Lights Clean and Maintained?

Are Supplies/Product Raised off the Floor?

Are Trash Receptacles Clean and Maintained?

Is Cash Wrap Clean, Free of Debris, and Maintained?

Is Front of House/Dining Area Clean and Maintained?

Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safety Requirements

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Staff

Are Employee IDs Visible Above the Waist?

Are Employees Courteous, Informed, and Greeting Customers?

Are Employees Eating or on the Phone?

Are Employees Wearing Appropriate Attire?

17

Weekly F&B Dishwashing Area

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning

- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Interior

Are Ceilings/Walls/Floors Clean and Maintained? Is Bar Area Clean and Maintained?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safe Food Handling

Is the Food Service Manager on-site?

Safety Requirements

Are CO2 Tanks Secured?

Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean?

- Drains need cleaning
- Drains need cover/screen Hot Water?

Is 3 Compartment Sink working properly?

- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water
- Water is not reaching Temp (110)

Is Mop Sink working properly?

18

Leaking/needs to be sealed Mop Sink not draining properly Mops not hung properly Standing water

APPENDIX 3

FINANCIAL AUDIT STANDARDS:

In accordance with the provisions of most Concession Lease Agreements, CDA reserves the right to audit and review the records of each concession as they relate to the operation of the concession. Therefore, the following will serve as the standards and practices that will govern those audits/reviews.

Lease Fees

Each concessionaire shall submit the rent and fees in accordance with its Agreement.

Records

Each concession is required to maintain true and accurate accounts, records, books and data recording all sales made and services performed on the premises for cash, credit or other conveyance including the gross receipts. The following represent appropriate practices that will reflect the prior stated requirements:

Maintenance of an internal control system (e.g. cash register, point of sale equipment) to insure proper reporting to the City.

Books, ledgers, journals, accounts and/or records must be maintained according to generally accepted accounting principles.

Each concession must provide timely submission of the audited "Statement of Sales and Fees" and annual audited financial statements based upon their individual reporting system.

Other items as required in the Agreement.

Insurances

The following insurances are customarily required during the terms of the Agreement and should be maintained at the levels specified by the Agreement:

Worker's Compensation Comprehensive
General Liability Comprehensive Automobile
Liability Property Insurance
Other insurance as required in the Lease Agreement

The City of Chicago will be named as "Additional Insured", with the following language: "The City, and its elected and appointed officials, agents, representatives, and employees shall be named as additionally insureds..."

Security Deposit/Letter of Credit

All concessions must provide a letter of credit or cashier's check per the terms of the Agreement.

APPENDIX 4

CONCESSIONS OPERATING STANDARDS:

General Airport Guidelines

The following guidelines are examples of the types of issues that will be reviewed with the City's CMR, who will provide each operator with specific guidelines for their concession.

Pick-up and deliveries to/from specific areas at specified times.

Refuse disposal at specific and designated areas/times.

Unauthorized use of restricted Airport areas.

Adherence to minimum business operating hours.
Agreement to emergency hours as may be determined by CDA under special conditions.
Elevator use at designated times.
Ingress and egress from designated areas, as outlined in Agreement. Proper and improper use of signage.

Laws and Ordinances

CDA reserves the right to adopt and enforce reasonable rules and regulations with respect to the use of the Airport, terminal buildings, terminal concourse areas, and related facilities.

All concessions must observe all laws, ordinances, regulations and rules of the Federal, State, County and Municipal governments which may be applicable to the operation at the Airport.

Permits and Leases necessary for the operation of the concession areas must be obtained prior to the first day of operation, and renewed annually as needed.

Default Notices

The CDA reserves the right to issue a Default Notice to any concessionaire who is not in compliance with the Agreement.

APPENDIX 5

KEY DEPARTMENT OF AVIATION PERSONNEL:

<u>NAME/TITLE</u>	<u>TELEPHONE NUMBER</u>
Castalia Serna Deputy Commissioner of	Λ773Λ 894-3059

Concessions

Glen Ryniewski

Assistant Commissioner of Concessions Drew Homyk
Projects Administrator / MDW

Horatio Watson Projects Administrator

Marc Wright Projects Administrator

Russell Johnson Projects Administrator

Michael Stein Projects Administrator
(773) 686-3730

(773) 838-3992 (773) 894-3321 (773) 894-5422 (773) 686-4899 (312) 489-9080

APPENDIX 6

KEY CONCESSION MANAGEMENT REPRESENTATIVE (CMR) PERSONNEL:

NAME/TITLE

TELEPHONE NUMBER

Joseph Crump
Managing Director

(773) 894-3905

Yolanda Woodruff (773)_894-5463 Director of Retail Operations

Dorine Litman
Property Manager / ORD

(773) 894-3908.

Patricia Grzyb
Property Manager / MDW

(773) 838-0733

Sungjin Choi (773)j586-7606 Construction and Design Manager

APPENDIX 7

RULES AND REGULATIONS:

Lessee shall, at all times during the term of the Lease Agreement:

1. Use, maintain and occupy the Premises in a careful, safe, professional and lawful manner. Keep Premises and its appurtenances in a clean and safe condition.
2. Keep all glass in the doors and windows of the Premises clean and in good repair with floor displays and shelving cleaned daily.
3. Not place, maintain or sell any merchandise or place any signage in any vestibule or entry to the public area adjacent to the Premises, or place any signage in the public area adjacent to the Premises, or elsewhere on the outside of the Premises without the prior written consent of the Commissioner.
4. At its own cost, keep Premises in a clean, orderly and sanitary condition, free of insects, rodents,

vermin and other pests.

5. Not permit accumulation of garbage, trash, rubbish and other refuse inside or outside the Premises, and keep refuse in closed containers within the interior of the Premises until removed. Not place any rubbish, litter, trash, or material of any nature in the parking areas, exterior areas, entryways, passages, doors, elevators, hallways, or stairways of the Airport. Comply with any recycling program as directed by the Commissioner.
 6. Not use, or permit the use of any apparatus or instruments for musical or other sound reproductions or transmissions in such manner that the sound emanating therefrom or caused thereby shall be audible beyond the interior of the Premises, without the prior written consent of the Commissioner.
 7. Not use helium balloons and blinking lights.
 8. Not cause or permit objectionable odors to emanate from the Premises.
 9. Not deliver or permit delivery of merchandise at any time other than those times allowed by the Commissioner or her designated representative.
 10. Maintain and keep operational all electric signs, and where applicable, light the show windows and exterior signs of Premises during hours of operation.
 11. Use only signage of professional quality. All signage must be approved by the Commissioner or her designated representative. Handwritten signs of any kind are not permitted. Signage or other materials may not be taped to windows.
 12. Prominently sign or mark pricing on each product or mark with easily recognizable professional signage.
 13. Keep all mechanical apparatus in good working order and free of vibration and noise.
 14. Not overload the floors or electrical wiring or install any additional electrical wiring or plumbing without the Commissioner's prior written consent.
 15. Not use show windows on the Premises for any purpose other than display of merchandise for sale. Merchandise must be kept in a neat, professional and attractive manner.
 16. Not conduct, permit or suffer any public or private action sale to be conducted on or from the Premises.
 17. Not solicit business in the common area of the Airport or distribute handbills or other advertising materials in the common area. If this provision is violated, the Lessee shall pay the City the cost of collecting same from the common area for trash disposal. Lessee shall not hold demonstrations in the Premises or any other area of the Airport. Lessee agrees to cooperate and assist the City in the prevention of canvassing, soliciting and peddling within the Premises or Airport.
- 25
18. Not use the plumbing facilities in the Premises for any purpose other than that for which they were constructed or dispose of any foreign substance therein, whether through the utilization of "garbage disposal units" or otherwise. If Lessee uses the Premises for the sale, preparation or service of food for on-premises consumption, Lessee shall install such grease traps as shall be necessary or desirable to prevent the accumulation of grease or other wastes in the plumbing facilities servicing the Premises. Lessee shall contract with a grease trap/plumbing service for periodic maintenance of its plumbing facilities. Lessee shall provide the City with a copy of said service contracts.
 19. Not operate in the Premises or in any part of the Airport any coin or token operated vending machines or similar devices for the sale of any merchandise or service, except as may be allowed in the Lease Agreement or with the prior written consent of the Commissioner.
 20. Not have slot machines, devices, or other gambling games on the Premises or in any part of the

Airport without the prior written consent of the Commissioner.

21. Refer all contractors or contractor's representatives rendering any service on or to the Premises for the Lessee, to the City or the CMR for approval before performance of any contractual service provided that they meet insurance requirements.

Lessee's contractors and installation technicians shall comply with the City's rules and regulations pertaining to construction and installation. This provision shall apply to all work performed on or about the Premises or the Airport, including installation of telecommunication devices, electrical devices, attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings and equipment, or any other physical portion of the Premises or project.

22. Keep from public view all personal property, cups, papers, cleaning and other supplies.
23. Not permit employees to eat, drink or sleep in public view.
24. Not at any time occupy any part of the Premises or project as sleeping or lodging quarters.
25. Not place, install or operate on the Premises or in any part of the Airport any engine, stove or machinery, or conduct mechanical operations or cook thereon or therein, or place or use in or about the Premises or project any explosives, gasoline, kerosene, oil, acids, caustics, or any flammable, explosive or hazardous material.
26. Insure that staff members are, at all times, appropriately dressed (as designated in the Lease Agreement) with airport badges in view.
27. Not hold the City responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or the Airport regardless of whether such loss occurs when the area is locked-against entry or not.
28. Not have dogs, cats, fowl, or other animals brought into or kept in or about the Premises or Airport.
29. Not use the public restrooms for any purpose other than those for which they were constructed, and any damage resulting to them from misuse or by the defacing or injury of any part of the building shall be borne by the person who shall cause it. No person shall waste water by interfering with the faucets or otherwise.
30. Not lay floor covering within the Premises without written approval of the Commissioner. The use of cement or other similar adhesive materials not easily removed with water is expressly prohibited.
31. Comply with and ensure that Lessee's employees comply with the City's non-smoking policy for the Airport.

26

32. Post any Emergency Evacuation Plan adopted by the City. Lessee shall post the Plan in a place which is non-visible to Lessee's customers, but visible to Lessee's employees. Train all employees regarding Lessee's Emergency Evacuation Plan and other emergency procedures.
33. Along with its employees, agents and invitees park their vehicles only in those parking areas allowed by the City. If requested, furnish the City with state automobile Lease numbers of Lessee's vehicles and its employees' vehicles and shall notify the City of any changes within five (5) days after such change occurs. Concessionaire or its employees shall not leave any vehicle in a state of disrepair (including without limitation, flat tires, out-of-date inspection stickers or Lease plates) on Airport property or in its parking areas.
34. Comply with all parking rules and regulations including any sticker or other identification system established by the City. Failure to observe the rules and regulations shall terminate Lessee's right to use the parking area and subject the vehicle in violation of the parking rules and regulations to removal or impoundment. No termination of parking privileges or removal or impoundment of a vehicle shall create any liability on the City or be deemed to interfere with Lessee's right to possession of its

Premises. Vehicles must be parked entirely within the parking lines and all directional signs, security notices, arrows and posted speed limits must be observed. Parking is prohibited in areas not striped for parking, in aisles, where "No Parking" signs are posted, on ramps, in cross hatched areas, and in other areas as may be designated by the City. Parking stickers or other forms of identification, if any, supplied by the City, shall remain the property of the City and not the property of Lessee and are not transferable. Every person is required to park and lock his vehicle. All responsibility for

damage to vehicles or persons is assumed by the owner of the vehicle or its driver.

35. Follow all ID Badging procedures as may be required by the Commissioner or her designated representative.
36. Instruct employees to report spills, hazardous conditions and any suspicious activities to the appropriate party as directed by the Commissioner or her designated party.
37. Not use luggage carts for product deliveries.
38. Use only delivery carts and equipment as approved by the Commissioner or her designated party.
39. Use only designated elevators for deliveries.
40. Surrender all keys to the Premises to the Commissioner upon termination of this Lease Agreement.
41. Comply with the City's desire to maintain in the Airport the highest standard of dignity and good taste consistent with comfort and convenience for the Lessee. Any action or condition not meeting this high standard should be reported directly to the City. Lessee's cooperation will be mutually beneficial and sincerely appreciated.
42. The City reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be necessary for the safety, care and cleanliness of the Premises and for the preservation of good order therein.

EXHIBIT 13 LIQUIDATED DAMAGES

Tenant acknowledges the City's objective to provide the public and air traveler with the level and quality of service as described herein. Accordingly, the City has established liquidated damages and not penalties, as set forth in the table below, that it may assess, in its sole discretion, for various violations of the provisions of this Agreement, the Airport Concession Program Handbook, and/or City Rules and Regulations. Tenant and the City agree that the fines set forth herein are reasonable, and Tenant further agrees to pay to the City in accordance with amounts specified herein upon each occurrence of the specified violation and upon written demand by the City.

Notwithstanding any other liquidated damages provisions provided for in this Agreement, the liquidated damages shown on the table below are intended to reflect the inconvenience to the public and adverse effects on the Airport's operation. Payment of liquidated damages shall not relieve the Concessionaire of responsibility for damage, personal injury, or the harm caused by any of these violations. Tenant further acknowledges that the liquidated damages are not exclusive remedies and the City may pursue other remedies as allowed for in this Agreement and at law, at the Commissioner's or CMR's sole discretion. The City's waiver of any liquidated damages provided for below shall not be construed as a

waiver of the violation or Tenant's obligation to remedy the violation.

1. For the first violation of a requirement during any 12-month rolling year, the City will provide written notice to Tenant to correct the violation within the time specified in the notice.
2. For the second and third violation of the same requirement during any 12-month rolling year commencing upon the first notice of violation, liquidated damages shall be immediately assessed with no grace period.
3. Further, after the third violation of the same requirement within any 12-month rolling year, the City reserves the right, in its sole discretion, to deem the repeated violations an Event of Default and to seek any other remedies available to it under this Agreement.

1

2

3

(Initial Here)

29

EXHIBIT A-2

CONCESSION LEASE AND LICENSE AGREEMENT

BETWEEN

THE CITY OF CHICAGO (CHICAGO DEPARTMENT OF AVIATION)

AND

MRG Chicago, LLC AT

CHICAGO O'HARE INTERNATIONAL AIRPORT

LORI E. LIGHTFOOT MAYOR

JAMIE L. RHEE COMMISSIONER

TABLE OF CONTENTS

. Page

SIGNATURE PAGE Signature Page

ARTICLE 1 CITY APPROVAL 2

<u>ARTICLE 2 INCORPORATION OF BACKGROUND AND EXHIBITS</u>		<u>2</u>
1	Incorporation of Background	2
2	Incorporation of Exhibits	2
<u>ARTICLE 3 DEFINITIONS</u>		<u>2</u>
1	Interpretation and Conventions	2
2	Definitions	3
<u>ARTICLE 4 LICENSE, LEASE AND TENANT'S OPERATIONS</u>		<u>10</u>
1	Concession License and Lease	10
2	No Subleases, Assignments or Other Uses	11
3	Products and Value Pricing	11
4	General Requirements for Operation of Concessions	13
5	Hours of Operation	15
6	Personnel	166
7	Operation and Maintenance	188
8	Utilities	21
9	Refuse Handling	21
10	Promotion	222
11	Distribution and Storage; Deliveries	233
12	Certain Rights Reserved By the City	23
<u>ARTICLE 5 LEASED SPACE AND IMPROVEMENTS</u>		<u>25</u>
1	Leased Space	25
2	Title to Property in the Leased Space	288
3	Shell and Core	288
4	Tenant's Improvement Obligations	28
5	Work Requirements	299
6	Damage or Destruction of Improvements	33
7	City Resident Construction Worker Employment Requirement	35
8	Licensing of General Contractor	377
9	Prevailing Wages	377
10	Subcontractor Certifications	377

11	MBE/WBE Compliance	37
----	--------------------	----

i

ARTICLE 6 TERM OF AGREEMENT **388**

1	Term	388
2	Holding Over	38
3	Return of the Leased Space and Removal of Improvements	38
4	Termination Due to Change in Airport Operations	39
5	Eminent Domain	39
6	Early Termination	40

ARTICLE 7 RENT AND FEES **40**

1	Rent Payable	40
2	Time of Payments	42
3	Material Underpayment or Late Payment	433
4	Reports	43
5	Books, Records and Audits	44
6	Revenue Control	466
7	Lien	46

ARTICLE 8 INSURANCE, INDEMNITY AND SECURITY **46**

1	Insurance	46
2	Indemnification	477
3	Security	47

ARTICLE 9 DEFAULT, REMEDIES AND TERMINATION **499**

1	Events of Default	499
2	Remedies	511
3	Commissioner's Right to Perform Tenant's Obligations	533
4	Effect of Default and Remedies	544

ARTICLE 10 SPECIAL CONDITIONS **555**

1	Warranties and Representations	555
2	Business Documents, Disclosure of Ownership Interests and Maintenance of Existence	
2	:	588
3	Licenses and Permits	58
4	Confidentiality	599
5	Subcontracts and Assignments	599
6	Compliance with Laws	622
7	Airport Security	677
8	Non-Discrimination	699
9	Airport Concession Disadvantaged Business Enterprises (ACDBEs)	744

10	No Exclusive Rights ;	744
10.1 I	Airport Landing Area	744

u

12	No Obstructions	744
13	Avigation Easement	755
14	National Emergency	755
15	2014 Hiring Prohibitions	755

ARTICLE 11 GENERAL CONDITIONS **766**

1	Entire Agreement	766
2	Counterparts	766
3	Amendments	766
4	Severability	766
5	Covenants in Subcontracts	777
6	Governing Law	777
7	Notices	777
8	Successors and Assigns; No Third-Party Beneficiaries	788
9	Subordination	798
10	Conflict	799
11	Offset by Tenant... ^v ."	799
12	Waiver; Remedies	799
13	Authority of Commissioner	799
14	Estoppel Certificate	809
15	No Personal Liability	80
16	Limitation of City's Liability	80
17	Joint and Several Liability	80
18	Non-Recordation	80
19	Survival	80
20	Force Majeure	80

SIGNATURE PAGE

SIGNED:

CITY OF CHICAGO

By:

Mayor

Date:

RECOMMENDED BY:

Commissioner of Aviation

APPROVED AS TO FORM AND LEGALITY:

ANT) MRG Chicago, LLC, David Charles

Senior Counsel

rTft

COO

[Tftlc]

Date: 1\ 102^

[Notary] S\fljrM CUA(1S\NOVu V> WW* WW

Signature Page

CONCESSION LEASE AND LICENSE AGREEMENT

This Concession Lease and License Agreement ("Agreement") is entered into as of _____, 20____ ("Effective Date"). The Agreement is by and between MRG Chicago, LLC an ni inois limited liability corporation ("Tenant"), and the City of Chicago, a municipal , corporation and home rule unit of local government under the Constitution of the State of Illinois ("City"), acting through its Chicago Department of Aviation ("CDA" or "Department").

BACKGROUND

The City owns and, through CDA, operates Chicago O'Hare International Airport ("O'Hare" or the "Airport"). O'Hare includes terminals 1, 2, 3, 5, a multimodal facility and a transportation center (collectively, the "Terminals"). The City has determined that certain portions of the Terminals will be used for food, beverage and retail concessions designed to serve the needs of Airport patrons and employees and desires to operate its concession program at the Terminals to strive to meet the needs and desires of Airport users by providing first-class food, beverage, retail and service facilities.

The City issued a Request for Proposals ("RFP") on April 23, 2021 for food and beverage, specialty retail, and travel essentials" concession to be located at the Airport in Terminal 3 and 5, and Tenant responded with a proposal to

operate a concession featuring Specialty Retail, Travel Essentials and Coffee in Terminals 3 and 5. The City desires to grant Tenant, and Tenant desires to accept, a license to operate such a concession and a lease to operate the concession at the Terminal location(s) identified in this Agreement, all under the terms and conditions of this Agreement.

The City and Tenant acknowledge that the continued operation of the Airport as a safe, convenient and attractive facility is vital to the economic health and welfare of the City of Chicago, and that the City's right to supervise performance under this Agreement by Tenant is a valuable right incapable of quantification.

NOW, THEREFORE, the City and Tenant agree as follows:

1

ARTICLE 1 CITY APPROVAL

This Agreement is subject to approval by the City Council of the City of Chicago. The City is not bound by the terms of this Agreement until such time as it has been approved by the City Council and has been duly executed by the Mayor of Chicago or the Mayor's proxy. As provided in Section 11.13, where the approval or consent of the City is required under this-Agreement, unless expressly provided otherwise in this Agreement, it means approval or consent of the Commissioner, the Commissioner's authorized representative or such other person as may be duly authorized by the City Council. As provided in Section 11.3, unless expressly provided otherwise in this Agreement, any amendment of this Agreement will require execution by the Mayor or the Mayor's proxy. As further provided in Section 11.3, any substantial amendment of the terms of this Agreement will require approval by the City Council.

ARTICLE 2 INCORPORATION OF BACKGROUND AND EXHIBITS

1 Incorporation of Background. The background set forth above is incorporated by reference as if fully set forth here.

2 Incorporation of Exhibits. The following exhibits are incorporated into and made a part of this Agreement:

- | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Exhib |
| t 1 | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | |
| t 3 | | | | | | | | | | | | |
| t 4 | | | | | | | | | | | | |
| t 5 | | | | | | | | | | | | |
- Leased Space(s) and Confirmation(s) of DBO
 - Rent
 - Development Plan
 - City's Shell and Core Obligations, if any
 - Products and Price List

t6	Form of Letter of Credit
t 7	Insurance Requirements
t 8	ACDBE Special Conditions and Related Forms
t 9	MBE\WBE Special Conditions and Related Forms
t 10	Design and Construction Standard Operating Procedures-Concessions
t 11	Economic Disclosure Statements and Affidavits
t 12	Airport Concessions Program Handbook
t 13	Liquidated Damages

ARTICLE 3 DEFINITIONS 3.1 Interpretation and

Conventions.

- A. The term "include" in all of its forms, means "include, without limitation," unless the context clearly states otherwise.

2

- B. The term "person" includes firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.
- C. Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies of this Agreement are solely for convenience of reference and do not constitute a part of this Agreement, nor do they affect its meaning, construction or effect.
- D. Words in the singular include the plural and vice versa. Words of the masculine, feminine or neuter gender include correlative words of the other genders. Wherever an article, section, subsection, paragraph, sentence, exhibit, appendix, or attachment is referred to, the reference is to this Agreement, unless the context clearly indicates otherwise.
- E. Where the approval or consent of Tenant is required under this Agreement, it means the approval or consent of the Tenant's authorized representative. To be binding on the City, all approvals or consents must be in writing and signed by the appropriate City representative.
- F. Whenever time for completion or performance is listed as "days", if the number of days is 30 or more, it means calendar days, and if the number of days is less than 30, it means business days per the City of Chicago calendar.

3.2 Definitions

In addition to terms defined elsewhere in this Agreement, the following words and phrases, when capitalized, have the following meanings:

"Additional Rent" has the meaning set forth in Section 7.1.

"Additional Space" means Retail Space or Storage Space that is added to Leased Space after the Effective Date pursuant to Section 5.1 but does not include Relocation Space. Additional Space, if any that is offered to Tenant is solely

at the discretion of the Commissioner. Tenant has absolutely no right or entitlement to be offered any Additional Space, and the concept of Additional Space is solely for the benefit of the Airport's concession program.

"Affiliate", except where otherwise defined, means any individual, corporation, partnership, trustee, administrator, executor or other legal entity that directly or indirectly owns or controls, or is directly or indirectly owned or controlled by, or is under common ownership or control with Tenant.

"Airport Concession Disadvantaged Business Enterprise" or "ACDBE" means an entity meeting the definition of airport concession disadvantaged business enterprise, as

3

defined in U.S. Department of Transportation Regulations Title 49, Code of Federal Regulations, Part 23, as amended from time to time, and certified as such in the State of Illinois in accordance with those regulations.

"Airport Concession Program Handbook" means the handbook developed by the CDA to govern the uniform operation of the concessions' programs at the Airports. The Airport Concession Program Handbook is available on the CDA website and may be amended from time to time by the Department. Any amendment of the Airport Concession Program Handbook by the Department during the Term of this Agreement will be binding on Tenant without need for amendment of this Agreement, provided that the amendment of Airport Concession Program Handbook does not conflict with the other terms and conditions of this Agreement.

"Airport Transit System" means the automated transit rail system that serves terminals and parking structures.

"Base Rent" means the fee payable by Tenant for the Lease, equal to the amount as set forth on Exhibit 2.

"Chief Procurement Officer" means the head of the Department of Procurement Services of the City and any City officer or employee authorized to act on the Chief Procurement Officer's behalf.

"Commissioner" means the head of the Department and any City officer or employee authorized to act on the Commissioner's behalf. City contractors and consultants, including the Concession Management Representative, have no authority to grant approvals or consents required to be granted by the Commissioner under this Agreement, except where the Concession Management Representative is expressly authorized to do so.

"Common Areas" means those areas of the Terminals that are not leased, licensed, or otherwise designated or made available by the Department for exclusive or preferential use by specific party or parties.

"Comptroller" means the head of the Department of Finance of the City and any City officer or employee authorized to act on the Comptroller's behalf.

"Concession" means Tenant's business of offering the Products identified in Exhibit 5 for sale at retail to the public at the Airport pursuant to this Agreement.

"Concession Management Representative" or "CMR" means the entity retained by the City to assist in overseeing Concessions, including the construction of Improvements, at the Airport.

"Construction Documents" means the drawings and specifications for the construction of Improvements, approved by the Commissioner pursuant to Section 5.5.

4

"Date of Beneficial Occupancy" or "DBO" means, as to each Retail Space, the latest to occur of (A), (B) or (C) as follows:

- A. the date that is 180 days after the Delivery Date of the Retail Space in question;
- B. the date that is 180 days after the building permit for the Improvements for the Retail Space in question is issued; provided that the Tenant has demonstrated to the satisfaction of the Commissioner that Tenant timely submitted design drawings in accordance with Section 5.5 hereof and promptly applied for, and diligently pursued the issuance of, such building permit; or
- C. the date set forth in the Development Plan for the commencement of retail sales in the Retail Space in question; provided, however, that the date set forth in the Development Plan for commencement of retail sales shall be extended one day for each day Tenant has demonstrated to the satisfaction of the Commissioner that Tenant was delayed due to force majeure pursuant to Section 11.20 or delays otherwise beyond Tenant's control. Under no circumstance can this date exceed 60 days beyond the date established in A. above.

Notwithstanding the foregoing, if Tenant completes the Improvements in any Retail Space and commences retail sales in such Retail Space before the DBO determined in accordance with the foregoing, the DBO for that Retail Space is the date that retail sales commence. -

The DBO for each Retail Space shall be confirmed in writing by the parties, and such written •Confirmation(s) of DBO" shall thereafter be attached to Exhibit 1 of this Agreement without need for a formal amendment of this Agreement.

The Date of Beneficial Occupancy for any Storage Space is the Delivery Date for that Storage Space.

"Default Rate" means 12% per annum. '

"Delivery Date" means the date upon which the City gives Tenant possession of the Retail Space or Storage Space in question, which such date the City shall set forth in writing.

"Department" means the Chicago Department of Aviation, also known as CDA.

"Design and Construction Standard Operating Procedures- Concessions Projects" or "C-SOP" means those certain design standards and policies prepared by the Department for the Concession areas at the Airport, as amended by the Department from time to time.

"Development Plan" means, as further described in Section 5.5, the Tenant's conceptual plans, budget and other design specifications for construction of its Improvements and its schedule for commencement of retail sales in each Retail Space. The Development Plan is attached hereto as Exhibit 3. The Development Plan may be updated from time to time

5

without the need to amend the Agreement.

"Distribution Fee" means the amount, if any, payable pursuant to Section 4.11 for the Tenant's use of a centralized distribution and storage facility.

"Environmental Laws" means collectively, all applicable federal, state and local environmental, safety or health laws and ordinances and rules or applicable common law, including the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. §651 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. §5101 et seq.), the Resource Conservation and Recovery Act (42 U.S.C.

§6901 et seq.), the Toxic Substances Control Act of 1976, as amended (15 U.S.C. §2601 et seq.), the Clean Air Act (42 U.S.C. §7401 et seq.), the Clean Water Act (33 U.S.C. §1251 et seq.), the Safe Drinking Water Act (42 U.S.C. §300(f) et seq.) as any of the foregoing may later be amended from time to time; any rule or regulation pursuant to them, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order or directive addressing environmental, health or safety issues of or by the federal government, or any state or other political subdivision of it, or any agency, court or body of the federal government, or any state or other political subdivision of it, exercising executive, legislative, judicial, regulatory or administrative functions.

"Event of Default" has the meaning set forth in Article 9.

"Food Court Common Area" means the space immediately adjacent to specific Retail Spaces where shared seating is provided to the public.

"Gross Revenues" or "gross receipts" means the total amount in dollars at the actual sales price of all receipts, whether for cash or on credit, that are derived from business conducted in, on or from the Leased Space, all mail or telephone orders received or filled at or from the Leased Space, all deposits not refunded to purchasers, all orders taken in and from the Leased Space, including catalog and on-line sales whether or not the orders are filled elsewhere, and receipts or sales by Tenant and any other person or persons doing business in or from the Leased Space, including receipts from promotions, advertising, and income derived from retail display advertising or any other use of the Leased Space by Tenant. Gross Revenues do not, however, include the following:

- A. any sums collected and paid out by Tenant for any sales, retail excise, use, privilege, or retailers occupation taxes now or later imposed by any duly constituted governmental authority;
- B. the amount of any cash or credit refund made upon any sale, but only if the original sale was made in or from the Leased Space and included in Gross Revenue;

6

- C. bona Fide transfers of Products to or from the Leased Space to any other stores or warehouses of Tenant;
- D. sales of Tenant's fixtures and store equipment not in the ordinary course of Tenant's business;
- E. returns to shippers, suppliers or manufacturers;

- F. bulk sales of Products inventory not sold to the public and not in the ordinary course of business;
- G. receipts from the sale of grease or other scrap material resulting from Tenant's operations at the Leased Space;
- H. payments made to Tenant by subtenants for services provided by Tenant for the operation of the Leased Space; for the avoidance of doubt, this provision shall not relieve Tenant from its full obligation to pay to City the agreed Percentage Fee on all Gross Revenues of subtenants or rents paid by subtenants to Tenant;
- I. the amount of any tips paid or given by customers to employees of Tenant; and
- J. insurance proceeds received from the settlement of claims for loss of or damages to Improvements, Products, fixtures, trade fixtures and other Tenant personal property other than the proceeds of business interruption insurance.

A "sale" is deemed to have been consummated for purposes of this Agreement, and the entire amount of the sales price must be included in Gross Revenues, at the time that: (i) the transaction is initially reflected in the books or records of Tenant; or (ii) Tenant receives all or any portion of the sales price; or (iii) the applicable goods or services are delivered to the customer, whichever occurs first.

"Imposition" means real estate taxes, permit fees, license fees, and any other fee or charge not specified in this Agreement but otherwise payable by Tenant pursuant to a statute, ordinance, or regulation in order for Tenant to operate the Concession at the Airport.

"Improvements" means the improvements to be made to the Leased Space by Tenant that add or maintain value to the Leased Space, including fixtures and trade fixtures (but excluding trademarked or proprietary trade fixtures) and any other enhancements of a permanent or temporary nature made to the Leased Space, other than the Shell and Core, so that the Leased Space can be used for Concession operations. The Improvements must be described, along with a budget of Improvement Costs and depicted conceptually in the Development Plan and must conform to Tenant's response to the RFP.

"Improvement Costs" means the total amount paid by Tenant for categories of labor, services, materials and supplies used in the design, development, installation and construction

7

of the Improvements. The minimum Improvement Costs must not be less than 95% of the budgeted Improvement Costs included in the approved Development Plan. Tenant's actual, reasonable Improvement Costs will be memorialized in the written Confirmation of DBO that will be attached to Exhibit 1 upon approval by the Commissioner. Whenever this Agreement refers to amortization of Improvement Costs for a Leased Space, such amortization will be calculated on a monthly straight-line basis over the term of the Agreement from the DBO of the Leased Space in question, and the amount being amortized will be the actual Improvement Costs for that Leased Space as memorialized in the Confirmation of DBO for that Leased Space.

"In-Line Site" means a Retail Space, other than a Kiosk, that may be permanent or temporary, typically operated as a walk-up, quick serve facility often with other Retail Spaces directly adjacent or in-line to the left or right or both.

"Kiosk" means a Retail Space that is a non-mobile, free-standing, permanent or temporary facility that is not

affixed to the Terminals, whether completely free-standing or located against a wall.

"Lease" means the lease granted by the City to the Tenant in Section 4.1 to use and occupy the Leased Space in order to conduct and operate the Concession pursuant to the License.

"Leased Space" means the total Retail Space and Storage Space leased to Tenant under this Agreement, identified in Exhibit 1, which may be amended from time to time as space may be added to, deleted from, or relocated during the Term in accordance with the provisions of this Agreement. Leased Space shall be used for operation of the Concession and for no other purpose unless otherwise approved in writing by the Commissioner.

"Lease Year" means

- A. for the initial Lease Year of this Agreement, a period beginning on the first Date of Beneficial Occupancy of any Retail Space and ending on December 31 of that calendar year, and
- B. for the balance of the Term, each successive calendar year, but including only that portion of the calendar year prior to the date on which the Term expires, or the Agreement is otherwise terminated.

"License" means the privilege granted to Tenant under this Agreement to operate the Concession at the Airport.

"License Fee" means the fee payable by Tenant for the License, equal to the greater of the "Percentage Fee" or "Minimum Annual Guarantee" as set forth in Section 7.1 and Exhibit 2.

8

"Marketing Fee" means the Tenant's contribution for promotions at the Airport, as set forth in Section 4.10.B.

"Minimum Annual Guarantee" or "MAG" means the minimum amount payable each Lease Year for the License Fee. If this Agreement covers more than one Retail Space, Exhibit 2 must prorate the MAG for the Agreement among the various Retail Spaces in proportion to their anticipated Gross Revenue volumes. The MAG for each Retail Space will commence upon the DBO for that Retail Space.

"Percentage Fee" means the product of the Percentage Fee Rate and Gross Revenues.

"Percentage Fee Rate(s)" has the meaning set forth in Exhibit 2.

"Products" means the convenience merchandise, food and beverage menu items, Chicago oriented gift items, vending items and related merchandise that Tenant is permitted to sell in its Retail Space and maintain in inventory in its Storage Space under the terms of this Agreement, as set forth by category or item in Exhibit 5. As set forth in Article 4, Tenant was selected by the City specifically to sell the Products identified in Exhibit 5 and is not permitted to sell any items or types of items not identified in Exhibit 5 or conduct any other business from the Leased Space unless otherwise agreed in writing by the Commissioner.

"Relocation Space" means space to which Tenant must relocate a Retail Space or Storage Space at the request of the Commissioner pursuant to Section 5.1.

"Rent" means all amounts payable by Tenant in connection with this Agreement, including but not limited to Base Rent, License Fees, Additional Rent and any liquidated damages specified in the Agreement for non-compliance with the

City's requirements for Concession operations.

"Retail Space" means a Leased Space used by Tenant for the sale at retail of Products, including any Additional Space or Relocation Space used for that purpose.

"Shell and Core" means those improvements to the Leased Space to be completed by the City as specified in Exhibit 4 and, with respect to Additional Space or Relocation Space, as may be agreed in writing by the Commissioner.

"Storage Space" means a Leased Space used by Tenant for storage of Products inventory to support a Retail Space. No Products may be sold to the public from Storage Space.

"Subcontractor" means all entities providing services and materials to Tenant necessary for its Concession operations or for the construction, repair, and maintenance of the Leased Space and Improvements. The term "Subcontractor" also includes subconsultants of any tier, subcontractors of any tier, suppliers and materialmen, whether or not in privity with Tenant.

9

"Subcontracts" means all oral or written agreements with Subcontractors.

"Sustainable Airport Manual" or "SAM" means the manual developed by the CDA regarding environmentally sustainable practices in the construction and operation of the Airports. The manual is available on the CDA website and may be updated from time to time by the CDA. Any amendment of the SAM by the Department during the Term of this Agreement will be binding on Tenant without need for amendment of this Agreement, provided that the amendment of SAM does not conflict with the other terms and conditions of this Agreement.

"Term" means the period of time beginning on the Effective Date and ending at 11:59 p.m. on the tenth anniversary of the DBO of the Retail Space to open for business, excluding any Retail Space that is Additional Space or Relocation Space.

"Third Party Use Agreement" has the meaning set forth in Section 4.4(1).

"Use Agreements" means those certain airport use and facility lease agreements between the City and the airlines operating out of the Airport regarding the use and operation of the Airport, as amended or executed from time to time.

"Value Pricing" has the meaning set forth in Section 4.3.

"Work" means everything necessary for the design, engineering, construction and installation of the Improvements; when referring to restoration of Improvements after Major Damage, it means everything necessary for the replacement, repair, rebuilding, or restoration of the Improvements.

ARTICLE 4 LICENSE. LEASE AND TENANT'S OPERATIONS

4.1 Concession License and Lease. As of the Effective Date, the City grants Tenant a License to operate a Concession at the Airport and, upon delivery of the Leased Space or portion thereof, a Lease to operate the Concession from the Leased Space so delivered. Tenant accepts the License and Lease from the City and assumes the duties of Tenant provided in this Agreement and in the Airport Concession Program Handbook. TENANT ACKNOWLEDGES AND AGREES THAT ALL AMOUNTS PAYABLE TO THE CITY UNDER THIS AGREEMENT CONSTITUTE

RENT AND THAT THIS AGREEMENT CREATES A TAXABLE LEASEHOLD UNDER THE ILLINOIS PROPERTY TAX CODE, 35 ILCS 200/1 et seq. Tenant understands and agrees that both its License to operate a Concession and its right to occupy the Leased Space will terminate upon the expiration or earlier termination of this Agreement. If Tenant complies with the terms of this Agreement, Tenant will have the right of ingress to and egress from the Leased Space, for Tenant, its officers, employees, agents, Subcontractors, vendors, suppliers, and invitees, subject, however, to all statutes, ordinances, rules and regulations from time to time enacted or established by the City, the FAA, the TSA or any other governmental agency or authority having jurisdiction. Tenant must not conduct its Concession operations in a manner that, in the judgment of the

10

Commissioner:

- A. interferes or might interfere with the reasonable use by others of Common Areas or the leased or licensed space of other tenants or licensees at the Airport;
- B. hinders or might hinder TSA, Airport security, police, fire-fighting or other emergency personnel in the discharge of their duties;
- C. would, or would be likely to, constitute a hazardous condition at the Airport;
- D. would, or would be likely to, increase the premiums for insurance policies • maintained by the City, unless the operations are not otherwise prohibited under this Agreement and Tenant pays the increase in insurance premiums occasioned by the operations; or
- E. would involve any illegal purposes.

2 No Subleases, Assignments or Other Uses. Tenant understands and agrees that the Lease and the License granted under this Agreement are interdependent and that the locations of the Retail Spaces were determined by the City so that the Concession operated by Tenant is an element of an overall concession program and, as such, complements and does not conflict with other concessions in the vicinity of the Retail Space(s). Accordingly, Tenant acknowledges that the principal purpose of this Agreement is to provide Tenant a License to operate its Concession, without right of sublease or assignment, from the Leased Space and that any attempted sublease, assignment or other use of the Leased Space without the written consent of the City in accordance with the terms of this Agreement is absolutely prohibited and is an Event of Default.

3 **Products and Value Pricing.**

A. Exhibit 5 to this Agreement constitutes the listing, by general category or specific item, of all Products that Tenant is allowed to sell from each Retail Space and the prices to be charged to the public. Those items of Products that Exhibit 5 indicates are mandatory, if any, must be offered for sale to the public by the Tenant as a part of the Airport's overall concession program. If Exhibit 5 is stated in general terms, upon request, Tenant must within 5 days provide the Commissioner with a complete list of all Products and prices. The City's execution of this Agreement constitutes its approval of the sale of the products, services, and pricing as reflected on Exhibit 5 on the Effective Date. Any changes to Exhibit 5 are subject to the Commissioner's prior written approval. Upon such approval, Exhibit 5 may be amended without need for formal amendment of this Agreement pursuant to Section 11.3.

B. Tenant must stock a sufficient amount of each item comprising its Products within the Retail Space so

as to maximize Gross Revenues, subject to and consistent with Tenant's and the City's desire to accommodate the convenience and needs of the Airport's

11

patrons. The Products must be new, fresh and of top quality. Tenant must store Products inventory in excess of the amount needed to stock displays out of sight of customers before restocking a display.

C. Value Pricing. The City has established a Value Pricing policy for all Tenants at the Airport. The policy generally requires Tenants to charge a price for a product or service at the Airport as the same price charged for the same product or service at similar stores in the City (each hereinafter referred to as a "Benchmark Store"). Benchmark Stores will be proposed by the Tenant subject to approval by the City. The following locations and areas shall be excluded when establishing Benchmark Stores: hotel restaurants or kiosks, bus and train transportation centers, entertainment centers, arenas, theaters, convention centers or similar venues. Benchmark Store exclusions may change throughout the Term as determined necessary by the City. If the Tenant or its subtenants currently operate the exact other locations in the City of Chicago, then these locations may be designated Benchmark Stores. Otherwise, Benchmark Stores will be selected based on stores that are comparable to the proposed concept. Notwithstanding the aforementioned exclusions, in the case of a news and gift store where Tenant or its subtenant currently operate a same-brand location in the City of Chicago, in a transportation center, and that location has its own customer walk-up street access, the City may consider allowing Tenant to propose that location as a Benchmark Store. In such a case, the Value Pricing policy prohibits mark-up of pricing higher than that of the applicable Benchmark Store because that store already is in a transportation center.

Other Pricing Policy. The Commissioner may adopt other reasonable pricing policies, with which Tenant and subtenants shall comply, to restrict overcharging and price gouging by subtenants due to their dominant market position and any exclusive rights granted, but in no event shall the Commissioner require prices lower than the established Value Pricing.

Tenant must submit to the CMR, within 30 days after the end of each Lease Year, or as requested from time to time by the Commissioner or CMR, a pricing report demonstrating compliance by Tenant with the Value Price requirements. Any prices that the Commissioner or CMR determines to be inconsistent with the Value Price requirements must be adjusted accordingly. At any time, and from time to time, the Commissioner or CMR may review the prices of the Products then being offered for sale by Tenant and require adjustments in prices of the Products or particular items in order to comply with the Value Price requirement. Following the CMR's written notice to Tenant, Tenant shall promptly adjust the price of the Products or particular items, as applicable. Failure to comply within five days will constitute an Event of Default.

Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after the five-day cure period, the Commissioner will assess Tenant, as liquidated damages and not as a penalty, in amounts as outlined in Exhibit 13.

12

D. At any time, the Commissioner or the CMR may review the quality of the Products then being offered for sale by Tenant and require reasonable improvements in quality of the Products or particular items or may require elimination of particular items that the Commissioner determines to raise safety or security issues. Following the

Commissioner's written notice to Tenant, Tenant shall within 5 days rectify or modify the quality of the Products or particular items or eliminate the particular items, as applicable. Failure to comply within five days will constitute an Event of Default. Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after the five-day cure period, the Commissioner will assess Tenant, as liquidated damages and not as a penalty, an amount as outlined in Exhibit 13.

4.4 General Requirements for Operation of Concessions. Tenant has the authority to manage and administer the Concession in the Leased Space, subject to the rights of the City under the law, in equity, and under this Agreement to direct Tenant in order to ensure that the Airport operates in the most effective and efficient way possible and to supervise the Tenant's performance. Tenant covenants to take all commercially reasonable measures to maintain, develop, facilitate and increase the business of the Concession so as to maximize Gross Revenues. Failure to operate the concession as included in the Development Plan, attached as Exhibit 3, constitutes an Event of Default. Tenant further covenants that neither it nor any Affiliate of Tenant will divert or cause or allow to be diverted any business from the Leased Space to other locations not at the Airport that are operated by Tenant or any Affiliate of Tenant. A material condition of this Agreement is that Tenant must operate the Concession operations in accordance with the Airport Concession Program Handbook, the Sustainable Airport Manual, and the following general requirements:

A. Unless otherwise approved by the Commissioner in writing, Tenant must conduct business in its Retail Space only in the Tenant's trade name ChiBoys, BLVD & Branch, InMotion, Six Points Market and Metropolis Coffee Company, that which is identified in its response to the RFP or other trade name approved by the Commissioner.

B. Due to the nature of the concession, Tenant is not authorized to install and operate any coin, card, token or otherwise activated vending machines as part of the Tenant's Development Plan unless otherwise approved by the Commissioner.

C. Tenant must conduct its Concession operations in a first-class, businesslike, efficient, courteous, and accommodating manner consistent with the "Physical Inspection Standards" that appear in Appendix 1 of the Airport Concession Program Handbook. The Commissioner or the CMR has the right to make reasonable objections to the appearance and condition of the Leased Space if they do not comply with the Physical Inspection Standards. Tenant must discontinue or remedy any non-compliant practice, appearance or condition within five days following receipt of a written notice by the Commissioner or CMR (or immediately upon receipt of such a notice if the Commissioner or CMR deems non-compliance hazardous or illegal). Tenant's failure to timely cure the non-compliance as required by the Commissioner

or CMR would cause the City damages including, among other things, loss of goodwill, which would be difficult or impossible to prove or quantify. Accordingly, if Tenant fails to timely cure non-compliance, then, in addition to all other remedies the City may have at law, in equity or under this Agreement, and beginning on the first day after expiry of the five-day cure period, Tenant must pay the City, as liquidated damages in connection with the loss of good will among visitors to the Terminals, and not as a penalty, as outlined in Exhibit 13 per Retail Space for each non-compliant practice, appearance or condition specified in the notice that remains uncured after the cure period.

D. Tenant must neither commit nor allow any nuisance, noise or waste in the Leased Space or annoy, disturb or be offensive to others in the Terminals. Tenant must employ all reasonable means to prevent or eliminate unusual, nauseating or objectionable smoke, gases, vapors or odors from emanating from the Leased Space. Tenant must employ all reasonable means to eliminate vibrations and to maintain the lowest possible sound level in the operation of the

Concession.

E. Tenant must offer payment systems that are widely accepted in the industry for the sale of all Products. Tenant must offer a receipt, which may be virtual, with each purchase. Failure to comply with this Section will constitute an Event of Default. Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, if Tenant is found to prohibit the acceptance of the above payment option, the City may assess, as liquidated damages and not as a penalty for non-compliance as further defined in Exhibit 13.

F. Tenant's Concession must be and remain compliant with Payment Card Industry Security Standards ("PCI Standards") at all times as the PCI Standards are in effect at such time. Any breach of compliance with PCI Standards in effect and related to the Concession, at such time, must be reported to the City within 24 hours of the Tenant's knowledge of such event.

Tenant's failure to be in compliance with the PCI Standards with respect to its Concession on numerous occurrences (more than one) shall be an Event of Default under this Agreement.

G. Tenant must not place or install any racks, stands, or trade fixtures directly on or over the boundaries of its Leased Space. Tenant must not use any space outside the Leased Space for sale, storage or any other undertaking, other than in connection with deliveries made in a prompt, timely and efficient manner.

H. In its capacity as Tenant under this Agreement, and not as an agent of the City, Tenant must manage the Concession operations and the Leased Space in accordance with this Agreement, in furtherance of which Tenant must, among other things:

- (i) use reasonable efforts to remedy problems and issues raised by Airport patrons

14

with respect to the operation of the Leased Space;

ii) answer in writing all written customer complaints within 72 hours after receipt, furnishing a copy of the complaint and the answer to the Commissioner within that period; and,

iii) furnish the Commissioner within 72 hours after their receipt copies of all written notices received by Tenant from any governmental authority or any Subcontractor with respect to any part of the Leased Space or any Subcontract.

If Tenant fails to timely respond to customer correspondence or governmental notices and furnish the requisite copies to the Commissioner, Tenant acknowledges that the City may suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess liquidated damages against Tenant, and not as a penalty: as outlined in Exhibit 13. Tenant's failure to perform either (A) or (B) for a period of 30 days or more will be grounds for the City declaring an Event of Default pursuant to Article IX, in which event Tenant will have no longer than 10 days to cure the Event of Default.

I. Tenant, or Tenant's subtenant approved pursuant to Section 4.2, shall at all times operate the Concession. To the extent Tenant utilizes a third party to operate the Concession, Tenant shall, at all times during the Term: (i) be licensed or permitted by such third party to operate the concession, (ii) provide the City with copies of any agreements or other

evidence the City may reasonably request demonstrating such arrangement ("Third Party Use Agreements"), (iii) comply in all material respects with the terms and conditions of Third Party Use Agreements, unless Tenant's compliance with such terms and conditions would cause Tenant to breach its obligations hereunder, (iv) not be in default under any Third Party Use Agreement, (v) notify the City in writing immediately upon notification by any party to a Third Party Use Agreement of Tenant's breach under such or termination of any Third Party Use Agreements. Failure to comply with this Section 4.4(1) shall be an Event of Default under this Agreement.

4.5 Hours of Operation.

A. Tenant must begin conducting its Concession operations in each Retail Space on the Date of Beneficial Occupancy applicable to that Retail Space and continue them uninterrupted after that date during all required hours of operation. The Retail Space shall be open, at a minimum, from 5:30 a.m. until 10:30 p.m. daily, to serve the public seven (7) days per week and three hundred sixty-five (365) days per year. Concession may close periodically for restocking, cleaning and routine maintenance. Closure times must be during daily periods of lowest passenger traffic volumes at the Airport. In no event shall the hours of operation be curtailed to an extent that the service contemplated under this Lease shall be diminished. Except as otherwise stated herein, the hours of service shall be determined in light of changing public demands and Airport's flight schedules. The Retail Space must be open, as stated above, unless otherwise approved by the Commissioner or CMR in writing. The Tenant is required to allow access to the Retail Space, 24 hours per day, 365 days per year.

15

B. Except as otherwise permitted under this Agreement, if Tenant fails to operate its Concession from any portion of the Retail Space during all times that Tenant is required to do so under this Agreement and the failure continues for more than three days after the City gives Tenant notice, it is an Event of Default. In addition, Tenant acknowledges that failure to provide Concession services to the public would cause the City substantial damages, a portion of which may be ascertainable but another portion of which, related to loss of goodwill due to the public's inability to obtain the Products, the provision of which is one of the key purposes of this Agreement, might be difficult or impossible to prove or quantify. Accordingly, in addition to other remedies available to the City for an Event of Default, Tenant must pay the City as liquidated damages (and not as a penalty) in connection with such loss of goodwill the amounts as outlined in Exhibit 13 per Retail Space, beginning as of the time that the City first notifies Tenant that it is not operating the Concession in accordance with the time requirements of this Agreement. The obligation to make payments of liquidated damages will continue until the earliest of: (i) the time that the affected portion of the Retail Space re-opens for business; (ii) the date that this Agreement expires or is terminated with respect to the affected portion of the Retail Space; and (iii) the date that the Commissioner receives possession of the affected portion of the Retail Space.

4.6 Personnel.

A. Staff

i) Tenant must maintain a full time, fully trained staff during the Term of this Agreement having sufficient size, expertise and experience to operate the Concession. Tenant must maintain an adequate sales force so as to maximize Gross Revenues and use the utmost skill and diligence in the conduct of its Concession operations. A staff member for each concession location must be physically available during all hours of operation.

ii) All employees of Tenant must at all times be clean, courteous, neat in appearance and helpful to the public, whether or not on duty. While on duty, Tenant's employees must wear Airport identification badges (and any other form(s) of identification that may be required by the Commissioner or CMR from time to time) and are required to wear uniforms

in good taste, the color and style of which Tenant selects. Tenant may make the arrangements with its own employees as it considers appropriate regarding the purchase and maintenance of standard uniforms. The City is entitled at any time to direct Tenant to require any of its employees not properly attired to immediately conform to the requirements of this Section or leave the Leased Space. Tenant must not permit its employees to use any portion of the Terminal Common Spaces, including the public washrooms located there, for the changing of clothes or the storage of their personal effects, nor may Tenant permit its employees to loiter in the Common Areas of the Terminals, including but not limited to the Food Court Common Area.

iii) Tenant and its personnel must at all times participate and cooperate fully in all quality assurance programs that may be instituted by the Commissioner or CMR from time to time. Tenant must cause its personnel to attend all customer service training meetings and

16

participate in such other programs as may be required by the Commissioner or CMR. An appropriate officer or management representative of Tenant must meet with the Commissioner or CMR as requested by the Commissioner or CMR to discuss matters relating to this Agreement, including merchandising and marketing plans. In addition, at the request of the Commissioner or CMR, an appropriate officer or management representative of Tenant must attend other meetings with the City, airlines, other users of the Terminals or any other parties designated by the Commissioner or CMR.

iv) The Commissioner reserves the right to object to any of the personnel responsible for the day-to-day operation of the Concession. Upon receipt of such objection, Tenant must use its best efforts to resolve the cause for Commissioner's objection or replace the objectionable personnel with personnel satisfactory to the Commissioner.

v) In the event that Tenant was not the existing tenant in the Leased Space prior to the Effective Date, Tenant and its subtenants, if any, will work cooperatively in attempting to retain existing concession employees working in the Leased Space. This will be accomplished by giving the existing concession employees working in the Lease Space prior to the Effective Date preferential interviews for jobs in the Leased Space during the term of this Agreement.

vi) Tenant acknowledges that failure to comply with the provisions of this Section 4.6(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and riot as a penalty, the amounts outlined in Exhibit 13.

B. General Manager. Tenant must designate a General Manager experienced in management and supervision who has sufficient authority and responsibility to administer and manage the Concession. The General Manager (or authorized representative) must be immediately available to the Department whenever any of the Retail Spaces are open. The base of operations of the General Manager must be at the Airport, and the General Manager must spend substantially all of his or her working hours at the Airport, unless the Commissioner approves in writing another arrangement. The General Manager is subject to removal at the direction of the Commissioner if the Commissioner reasonably determines, in the Commissioner's sole discretion that the General Manager is not performing up to standards consistent with the fulfillment of Tenant's obligations after providing Tenant notice.

C. Salaries. Salaries of all employees of Tenant and its Subcontractors performing services or Work under this Agreement must be paid unconditionally and not less often than once a month without deduction or rebate on any account, except only for those payroll deductions that are mandated by law or permitted by the applicable regulations issued by the United States Secretary of Labor under the "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat.

740; 63 Stat. 108; 18 U.S.C. § 874, and 40 U.S.C. § 276c). Tenant must comply with all applicable "Anti-Kickback" regulations and must insert appropriate provisions in all Subcontracts covering Work under this Agreement to ensure compliance of all Subcontractors

with those regulations and with the other requirements of this subsection and is responsible for the submission of affidavits required under them, except as the United States Secretary of Labor may specifically provide for variations of, or exemptions from, the requirements of them.

4.7 Operation and Maintenance.

A. The City, at its sole cost and expense, will keep in good repair the Common Areas, including the roof, structures, foundations and central mechanical, plumbing and electrical systems in the Airport providing heating, ventilation, cooling, water, sewage and electrical service to the terminals, concourses, and other structures at the Airport related to the Concession. The City will provide, without separate charge to Tenant, heating, ventilating and cooling of the Common Areas. The Commissioner reserves the right to interrupt temporarily the heating, air cooling, ventilation, plumbing or electrical services furnished to the Common Areas, the Terminals or the Airport as a whole to make emergency repairs or for other reasonable purposes, and the Commissioner will restore the services as soon as reasonably possible. The City has no responsibility or liability for failure to supply heat, air cooling, ventilation, plumbing, electrical or any other service to the Leased Space, the Common Areas, the Terminal or the Airport, when prevented from doing so by laws, orders or regulations of any federal, state or local governmental requirement (including any requirement of any agency or department of the City) or as a result of the making of repairs or replacements, fire or other casualty, strikes, failure of the utility provider to provide service or due to any other matter not within the City's reasonable control. Tenant must provide all cleaning and janitorial services to the Leased Space. Tenant must clean, maintain and repair (including replacements, where necessary) the Leased Space and Improvements in first-class condition and repair during the entire Term.

i) Tenant is responsible for pest control within the Leased Space by contracting with a professional pest control service to provide service on a regular basis or as needed, or at the Commissioner's election, the City or CMR may provide or contract for the pest control and charge Tenant a reasonable charge for the service. If the Commissioner so requires, Tenant must coordinate all pest control service with the City's or CMR's pest control contractor. Tenant must furnish the Commissioner and CMR a copy of its pest control contract and service records upon request.

ii) Tenant must, at its own expense, keep the exhaust system, including all risers, piping and fans used in connection with the exhaust systems, whether located in or outside of the Leased Space, and all other pipes or ducts used by Tenant, including black iron duct, in good repair and so as to meet the highest standards of cleanliness, health, and safety, in a manner consistent with the operation of a first-class Concession and in accordance with all applicable laws, codes and regulations of any governmental authority having jurisdiction. Tenant must not permit any grease to be discharged into the City's plumbing lines. If fixtures or equipment are installed in or attached to roof vents or other openings in the structure or to ducts that connect with the openings, Tenant must keep the ducts, vents and openings free from the accumulation of grease, dirt and other exhaust matter and must furnish and service any filters or other equipment necessary to prevent such accumulation. Tenant must keep the exhaust fan in good

condition and repair so as to provide at least the air flow velocities required by applicable codes and regulations. Without limiting the foregoing, Tenant must clean black iron duct twice yearly, or more often as may be required by any local governmental codes, regulations or officials, insurance requirements or applicable industry standards, whichever is more restrictive.

Tenant must maintain all fire detection and fire suppression systems and mechanisms in accordance with all applicable laws, codes and the requirements of all applicable policies of insurance and insurance inspectors and of the City. Tenant must not cause or permit any damage to insulation and fire protection materials surrounding the black iron duct. In addition to Tenant's obligation to maintain utility lines in the Leased Space as set forth in Section 4.8 below, Tenant must install and maintain in good working order and in accordance with the rules and regulations of all insurers and applicable laws, codes, and regulations of any governmental authority; all fire extinguishing systems in the Leased Space.

Upon request, Tenant must provide CMR with monthly repair and maintenance reports detailing all repair and maintenance undertaken with respect to its Leased Space. In the event that such repair and maintenance reports indicate that Tenant is not complying with its repair and maintenance obligations, it shall be an Event of Default. In addition to any other remedies available to the City, if Tenant fails to undertake required repair or maintenance within 5 days after receiving notice from the Commissioner (or such shorter time as may be required due to health or safety reasons) the City may undertake the required repair or maintenance through a City contractor or its own forces and charge Tenant the reasonable cost thereof as Additional Rent.

(iii) To the extent any City ordinance imposes a stricter standard than the requirements of this section, the stricter standard must govern. With respect to a Leased Space that has been designated to be relocated, if any, Tenant's obligations with respect to repair and maintenance will continue until such time as Tenant has completed the Improvements in the Relocation Space to which the affected Leased Space is being relocated.

iv) Any damage to property of the Airport or property of other tenants arising out of Tenant's failure to perform its maintenance obligations is expressly deemed a "Loss" subject to Tenant's indemnification obligations under Section 8.2.

v) Tenant acknowledges that failure to comply with the provisions of this Section 4.7(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

B. Food Court Common Areas.

To the extent that any of Tenant's Retail Space is located adjacent to a Food Court Common Area, the following provisions apply to such Retail Space:

1) Tenant has the non-exclusive right to use the Food Court Common Area, in common with other tenants and their customers, on the terms and conditions established by the City and as may be revised during the Term at the City's sole discretion. That use does not include the right to wait on customers in the Food Court Common Area. The City reserves the right to establish and enforce the policies for the Food Court Common Area and tenants whose customers use the Food Court Common Area that the City determines are in the best interest of the overall operation of the Food Court Common Area, so that the City may properly and efficiently operate and manage it as a whole. Tenant must comply with these policies.

ii) Tenant must at all times in operating its business in the Retail Space abide by all rules and regulations applicable to tenants whose customers use the Food Court Common Area including those relating to: (a) the health and sanitary conditions of the Retail Space, the Food Court Common Area and the employees of Tenant; (b) standards and quality of Products, services, and merchandising as determined by the City; (c) customer relations; and (d) other matters as the City determines applicable with respect to the operation of the Food Court Common Area and the business conducted by Tenant and all other tenants whose customers use the Food Court Common Area.

iii) The City will be responsible for the operation, repair and maintenance of the Food Court Common Area. Food Court CAM Costs include all costs incurred by the City in the repair and maintenance of the Food Court Common Area, including corridors and seating areas, and include, but are not limited to costs of: painting; cleaning; trash and grease removal; operation, maintenance and repair and replacement of all lighting, electrical, plumbing, HVAC and other mechanical and utility systems; cleaning and retrieval of trays; water, power, gas and sewerage charges; wages and salaries (including employee benefits, unemployment, Social Security and Medicare, and any other payroll taxes) for employees performing operation, maintenance and repair of the Food Court Common Area; materials, equipment, supplies and services purchased for operation, maintenance and repair of Food Court Common Area; required permits and licenses; reasonable straight-line depreciation of movable equipment (including tables and chairs) used in the operation, maintenance or repair of the Food Court Common Area; rental of any equipment used in the operation, maintenance or repair of the Food Court Common Area; and all other direct costs and expenses properly chargeable to the operation, maintenance or repair of the Food Court Common Area. Neither the City nor any company, firm or individual operating, maintaining, managing or supervising the Food Court Common Area, nor any of their respective agents or employees, are or will be liable to Tenant or to any of Tenant's employees, agents, customers or invitees or anyone claiming through or under Tenant, for any damage, injuries, losses expenses, claims or causes of action because of any interruption or discontinuance at any time for any reason in furnishing services relating to operation, maintenance and repair of the Food Court Common Area, nor will any such interruption or discontinuance be deemed a disturbance of Tenant's use or possession of the Leased Space or any part of it; nor will any such interruption or discontinuance relieve Tenant from full performance of Tenant's obligations under this Agreement. Tenant is responsible for providing seating and chairs for Food Court Common Area directly adjacent to Tenant's Leased Space.

Utilities.

A. Tenant must pay for all utilities furnished to the Leased Space, to the extent separately metered. All utilities must be separately metered for usage within a Leased Space except to the extent that the Commissioner agrees otherwise in writing. Notwithstanding the foregoing, in the event that water/sewage is not separately metered, the City may charge Tenant for water/sewage based on a reasonable estimate of usage given the nature of the Concession.

B. In addition to payment for utility service, Tenant must maintain utility lines to the Leased Space as follows:

(1) where the utility lines, including gas, electrical, telephone, hot and cold water, fire sprinkler, gas, and sewer serve both the Leased Space and other areas of the Terminals, Tenant is only obligated to maintain those branch lines and facilities that exclusively serve the Leased Space; and

ii) where such utility lines are entirely for the exclusive service of the Leased Space, Tenant is obligated to maintain the utility lines from the Leased Space up to the main entry point of the utility to the Terminal(s). Alternatively, the City may, at the Commissioner's sole discretion, maintain such utility lines and charge Tenant the reasonable cost of the maintenance.

iii) Tenant must maintain all electrical cables, conduits, wiring, fire alarm systems, electrical panels and associated equipment located within and serving the Leased Space.

4.9 Refuse Handling.

A. Tenant, at its own cost and expense, must provide for the handling of all refuse, including trash, garbage, recycling and other waste created by its Concession operations and for their disposal at a centrally located collection area within the Airport designated by the Commissioner from time to time. Within its Leased Space, Tenant must provide a complete and proper arrangement for the adequate sanitary handling and disposal of trash, garbage, recycling and other refuse resulting from its Concession operations. Tenant must provide and use suitable covered metal receptacles for all trash, garbage, recycling and other refuse in accessible locations within the boundaries of each Leased Space. Piling of boxes, cartons, barrels or other similar items in an unsightly or unsafe manner on or about the Leased Space or the Common Areas is forbidden. The Commissioner reserves the right, from time to time, to establish time periods or schedules during which Tenant must remove refuse from the Leased Space.

B. Tenant must comply with all present and future laws, orders and regulations and any rules and regulations promulgated by the Commissioner regarding the separation, sorting and recycling of garbage, refuse and trash, including but not limited to those policies, rules and regulations incorporated in the Airport Concessions Program Handbook and the Sustainable Airport Manual. Tenant must separate and appropriately dispose of recyclable and non-recyclable waste, including organic materials. Recyclable waste includes newspaper, unsoiled paper

products, cardboard, plastic, aluminum and glass. Tenant is encouraged to use service goods made from recycled and recyclable materials. All recyclable waste will be disposed at the direction of the CDA. The CDA may also require sorting and disposal of compostable/organic wastes, including food scraps and soiled paper products. Tenants must therefore also provide for the separation of pre-consumer compostable\organic waste for composting. Tenants are expected to fully comply with CDA's waste recovery program by sorting, to the maximum extent possible, recyclable and compostable waste from that which will be sent to landfill.

C. Tenant acknowledges that any failure to comply with the provisions of this Section 4.9 may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

4.10 Promotion.

A. Signs and Advertising. Tenant may, at its own expense and subject to obtaining any necessary permits, install and operate necessary and appropriate identification signs in and on the Retail Space for its promotional use (identifying the Concession operations at the Retail Space in question or the Products sold there). All such signage (especially all signage visible from the Common Areas) must be in compliance with signage and other applicable criteria adopted by the Commissioner or other City agencies from time to time and subject to the prior written approval of the Commissioner as to the number, size, height, location and design (as applicable). Tenant must not install, affix, or display any signage outside the Retail Space except as permitted by the Department. Without the prior written consent of the Commissioner, Tenant and its Subcontractors must not distribute any advertising, promotional or informational pamphlets, circulars, brochures or similar materials at the Airport except within the Retail Space and except as are related to Tenant's Concession. Tenant acknowledges that any failure to comply with this Section 4.10(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

B. Marketing and Advertising Fund. The Department operates a marketing fund ("Fund") for the purpose of financing a program for advertising and promoting Concessions at the Airport. The Program may include advertising, media placements, special events, promotional events, brochures, videos and catalogs, mystery shops, market research and surveys, customer service training etc., as appropriate. The Program will be funded by contributions from the Tenant and other tenants at the Airport. Tenant will contribute an amount of one-half of one percent (0.5%) of Gross Revenues per Lease Year to the Fund. All contributions to the Fund may only be expended for the promotion of concessions and marketing-related staff activities at the Airport and for no other purposes. Tenant shall make its contributions to the Fund monthly in arrears concurrently with its Rent payment under this Agreement.

22

The City may, but is not required to, contribute to the Fund. Tenant has no ownership or beneficial interest whatsoever in the Fund or any unspent moneys therein.

11 Distribution and Storage; Deliveries.

A. It is necessary, due to the number of Concession tenants in the Airport, that the Commissioner protect the Common Areas and the Terminal curb front for the flow of airline passengers. Therefore, Concession deliveries must be made only within the times and at the locations authorized by the Commissioner or the Commissioner's designated representative and otherwise in accordance with the terms of this Agreement. All deliveries that require access to the aircraft operations area ("AOA") must be made by vehicles and drivers qualified and permitted to drive over AOA roadways.

B. O'Hare. There is currently no central distribution and storage facility at O'Hare; however, the City intends to implement such a facility during the Term of this Agreement. Thereafter, at the option of the Commissioner, after first giving reasonable notice to Tenant, the Commissioner may require Tenant to arrange for all deliveries to the central distribution and storage facility, except where delivery to a third party is prohibited by law, such as delivery of liquor, or as otherwise approved by the Commissioner in writing. At the Commissioner's sole discretion, the central distribution and storage facility, if implemented, may be operated by a third-party contractor selected or approved by the Commissioner. If the central distribution and storage facility is implemented, Tenant must pay the City, or the third-party operator, Tenant's proportional share of the cost for deliveries to and distribution from the facility ("Distribution Fee") as determined by the Commissioner. Such Distribution Fee will be intended to cover the costs of delivery as well as

development, utility, operation and maintenance costs and other costs associated with the opening and/or operation of the central distribution and storage facility and is considered to be Additional Rent.

C. Tenant acknowledges that the City will not be responsible for and will have no liability related to the operation of (or the failure to operate) the central distribution and storage facility at either Airport, including lost profits, consequential damages or any other losses or damages whatsoever.

12 Certain Rights Reserved By the City.

A. Except as expressly provided otherwise in this Agreement: the City has the rights set forth below, each of which the City may exercise with notice to Tenant and without liability to Tenant for damage or injury to property, person or business on account of exercising them; the City's exercise of any such rights is not deemed to constitute a breach of this Agreement or a disturbance of Tenant's use or possession of or Lease to the Leased Space; the City's exercise does not give rise to any claim, including for set-off or abatement of Rent; the City's exercise also does not relieve Tenant of any obligation to pay all Rent when due. The rights include the rights to:

23

(i) Install, affix and maintain any and all signs on the exterior and on the interior of the Terminals;

ii) Decorate or to make repairs, inspections, alterations, additions, or improvements, whether structural or otherwise, in and about the Terminals, or any part of them, and for such purposes to enter upon the Leased Space, and during the continuance of any of the work, to temporarily close doors, entryways, public space and corridors in the Terminals, and to interrupt or temporarily suspend services or use of facilities, all without affecting any of Tenant's obligations under this Agreement, so long as the Leased Space is reasonably accessible and usable;

iii) Upon request, require Tenant to furnish the Department with copies of door keys for the entry doors of the Leased Space, where applicable, and to retain them at all times, and to use in appropriate instances, keys, including master keys and passkeys, to all doors within and into the Leased Space, but the keys will at all times be kept under adequate and appropriate security by the Department. Tenant must not change any locks, nor affix locks on doors without the prior written consent of the Commissioner. Notwithstanding the provisions for the Department's access to the Leased Space, Tenant releases the City from all responsibility arising out of theft, robbery, pilferage and personal assault unless the same results from the City's gross negligence or willful misconduct. Upon the expiration of the Term of this Agreement or Tenant's right to possession of the Leased Space, Tenant must return all keys to the Concession Management Representative and must disclose the combination of any safes, cabinets or vaults left in the Leased Space;

iv) Approve the weight, size and location of safes, vaults and other heavy equipment and articles in and about the Leased Space and the Terminals so as not to exceed the legal load per square foot designated by the structural engineers for the Airport, and to require all such items and furniture and similar items to be moved into or out of the Terminals and the Leased Space only at the times and in the manner as the Commissioner directs in writing. Tenant must not install or operate machinery, or any mechanical devices of a nature not directly related to Tenant's ordinary use of the Leased Space without the prior written consent of the Commissioner. Movements of Tenant property into or out of the Terminals or the Leased Space and within the Terminals are entirely at the risk and responsibility of Tenant, and the Commissioner reserves the right to require permits before allowing any property to be moved into or out of the Terminals or the Leased Space;

v) Establish controls for the purpose of regulating all property and packages, both personal and otherwise, to be moved into or out of the Terminals and the Leased Space;

(vi) Regulate delivery and service of supplies and the usage of the apron area, loading docks, receiving areas and freight elevators and designate the times within which, and the locations at which, deliveries may be made to or by Tenant;

(vii) Show the Leased Space to prospective Tenants and subtenants at reasonable

24

times and, if vacated or abandoned, prepare the Leased Space for re-occupancy;

viii) Erect, use and maintain pipes, ducts, wiring and conduits, and appurtenances to them, in and through the Leased Space at reasonable locations;

ix) Enter the Leased Space for the purpose of periodic inspection for fire protection, maintenance and compliance with the terms of this Agreement, including but not limited to the Airport Concession Handbook, and exercise any rights granted to City or retained by City in this Agreement; except in the case of emergency, however, the right must be exercised upon reasonable prior notice to Tenant and with an opportunity for Tenant to have an employee or agent present;

x) Grant to any person the right to conduct any business or render any service in or to the Terminals or the Airport.

xi) Promulgate from time-to-time rules and regulations regarding the operations at the Airport; and

xii) Maintain newspaper vending machines at any location in the Airport.

B. If Tenant is required to perform any sprinkler Work, City reserves the right to perform the Work and charge the Tenant for the cost of the sprinkler Work and specify charges as Additional Rent under the Agreement or to approve Tenant's proposed sprinkler contractor, at the Commissioner's sole option. If any sprinkler work requires a temporary shut-down and/or drainage of the sprinkler system or portion thereof in the Terminal, Tenant must pay an up-front fee of \$500 per occurrence in the form of a certified check or money order.

ARTICLE 5 LEASED SPACE AND IMPROVEMENTS

5.1 Leased Space. As provided in Section 4.1, the City grants Tenant the right to use the Leased Space identified in Exhibit 1, or portions thereof, from the date of delivery of each portion of the Leased Space through the remainder of the Term of this Agreement for the operation of the Concession, except as otherwise provided for herein. Exhibit 1 may be amended by agreement of the Tenant and the Commissioner from time to time to reflect changes in Leased Space, including but not limited to any Additional Space or Relocation Space. As of the Effective Date, all square footage identified in Exhibit 1 is approximate, and is subject to final correction in accordance with field measurements to be taken after completion of the Improvements. All such measurements relating to the Leased Space will be made to and from the "lease lines" as identified on Exhibit I. Tenant must confine all of its Concession operations to its Leased Space. Any

conduct of Concession operations outside of Tenant's Leased Space is an Event of Default.

A. Retail Space. The Leased Space includes the Retail Space identified in Exhibit 1. Retail Space is to be used for the sale of Products at retail to the public.

25

B. Storage Space. The Leased Space includes the Storage Space, if any, identified in Exhibit 1. Storage Space is to be used to store inventory and supplies for use in the Retail Space. It may be used for other purposes relating to the Concession with the consent of the Commissioner, but not as a point of retail sale of Products. If the Commissioner determines that Tenant is using Storage Space for purposes unrelated to the Concession, the Commissioner may unilaterally delete the Storage Space from the Leased Space. If the Commissioner determines that the size of the Storage Space exceeds the needs of the Tenant, the Commissioner may unilaterally reduce the size of the Storage Space.

C. Additional Space.

(i) During the Term, the Commissioner may from time to time, at the Commissioner's sole discretion, make Additional Space available in the Terminals for Tenant's Concession operations. In such event, the Commissioner will send written notice to Tenant to advise Tenant of the following:

- a. size and location of the Additional Space being offered, if any;
- b. whether the Additional Space is being offered as Retail Space or Storage Space; and
- c. the City's Shell and Core obligations and Tenant's Improvement obligations for the Additional Space.

Within 30 days after receiving the notice from the Commissioner, Tenant must notify the Commissioner if it accepts or rejects the Additional Space and, if the Additional Space is Retail Space, the proposed Improvements and the amount by which Tenant proposes to increase its Minimum Annual Guarantee to reflect the anticipated increase in Gross Revenues from the Additional Space. Upon notification from Tenant to the Commissioner that Tenant accepts the Additional Space and, if the Additional Space is Retail Space, acceptance by the Commissioner of the proposed Improvements and increase in the Minimum Annual Guarantee, the square footage will be added to the Retail Space or Storage Space, as applicable, under this Agreement and Exhibits 1 and 2 modified accordingly. Upon notification from Tenant to the Commissioner that it rejects the Additional Space or if Tenant fails to notify the Commissioner within 30 days that it accepts the Additional Space, the offer will terminate, and the Commissioner may offer the Additional Space to others.

ii) Nothing in (i) above requires the Commissioner to offer any Additional Space to Tenant or limits or restricts the Commissioner's or the City's right to enter into any Concession agreement with any third party for such space. Additional Space, if any, offered to Tenant is solely for the benefit of the Airport to enhance Airport revenues, and whether or not to offer such Additional Space to Tenant is at the Commissioner's sole and absolute discretion. TENANT HAS NO RIGHT TO BE OFFERED ANY ADDITIONAL SPACE.

iii) The maximum aggregate amount of Retail Space that may be offered to Tenant as Additional Space is 2,000 sq. ft.

D. Relocation Space. The Commissioner may at any time during the Term require Tenant to relocate all or portion of the Leased Space to another location within the Airport and

terminate the Lease with respect to the Leased Space being vacated when, in the sole discretion of the Commissioner, the relocation is necessary for other Airport purposes or is in the best interest of the City. In such an event:

i) The Commissioner will notify Tenant in writing within a reasonable period of time prior to the relocation of all or part of the Leased Space. Such notice will be not less than 90 days in advance of the relocation but, in any event, notice is not required more than 180 days in advance.

ii) If a Retail Space is being relocated and the Relocation Space has, in Tenant's reasonable business judgment, diminished size, visibility, and/or exposure to passenger traffic in comparison to the Retail Space being vacated, Tenant may so notify the Commissioner in writing no later than 15 days after Tenant receives the Commissioner's notice. Such notice must detail with reasonable specificity why Tenant believes that the Relocation Space is not comparable to the Retail Space being vacated and the projected adverse impact on Tenant's sales. Tenant and Commissioner may thereafter negotiate an adjustment in the Percentage Fee and/or the Minimum Annual Guarantee for the Relocation Space to reflect the differences in size, visibility, and/or passenger traffic. If the Tenant and Commissioner fail to agree on such an adjustment or if Tenant otherwise rejects the Relocation Space, then the Lease for the Retail Space being vacated will terminate on the date for the relocation set forth in the Commissioner's notice, and the Minimum Annual Guarantee as of such date will be adjusted in proportion to the percentage of Tenant's Gross Revenues from prior Lease Year that were generated at the Retail Space being vacated. Further, if the Lease of the Retail Space being vacated is terminated, Tenant is entitled to a credit, equal to the unamortized portion of Tenant's actual Improvement Costs for the Retail Space being vacated (but excluding any Improvement Costs for Tenant personal property or any portion of the Improvements that can be moved and used by Tenant elsewhere), against Rent due and owing to the City from Tenant until the full amount of the credit has been applied against Rent.

iii) Except when Tenant rejects Relocation Space pursuant to (ii) above, the City is responsible for costs incurred in the relocation or replication of the Improvements in the Leased Space being vacated, including the cost of moving Tenant's equipment and inventory and the cost of constructing replacement Improvements comparable to the condition of the Improvements in the Leased Space being vacated as of the date of relocation, to the extent comparable Improvements do not already exist in the Relocation Space. In the case of a relocation, Tenant must promptly vacate the portion of the Leased Space required to be vacated and as to which this Agreement is being terminated and return the portion of the Leased Space in as good or better condition as existed as of the date that the City gave Tenant possession of the Leased Space being vacated, unless the Commissioner otherwise agrees in writing. The City will endeavor not to require Tenant to move from the Leased Space being vacated to the Relocation Space before Work on Improvements in the Relocation Space is completed, but the Leased Space being vacated may be needed for other Airport purposes prior to the completion of Improvements in the Relocation Space. Because the City is replacing Improvements in kind, Tenant is not entitled to any credit for unamortized Improvement Costs for the Leased Space being vacated, and the unamortized Improvement Costs for the Leased Space being vacated will

deemed to be the unamortized Improvement Costs for the Relocation Space and continue to be amortized on the same schedule as the original Leased Space.

2 Title to Property in the Leased Space. Tenant shall retain title and ownership to all Products and other Tenant personal property and proprietary trade fixtures in the Leased Space, except in the event of deemed abandonment, as provided in Section 6.3. The City owns all other property in the Leased Space, including the Shell and Core and, upon completion, Tenant Improvements.

3 Shell and Core. The City is responsible for providing Shell and Core, if any are
3 specified in Exhibit 4, for the Leased Space. The City makes no warranty, either express or
3 implied, as to the design or condition of the Leased Space, including the Shell and Core, or the
3 suitability of the Leased Space, including the Shell and Core, for the Tenant's purposes or needs.
3 The City is not responsible for any patent or latent defect, and Tenant must not, under any
3 circumstances, withhold any amounts payable to the City under this Agreement on account of
3 any defect in the Leased Space, including the Shell and Core; if feasible, however, the City will
3 assign to Tenant any warranties obtained from the City's contractor for the Shell and Core
3 and/or the right to enforce City's rights under its contract for the Shell and Core. After the City
3 delivers the Shell and Core to Tenant, Tenant must immediately notify the
3 Commissioner of any defects in the Shell and Core.

4 **Tenant's Improvement Obligations.**

A. Retail Space and Storage Space. Unless otherwise agreed in writing by the Commissioner, Tenant must complete, or cause to be completed, the Improvements as described in the Development Plan. Improvements shall be at Tenant's sole cost and expense and must be completed on or before the Date of Beneficial Occupancy set forth for each portion of the Leased Space in accordance with the schedule set forth in the Development Plan, subject to Section 11.20, "Force Majeure". Failure to achieve DBO for the Improvements in accordance with the schedule in the Development Plan will result in liquidated damages pursuant to Section 5.5(J).

B. Additional Space. Tenant must complete or cause to be completed, at Tenant's sole cost and expense, the Improvements for each Additional Space approved by the Commissioner by the proposed Date of Beneficial Occupancy applicable to each such Additional Space, at a total investment in Improvement Costs for each permanent Additional Space of at least 95% of the budget approved by the Commissioner.

C. Temporary Relocation Space and Additional Space. The Commissioner may require Tenant to operate the Concession, prior to the Date of Beneficial Occupancy applicable to any Relocation Space and Additional Space, from a temporary Relocation Space, at City's sole cost and expense. If approved by the Commissioner, Tenant may use temporary or used fixtures, trade fixtures and equipment and is not required to install Improvements except to the extent necessary to make the temporary Relocation Space or Additional Space useable.

D. Improvement Costs. Only Improvement Costs of the types set forth in the budget in the Development Plan are deemed to be validly incurred Improvement Costs for purposes of this Agreement. Tenant must provide the Commissioner with a statement certified by Tenant.

setting forth the aggregate amount of the Improvement Costs expended by Tenant for each Leased Space, with such detail as may be reasonably requested by the Commissioner. The certified statement must be submitted at the same time as the "as-built" drawings for the Leased Space. Tenant must make available to the Commissioner, at the Commissioner's request, receipted invoices for labor and materials covering all Improvement Costs. The Commissioner has the right to audit the Improvement Costs. If there is a discrepancy of 5% or more, the cost of the audit must be paid promptly by Tenant upon request. If the Tenant's actual Improvement

Costs for any portion of the Leased Space are less than 95% of the amount set forth in the Development Plan for said portion of the Leased Space, Tenant must, within 30 days after the date of completion of the Work or the Date of Beneficial Occupancy, whichever is earlier, pay the City the difference between 95% of the amount set forth in the Development Plan and the actual Improvement Cost for said portion of the Leased Space. The actual Improvement Costs, as approved by the Commissioner, will be memorialized in the confirmation of DBO for the Leased Space in question and attached to Exhibit 1.

5.5 Work Requirements.

A. TIME IS OF THE ESSENCE IN THE PERFORMANCE OF WORK UNDER THIS AGREEMENT.

B. Compliance with Standards. Tenant must comply in its design, construction, use, occupancy and operation of the Leased Space, at its own cost, with:

i) all regulations and directives now or later promulgated by the United States Federal Aviation Administration ("FAA") or Transportation Security Administration ("TSA") pertaining to airport security, as such regulations and directives may be amended or modified from time to time during the Term of this Agreement;

ii) all federal, State of Illinois, and City laws, rules, regulations and ordinances, including all building, zoning and health codes and all Environmental Laws; and

(iii) the Design and Construction Standard Operating Procedures- Concessions

Projects ("C-SOP") C-SOP, the Airport Concession Program Handbook, and the Sustainable Airport Manual.

Tenant must complete or cause to be completed all Improvements in accordance with all rules, regulations and standards, including the C-SOP, and the approved Construction Documents (as defined below) for any Improvements. If there is a conflict between work requirements stated in this Agreement and those set forth in the C-SOP, the Commissioner has the sole discretion to determine which prevails. No construction must take place until the Commissioner has approved the Construction Documents.

Tenant must provide for any supplemental heating, cooling and exhaust facilities that Tenant may require to properly heat, cool, ventilate and exhaust air in the Leased Space. All such supplemental facilities must be designed and installed in accordance with the C-SOP and applicable building codes and must be approved by the Commissioner prior to installation. If at any time the Tenant's supplemental heating, cooling and exhaust facilities fail to comply with the design and operational standards set forth in the C-SOP, Tenant must, on notice from

the City, cause repairs to be made so that Tenant is in compliance with this requirement.

In addition to the requirements set forth in the C-SOP, Tenant acknowledges the City's goal to incorporate environmentally sustainable design in building, infrastructure, and tenant improvements at the Airport. Accordingly, Tenant agrees to use best efforts to incorporate sustainable design practices in the development and build out of the Leased Space, to engage a LEED® (Leadership in Energy and Environmental Design) accredited professional on its architectural team, to create an operational plan that incorporates sustainable practices in all aspects of the daily operation of the Leased Space, and to comply to the extent that it is commercially reasonable to the requirements of the Sustainable Airport Manual.

C. Development Plan. Tenant's Development Plan, as approved by the Commissioner, is attached hereto as

Exhibit 3. It describes and depicts the Tenant's thematic concept for the Retail Space (including storefront design images, as appropriate), floor plan(s) of the Retail Space, its plan and schedule for implementing the Improvements and commencing Concession operations in the Leased Space, temporary facilities that may be necessary to meet the requirements of this Agreement, and its other submission requirements as set forth in the C-SOP. The Development Plan must include the anticipated Date of Beneficial Occupancy of each Retail Space, the budgeted Improvement Costs for each Retail Space, and the dates by which City must complete the Shell and Core and the Delivery Date necessary in order to achieve the anticipated DBO for each Retail Space.

D. 30, 60, 90 and 100 Percent Design Phase. Tenant must submit to the Commissioner its proposed 30, 60, 90, 100 Percent design drawings and specifications prepared as required under the C-SOP. The C-SOP outlines the timing and expectations for submissions at each percentage of the design phase. The C-SOP also provides the timing of the review by the Commissioner. Tenant must adhere to the time required to respond to the Commissioner's comments as outlined in the C-SOP. If Tenant fails to provide acceptable designs, after 5 attempts, an Event of Default can be declared by the Commissioner.

E Start of Construction. For each portion of the Leased Space, within 10 days after the latest of occur of: 1) the date the City delivers to Tenant possession of said portion of the Leased Space, 2) the date Tenant has obtained applicable building permits for said portion of the Leased Space, and 3) the date of commencement of construction set forth in the Development Plan, Tenant must begin construction of the Improvements under and consistent with the approved Construction Documents, in a diligent, first-class and workmanlike manner. Commissioner may require Tenant and its Subcontractors to meet with the Department's construction manager and Concessions Management Representative prior to starting construction. Among other requirements, the Improvements:

- i) Must conform with all architectural, fire, safety, zoning and electrical codes and all federal, State, City and other local laws, regulations and ordinances pertaining to them, including the ADA, and all Airport standards, procedures and regulations.
- ii) Must be free and clear of any mechanics' or materialmen's liens or similar liens or encumbrances.
- iii) Except as otherwise provided in this Agreement, must be completed entirely at

Tenant's cost and expense and in accordance with the requirements of this Agreement including, but not limited to, the requirements and procedures set forth in the C-SOP.

(iv) Upon the request of the Commissioner, Tenant must purchase and install a security camera and connect the camera feed into a junction box at a location to be determined by the Commissioner. Tenant will permit the Commissioner to connect the security camera to the Airport security system.

Approval of the Construction Documents by the Commissioner does not constitute the Commissioner's or the City's representation or warranty as to their conformity with any architectural, fire, safety, zoning, electrical or building code, and responsibility therefore at all times remains with Tenant. Tenant must not permit its design and construction Subcontractors to make any modifications to base building systems without prior written consent of the Commissioner.

F. Change Order Review. Tenant must cause all Work to be performed in a first class, good and workmanlike manner and in accordance with the Construction Documents. Tenant may request in writing that change orders relating to the Work be responded to by the City, and the City will so respond within 10 days, unless a response within 10 days is unreasonable in the circumstances, in which case the response period will be as reasonably determined by the City but in no event longer than 20 days. At all times during the Work, Tenant must have on file with the Commissioner and on the construction site for inspection by the Commissioner, a copy of the approved Construction Documents. Tenant must immediately begin to reconstruct or replace and diligently pursue to completion, at its sole cost and expense, before or after completion of the Work, any Work that is not performed in accordance with the Construction Documents as

approved by the Commissioner.

G. Inspection of Improvements in Progress. The Department has the right to enter upon the Leased Space for the purposes of inspecting and recording the Improvements in progress, ensuring that Tenant's construction complies with the Construction Documents, and rejecting any such construction that does not so conform.

H. Notice of Substantial Completion and Inspection. At least 10 days prior to anticipated substantial completion of the construction of a Leased Space, Tenant must deliver to the Commissioner a "notice of substantial completion" in order for the Commissioner to schedule a representative to inspect the Improvements. On the date specified in the notice of substantial completion, the Department will perform a final inspection of the Improvements for compliance with the Construction Documents for the Improvements, and will, not later than 10 days after inspection, provide a punch list to Tenant describing in sufficient detail any discrepancies between the Improvements and the Construction Documents. Tenant must cause all discrepancies (other than those approved by the Commissioner as variances) to be reconstructed, replaced or repaired in substantial accordance with the Construction Documents. Within 10 days after the date of substantial completion and prior to commencing Concession operations in Leased Space, Tenant must provide, as evidence of the substantial completion of the Work, copies of any and all Certificates of Occupancy and other approvals, if any, necessary for Tenant to occupy the portion of the Leased Space for its intended use. Tenant

shall not commence Concession operations in the Leased Space until such documents have been received by the Commissioner and until authorized to do so by the Commissioner.

I. Timeliness - Punch Lists: Opening for Business. Tenant acknowledges that if it fails to comply with Construction Document requirements (including all tasks necessary to satisfy them, such as, but not limited to, applying at the earliest possible time for and diligently pursuing all necessary building permits), the delay may cause the City to suffer substantial damages, including loss of goodwill, that might be difficult to ascertain or prove. For that reason, but subject to extensions that may be approved by the Commissioner, or day-to-day extensions for delays caused by a force majeure event pursuant to Section 11.20, if Tenant has not caused the Improvements to be substantially completed in accordance with the Construction Documents and Retail Space to be open to the public for business not later than the scheduled Date of Beneficial Occupancy in the Development Plan:

i) Tenant must pay the City liquidated damages at the rate of \$250 per day for each day from and after the Date of Beneficial Occupancy, until the date on which the Retail Space actually opens to the public for business; and

ii) Tenant must cooperate with the Commissioner in providing the interim Concession operations from kiosks or other temporary locations, as the Commissioner may reasonably require, to serve the patrons of the Terminals until the applicable Improvements have been completed and the Retail Space is open to the public for business; and

iii) if, for any reason, Tenant fails to substantially complete the Improvements in accordance with the approved Construction Documents relating to them and open the Retail Space to the public for business within 30 days after the Date of Beneficial Occupancy, the failure is an Event of Default, and the City has the right to exercise any and all remedies under this Agreement, at law or in equity; and further,

iv) if Tenant is permitted to open for business in accordance with the schedule in the Construction Documents but any punch list items are not completed within 30 days following the date on which Tenant opens to the public for business, the Commissioner will assess liquidated damages against Tenant at the rate of \$250 per day per punch list item not timely completed; and

v) if Tenant is permitted to open for business but any punch list items are not completed within 60 days following the date on which Tenant opens to the public for business, the City reserves the right, at the Commissioner's

sole discretion, to either:

- a. complete the punch list Work at the City's cost and bill the Tenant for this Work, in which case the charges are considered Additional Rent; or
- b. close the affected Retail Space until all outstanding punch list items are completed.

J. Post-construction Documentation. Tenant must submit a complete set of "as-built" drawings and documentation as outlined in the C-SOP to the Commissioner within 30 days after the date the Commissioner authorizes Tenant to begin Concession operations in the

32

Leased Space. The as-built drawings and documentation are and become the property of the City, except to the extent of any intellectual property reflecting Tenant's trademarks, trade names or trade dress contained in them.

K. Mechanics' Liens. Tenant must not permit any mechanics' lien for labor or materials furnished or alleged to have been furnished to it to attach to any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement in any way relating to any work performed by or at the direction of Tenant. Upon making payments to Subcontractors, Tenant must obtain from each Subcontractor a waiver of mechanics' liens against any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement arising out of any Work done by the Subcontractor and each and every of the Subcontractor's materialmen and workmen. If, nonetheless, any such mechanics' lien is filed upon any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement, Tenant must indemnify, protect, defend and save harmless the City against any loss, liability or expense whatsoever by reason of the mechanic's lien and must promptly and diligently proceed with or defend, at its own expense, the action or proceedings as may be necessary to remove the lien. Tenant must deliver notice to the Commissioner of any such lien or claim within 15 days after Tenant has knowledge of it. Tenant may permit the mechanics to remain undischarged and unsatisfied during the period of the, contest and appeal; provided that, upon request by the Commissioner, Tenant must post a bond with the City equal to 150% of the amount of the lien. If the lien is stayed and the stay later expires or if by nonpayment of any lien any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement will be, or is claimed to be, subject to loss or forfeiture, then Tenant must immediately pay and cause to be satisfied and discharged the lien. If Tenant fails to do so, the Commissioner may, in his or her sole discretion, draw on the bond and make such payment. If the Commissioner has not requested a bond, then the Commissioner may, in the Commissioner's sole discretion, make such payment out of legally available Airport funds and, in such event, the amount paid shall immediately be payable by Tenant as Additional Rent. Failure to post a bond when requested by the Commissioner or pay such Additional Rent shall be an Event of Default.

L Mid-Term Refurbishment. Tenant must budget and expend such funds as necessary to undertake a mid-Term refurbishment of each Retail Space during or about the middle of the Term in order to ensure that each Retail Space presents a first-class appearance to the public. The minimum expenditure does not include financing costs, interest, and inventory or intracompany charges of the Tenant. The scope and extent of the renovation, remodeling, and upgrade and/or redecorating for such mid-Term refurbishment shall be jointly determined by the Commissioner and Tenant.

5.6 Damage or Destruction of Improvements.

A. Insubstantial Damage. If Improvements to any Leased Space are damaged, in whole or in part, by fire or casualty, and there is no Major Damage (as defined below) to the portion of the Terminals served by the damaged Improvements, then the City will repair any damage to the Shell and Core at the City's expense, and Tenant must repair the damage to the Improvements as soon as reasonably possible (after completion of the Shell and Core) at Tenant's expense.

B. Major Damage.

(i) "Major Damage" means any damage or destruction that, based on reasonable estimates made by the Department within 60 days after the occurrence of the damage or destruction, in order to be repaired to the condition existing before the damage or destruction:

- a. would cost, with respect to the Improvements, in excess of 50% of the replacement cost value of all Improvements; and
- b. would cost, with respect to the Shell and Core, in excess of 50% of the replacement cost of the Shell and Core, or would require, in the sole judgment of the Commissioner, more than nine months to complete.

ii) If any part of the Terminals suffers Major Damage, whether or not including any portion of the Leased Space located in them, in whole or in part by fire or other casualty, the Commissioner has the right, for a period of six months starting on the date of the occurrence, to elect not to repair the Major Damage as otherwise required under this section, by giving written notice of the election to Tenant. If the Commissioner notifies Tenant of the Commissioner's election not to repair the Major Damage, this Agreement will terminate as to the affected Leased Space effective as of the date of the Major Damage, all Rent due under this Agreement will be prorated to the date of termination, and Tenant must surrender the affected portion of the Leased Space to the City.

iii) If any portion of the Leased Space suffers Major Damage, and if after the occurrence of the damage the Agreement is not terminated, the Commissioner and the Airport architect will estimate the cost of restoration and the length of time that will be required to repair the damage and will notify Tenant of the estimate. If the damage can be repaired and the Improvements restored before the Term expires, then Tenant must repair the damage and restore the Improvements. If repair and restoration cannot be substantially completed before the Term expires, then this Agreement terminates as to the portion of the Leased Space as of the date of the Major Damage.

iv) If this Agreement is not terminated in accordance with paragraphs (B) (ii) or (iii) and a casualty has damaged or destroyed any portion of the Shell and Core involving the Leased Space, the City will restore the Shell and Core to the condition existing on the Delivery Date, according to the original as-built plans and specifications. Upon completion of the City's Shell and Core restoration work, if any, Tenant must proceed to rebuild the Improvements as nearly as possible to the character of Improvements existing immediately before the occurrence.

v) Before beginning to replace, repair, rebuild or restore Improvements, Tenant must deliver to the Commissioner a report of an independent consultant acceptable to the Commissioner setting forth:

- a. an estimate of the total cost of the Work;
- b. the estimated date upon which the Work will be substantially completed; and
- c. a statement to the effect that insurance proceeds are projected to

be sufficient to pay the costs of the Work.

(vi) The Commissioner will use commercially reasonable efforts to provide suitable temporary Relocation Space

during the period of restoration subject to the reasonable approval of Tenant. Tenant must relocate the Concession operations to the temporary Relocation Space, and the costs associated with any such relocation, including moving expenses and the cost of reconstructing the Improvements in the temporary Relocation Space, must be borne by Tenant.

C. Tenant's Option. If the Leased Space or a portion of it is subject to Major Damage during the final three years of the Term, Tenant has the right, for a period of 60 days beginning on the date of the occurrence, to elect not to restore the affected Improvements as otherwise required under this Agreement by giving the Commissioner written notice of the election, in which event this Agreement will, as to the portion of the Leased Space, terminate upon the notice. If Tenant desires to rebuild the affected Leased Space, it may do so only upon the written approval of the Commissioner.

D. Insufficient Insurance. In no event will the City be obligated to repair, alter, replace, restore, or rebuild any Improvements, or any portion of them, nor to pay any of the costs or expenses for them. If Tenant's available insurance proceeds are not sufficient to cover the cost of the restoration as required under this Section, then Tenant is liable to complete the repairs at its own cost and expense, except as provided in (C) above.

5.7 City Resident Construction Worker Employment Requirement.

A. Use of Residents. In connection with and during the construction of any Work in excess of \$100,000 in Improvement Costs, Tenant and its Subcontractors must comply with the provisions of § 2-92-330 of the Municipal Code of the City of Chicago ("Municipal Code"), as amended from time to time concerning the minimum percentage of total construction worker hours performed by actual residents of the City. At least 50% of the total construction worker hours worked by persons on the site of the Work must be performed by actual residents of the City, and 7.5% of the total work hours (which may be included on the 50%) must be performed by project area residents: residents of neighborhoods surrounding the Airport. Tenant may request a reduction or waiver of this minimum percentage level of Chicagoans in accordance with standards and procedures developed by the Chief Procurement Officer of the City. In addition to complying with this percentage. Tenant and its Subcontractors are required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions. "Actual residents of the City" means persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment. Tenant and each Subcontractor (for purposes of this subsection, "Employer") must provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed. Each Employer will maintain copies of personal documents supportive of every Chicago employee's actual record

of residence.

B. Certified Payroll Reports. Weekly certified payroll reports (U.S. Department of

35

Labor Form WH-347 or equivalent) must be submitted by hard copy or electronically to the Commissioner and must identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

C. Inspection of Records. Each Employer must provide full access to its employment records to the Chief Procurement Officer, the Commissioner, and the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. Each Employer must maintain all relevant personnel data and records for a period of at least 3 years after final acceptance of the Work. At the direction of the Commissioner, affidavits and other supporting documentation may be required of each Employer to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

D. Level of Effort. Efforts on the part of each Employer to provide utilization of actual Chicago residents that are not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer will not suffice to replace the actual, verified achievement of the requirements of this section concerning the worker hours performed by actual Chicago residents.

E. Shortfalls; Liquidated Damages. When the Work is completed, in the event that the City has determined that Tenant has failed to ensure the fulfillment of the requirement of this section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1% of the aggregate hard construction costs of the Improvement Costs (the product of .0005 x such aggregate hard construction costs) (as evidenced by approved contract value for the actual contracts) must be surrendered by Tenant to the City as liquidated damages, and not as a penalty, in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly will result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Tenant and/or the Subcontractors to prosecution. The City may draw against the security any amounts that appear to be due to the City under this provision pending the City's determination as to the full amount of liquidated damages due on completion of the Work.

F. Nothing set forth in this section acts as a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents, as applicable.

G. Inclusion in Subcontracts. Tenant must cause or require the provisions of this section to be included in all construction Subcontracts related to the Work.

36

8 Licensing of General Contractor. This Agreement is subject to Chapter 4-36 of the Municipal Code which

requires all persons acting as a general contractor (as defined in Chapter 4-36) to be licensed as a general contractor by the City. Tenant's failure to ensure that any general contractor working on Improvements complies with Chapter 4-36 will be an Event of Default.

9 Prevailing Wages. In connection with the construction, repair, and maintenance of Improvements. Tenant must comply with the applicable provisions of 820 ILCS 130/0.01 et seq. regarding the payment of prevailing wages, and the most recent Illinois Department of Labor schedule of prevailing wages, and any successors to them. Tenant must insert appropriate provisions in all Subcontracts covering construction work under this Agreement to ensure compliance of all construction Subcontractors with the foregoing wage statutes and regulations.

10 Subcontractor Certifications. Tenant must require all Subcontractors performing Work in connection with this Agreement to be bound by the following provision and Tenant must cooperate fully with the City in exercising the rights and remedies described below or otherwise available at law or in equity:

"Subcontractor certifies and represents that Subcontractor and any entity or individual that owns or controls, or is controlled or owned by, or is under common control or ownership with Subcontractor is not currently indebted to the City and will not at any time during the Term be indebted to the City, for or on account of any delinquent taxes, liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established. In addition to any other rights or remedies available to the City at law or in equity, Subcontractor acknowledges that any breach or failure to conform to this certification may, at the option and direction of the City, result in the withholding of payments otherwise due to Subcontractor for services rendered in connection with the Agreement and, if the breach or failure is not resolved to the City's satisfaction within a reasonable time frame specified by the City in writing, may result in the offset of any such indebtedness against the payments otherwise due to Subcontractor and/or the termination of Subcontractor for default (in which case Subcontractor will be liable for all excess costs and other damages resulting from the termination.)"

11 MBE/WBE Compliance. Tenant shall make good faith efforts to meet the following goals with respect to participation of Minority Business Enterprises/Woman-Owned Business Enterprises ("MBE/WBE") in the design (including professional services) and construction of Tenant's Improvements, respectively: (i) Design: 26% MBE and 6% WBE; and (ii) Construction: 26% MBE and 6% WBE. However, in consideration of the anticipated costs of the design and construction of the Concession, the City will accept a participation plan that meets a combined single Design and Construction goal of 26% MBE and 6% WBE

participation, which participation may be achieved with any combination of construction and design contracts. The Special Conditions and related forms used by the City in its own procurements are attached hereto as Exhibit 9 and should be used by Tenant's Contractors. Tenant must submit to the CMR completed Schedules Cs and D's from its design and construction Contractors demonstrating their percentage MBE and WBE participation commitments, and their good faith efforts to achieve the foregoing goals if the commitments are less than those goals. Thereafter, Tenant must submit periodic reports to the CMR, in a form and frequency determined by the Commissioner, documenting its Contractors' compliance with their commitments.

ARTICLE 6 TERM OF AGREEMENT

1 Term. The term of this Agreement is the Term as defined in Article 3, unless this Agreement is

terminated earlier in accordance with its terms.

2 Holding Over.

A. With consent. Any holding over after expiration of the Term with the written consent of the Commissioner constitutes a month-to-month lease on the same terms and conditions as this Agreement, including payment of the Rent attributable to the portion or portions of the Leased Space that Tenant continues to occupy. Thereafter, Tenant must surrender and vacate the Leased Space no later than the 30th day following notice from the Commissioner that the month-to-month holdover is terminated; Tenant's failure to do so shall be deemed a holding over without consent under (B).

B. Without consent. If Tenant continues to occupy all or a portion of the Leased Space without the written consent of the Commissioner after expiration or termination of this Agreement in its entirety, or as to any such portion of the Leased Space where the Lease under this Agreement has expired or terminated, the holding over constitutes a month-to-month lease on the same terms and conditions as this Agreement, except that Tenant must pay Rent for the entire holdover period for the Leased Space where the Lease has expired or been terminated at double the annual rate of the Rent payable for that Leased Space during the immediately preceding Lease Year. No occupancy of Leased Space by Tenant after the expiration or other termination of the Lease under this Agreement with respect to such Leased Space extends the Term of this Agreement or the Lease, except as a holdover tenancy. Also, in the event of such holdover tenancy, Tenant shall indemnify the City against all damages arising out of the Tenant's retention of occupancy, including but not limited to any costs incurred by the City to evict Tenant, and all insurance policies and letters of credit required to be obtained and maintained by Tenant as set forth in this Agreement shall continue in effect.

3 Return of the Leased Space and Removal of Improvements.

A. At the termination or expiration for any reason of this Agreement or the Lease as to any portion of the Leased Space, Tenant must promptly, peaceably, quietly and in good order quit, deliver up and return the Leased Space (or that portion as to which the Lease has

terminated, in the case of a partial termination) in good condition and repair, ordinary wear and tear and damage by fire or other casualty excepted. :

B. Tenant must remove all Tenant personal property and proprietary trade fixtures from the Leased Space or the portions of the Leased Space before the date of termination or expiration. Any personal property or trade fixtures remaining in the Leased Space 48 hours after the date of termination or expiration shall be deemed abandoned, and the City may dispose of such personal property or trade fixtures in the Commissioner's sole discretion, and Tenant shall have no claim to the proceeds, if any, from such disposition.

C. Further, at the Commissioner's request (which request will be given in writing at least 30 days before the termination or expiration of the Term), Tenant must remove all Improvements installed by or for Tenant, or Tenant's agents, employees or Subcontractors, except for Improvements that the Commissioner may elect to require Tenant to leave in place (excluding proprietary property which Tenant shall retain and remove). As provided in Section 5.2, all Improvements are City property and, if not requested to be removed by the Commissioner, may be used by the City or a replacement tenant; provided, however, that all of Tenant's trade dress, service marks, trademarks and trade names shall be removed, obliterated or painted out in a commercially reasonable manner at Tenant's cost. If directed by the Commissioner to remove Improvements, Tenant must also cap off any plumbing or drains and remove, obliterate or paint out any and all of its signs, advertising and displays as the Commissioner or his designated representative may direct, and

repair any holes or other damage left or caused by Tenant.

D. Tenant must repair any damage to the Leased Space caused by Tenant's removal of Tenant personal property, trade fixtures and Improvements. All the removal and repair required of Tenant under this section are at Tenant's sole cost and expense.

E. If Tenant fails to perform any of its foregoing obligations, then the Commissioner may cause the obligations to be performed by Department personnel or City contractors, and Tenant must pay the cost of the performance, together with interest thereon at the Default Rate from and after the date the costs were incurred until receipt of full payment therefor.

4 Termination Due to Change in Airport Operations. This Agreement, or the Lease of any affected Leased Space, is subject to termination by either party on 60 days' written notice in the event of any action by the FAA, the TSA or any other governmental entity or the issuance of an order by any court of competent jurisdiction which prevents or restrains the use of the Airport, the Terminals or a portion thereof that renders performance by either party in the Leased Space impossible, and which governmental action or court order remains in force and is not stayed by way of appeal or otherwise, for a period of at least 90 days, so long as the action or order is not the result of any Event of Default of Tenant.

5 **Eminent Domain.**

39

A. If the entirety of the Terminals or a substantial part of them, including the entire Leased Space, is taken by eminent domain by an authority other than the City, the Term of this Agreement will end upon the earlier of the date when possession is required by the condemning authority or the effective date of the taking.

B. If any eminent domain proceeding is instituted by an authority other than the City in which it is sought to take any part of the Airport or the Terminals, the taking of which would, in the good faith judgment of the Commissioner or Tenant, render it impractical or undesirable to conduct Concession operations on the remaining portion of the Leased Space for the intended purposes, the Commissioner and Tenant will each have the right to terminate this Agreement upon not less than 90 days' written notice to the other.

C. In the event of termination of this Agreement under either (A) or (B), all Rent accrued for the Leased Space in question prior to the termination date is payable to the City. However, the City shall have no obligation to pay Tenant any unamortized Improvement Costs for such Leased Space, and Tenant shall look solely to the condemning authority for any award of damages.

6.6 Early Termination. Notwithstanding anything to the contrary set forth in this Lease, the Commissioner may terminate this Agreement with respect to any or all of the Leased Space without cause for any reason, in the Commissioner's sole discretion, upon at least ninety (90) days prior written notice to Tenant. Upon the effective date set forth in such notice, Tenant shall surrender and vacate that portion of Leased Space as to which this Agreement is being terminated as if the Agreement had expired on that date with respect to such Leased Space. In the event of such early termination, the City shall pay to Tenant a "Leased Space Termination Payment", which shall be defined herein to include the following: (i) a sum equal to the unamortized balance of Tenant's Improvement Costs with respect to the Leased Space being terminated, depreciated using the monthly straight-line method over the term of the lease commencing on the Date of Beneficial Occupancy of the Leased Space being terminated; and (ii) a sum equal to Gross Revenues earned by

Tenant from the Leased Space being terminated during the four (4)-month period immediately preceding the termination date, less the Rent payable to the City for that period. Upon Tenant's receipt of the Leased Space Termination Payment and vacation of the Leased Space, the City and Tenant shall thereafter be released from any and all obligations under this Agreement with respect to the Leased Space except for such obligations which are expressly stated to survive the expiration or earlier termination of this Agreement.

ARTICLE 7 RENT AND FEES

7.1 Rent Payable.

A. In consideration of Tenant's Lease of the Leased Space and the License to operate its Concession in the Leased Space and the associated rights and privileges granted in this Agreement, Tenant must pay the following, without notice or demand, as rent and fees

40

(collectively, "Rent") as follows:

i) Base Rent: Beginning as of the Delivery Date of any portion of the Leased Space, the Base Rent for such Leased Space as set forth on Exhibit 2. The initial Base Rent applicable to each Leased Space will increase in each succeeding License Year by 3% following the initial License Year compounded annually. The annual Base Rent is payable in monthly installments and will be prorated for any partial Lease Year.

ii) License Fee. Beginning as of the first Date of Beneficial Occupancy of a Retail Space, an amount equal to the greater of a. or b.:

- a. Percentage Fee. The "Percentage Fee" is an amount equal to the product of the Percentage Fee Rates and Gross Revenues.
- b. Minimum Annual Guarantee. There is no "Minimum Annual Guarantee (MAG)" or "MAG" for the first and second Lease Years of the Term. The Minimum Annual Guarantee will be established beginning in the third Lease Year at an amount equal to 85% of the Percentage Fee payable in the second Lease Year. In the subsequent Lease Years of the Term, the MAG will equal 85% of the Percentage Fee calculated for the prior Lease Year but will never be less than the MAG established in the third Lease Year.

In the event the Leased Space is comprised of two or more distinct Retail Spaces that are opening for Concession operations on different dates, then Exhibit 2 must apportion the MAG payable for the entire Agreement among the various Retail Spaces. The MAG for each Retail Space shall become payable upon its DBO, prorated for any partial year! Upon the DBO of the final Retail Space, the entire MAG shall be payable, prorated for any partial year.

iii) Pre-Construction License Fee. In the event Tenant conducts, with the Commissioner's approval, concession operations in any portion of the Retail Space prior to the construction of the Improvements, then the "Pre-Construction License Fee" is an amount equal to 20% of Gross Revenues during each calendar month (or portion thereof) from the Delivery Date through the DBO of the Retail Space.

iv) Additional Rent. The Marketing Fee and Distribution Fee, if any, and any other charges payable to the City under this Agreement that are identified as Additional Rent. Failure by Tenant to pay Rent, or any portion thereof, when due is an Event of Default.

B. Impositions. Tenant must timely pay, as and when due, any and all taxes, assessments, fees, and charges levied, assessed or imposed by a governmental unit upon this Agreement, the Leased Space, Tenant's leasehold, Tenant's Concession business or upon Tenant's personal property, including but not limited to all permit fees and charges of a similar nature for Tenant's conduct of any business or undertaking in the Leased Space (collectively, "Impositions"). Tenant must provide the Concession Management Representative with copies

of any business licenses or permits required for the Tenant to operate the Concession. Tenant must provide Commissioner a copy of all notices relating to leasehold taxes on the Leased Space within 30 days after receipt and must provide the Commissioner with a receipt indicating payment of leasehold taxes on the Leased Space when due. Nothing in this Agreement precludes Tenant from contesting the amount of an Imposition, including those taxes or charges enacted or promulgated by the City, but unless otherwise allowed by the entity imposing the tax or charge, Tenant must pay the tax or charge pending the judicial or administrative decision on the Tenant's contest. Failure of Tenant to pay any Imposition when due, except to the extent that Tenant is allowed to withhold payment while contesting the amount of the Imposition, will constitute an Event of Default. As provided in Section 4.1, Tenant acknowledges that the leasehold created under this Agreement is taxable, and while Tenant may contest the amount of the leasehold tax, Tenant shall not contest its applicability.

C. Rent under this Agreement is not considered to be a tax and is independent of any Imposition levied by the City on the Tenant's business. Further, the payment of the Rent under this Agreement is independent of each and every other covenant and agreement contained in this Agreement, and Tenant must pay all Rent without any set off, abatement, counterclaim or deduction whatsoever except as otherwise expressly provided in this Agreement. If Tenant is directed to move its Concession operations to a Relocation Space, and the City determines that the affected Retail Space is to be closed before completion of the Improvements in the Relocation Space, then adjustments will be made to the Minimum Annual Guarantee until Tenant begins Concession operations in the Relocation Space. Such adjustments will be in the same proportion as the Gross Revenues attributable to the Retail Space to be closed bears to the Gross Revenues for the entire Retail Space to which the Minimum Annual Guarantee applies. If actual Gross Revenue amounts are not available, the adjustment will be made based on the MAG per location estimates in Exhibit 2.

7.2 Time of Payments.

A. On or before the first day of each calendar month, prorated for any partial calendar month, beginning on the Delivery Date of the first Leased Space and continuing throughout the Term, Tenant must pay to the City the monthly installment of Base Rent owed pursuant to Section 7.1(A)(i).

B. On or before the first day of each calendar month, prorated for any partial calendar month, beginning on the DBO of the first Leased Space and continuing throughout the Term, Tenant must pay to the City:

(i) that portion of the Minimum Annual Guarantee as may be due pursuant to Section 7.1(A)(ii)(b);

C. On or before the 15th day of each month, beginning the month following the month in which the DBO of the first Leased Space occurs, Tenant must pay the City:

- i) the amount, if any, by which the actual Percentage Fee for the preceding month pursuant to Section 7.1(A) (ii)(a) exceeds the Minimum Annual Guarantee payment that was made on the first day of the month;
- ii) the Marketing Fee, Distribution Fee and additional rent, if any, based on the Gross Revenues of the preceding month or pre-determined amount; and
- iii) any other charges payable to the City.

D. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding Lease Year exceeds the amount of all payments made by Tenant to the City for the Lease Year in question, then Tenant must pay the amount of the underpaid Percentage Fee to the City upon the submission of the annual statement of Gross Revenues. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding Lease Year is less than the amount of all License Fee payments made by Tenant to the City for the period in question, but the Percentage Fee still exceeds the MAG for that Lease Year, then Tenant will receive a credit against the next License Fee payment due under this Agreement for the amount by which the License Fee actually paid by Tenant exceeded the Percentage Fee attributable to the period.

3 Material Underpayment or Late Payment. Without waiving any other remedies available to the City, if:

i) Tenant underpaid Rent due in any calendar year by more than 5%, or

ii) Tenant failed to make any Rent payments within 5 days of the date due, then Tenant must pay, in addition to the amount due the City as Rent, interest on the amount of underpayment or late payment at the Default Rate. Interest on the amount underpaid accrues from the date on which the original payment was due until paid in full and shall be considered Additional Rent. The provision for the payment of interest does not constitute an authorization by the City of underpayment or late payment.

4 **Reports.**

A. Monthly. Tenant must furnish to the Commissioner on or before the 15th day of each calendar month falling wholly or in part within the Term of this Agreement a complete statement, certified by Tenant, of the amount of Gross Revenues derived from each Retail Space by Tenant during the preceding month.

B. Daily and/or Weekly. Tenant will furnish to the Commissioner daily and/or weekly sales reports, if requested, breaking down all sales and Gross Revenues by day, daypart (breakfast, lunch, dinner and late/overnight), selling category and by each separate Retail Space. If so requested, Tenant will provide Commissioner with statistical information regarding the number and type of transactions occurring at each Retail Space, in the form specified by the Commissioner. In addition to providing the City the foregoing daily and/or weekly reports, if requested, Tenant shall make all such reports available in an electronic,

searchable format acceptable to the City. The City may require Tenant to provide such electronic, searchable reports more or less frequently than other reports requested pursuant to this subsection.

C. Annually or more often.

(i) Tenant also must furnish to Commissioner no later than March 1 of each Lease Year falling wholly or in part within the Term of this Agreement, and within 120 days after the expiration or termination of this Agreement, a complete statement of revenues certified by an independent certified public accountant engaged by Tenant, showing in all reasonable detail the amount of Gross Revenues made by Tenant in, on or from the Leased Space during the preceding Lease Year and copies of all returns and other information filed with respect to Illinois sales and use taxes as well as such other reasonable financial and statistical reports as the Commissioner may, from time to time, require by written notice to Tenant.

(ii) The annual statement must include a breakdown of Gross Revenues on a month-by-month basis and an opinion of an independent certified public accountant that must include the following language, or language of similar purport:

"We, a firm of independent certified public accountants, have examined the accompanying statement reported to the City of Chicago by [] for the year ended relating to its operations at the Terminals pursuant to an Agreement dated , . Our examination was made in accordance with generally accepted accounting principles and, accordingly, includes such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement showing gross revenues of \$ presents accurately the amount of Gross Revenues, as defined in the Agreement, for the year ended ."

D. All such reports and statements must be prepared on a form approved by the Commissioner and must, among other things, provide a breakdown of the Gross Revenues by category of Products and an analysis of all Percentage Fees due and payable to the City with respect to the period in question. If Tenant fails to timely furnish to the Commissioner any monthly or annual statement required under this Agreement or if the independent certified public accountant's opinion is qualified or conditioned in any manner, the Commissioner has the right (but is not obligated) without notice, to conduct an audit of Tenant's books and records and to prepare the statements at Tenant's expense. Tenant must also provide the

Commissioner with such other financial or statistical reports and information concerning the Leased Space or any part thereof, in the form as may be reasonably required from time to time by the Commissioner.

7.5 Books, Records and Audits.

A Except as provided below. Tenant must prepare and maintain at its office full; complete and proper books, records and accounts in accordance with generally accepted accounting procedures relating to and setting forth the Gross Revenues, including but not limited to Gross Revenues generated by sales of Products for cash, debit, check, gift certificate, credit, or any other form of compensation, and must require and cause its operations personnel to prepare and

keep books, source documents, records and accounts sufficient to substantiate those kept by Tenant. The books and source documents to be kept by Tenant must include true copies of all federal, state and local tax returns filed with respect to Tenant's Concession operation and reports, records of inventories and receipts of Products, daily receipts from all sales and other pertinent original sales records and records of any other transactions conducted in or from the Leased Space by Tenant and any other persons conducting business in or from the Leased Space. Pertinent original sales records must include the following documents or their auditable electronic equivalents:

- i) cash register tapes, including tapes from temporary registers,
- ii) serially pre-numbered sales slips,
- iii) the original records of all mail and telephone orders at and to the Leased Space,
- iv) original records indicating that Products returned by customers was purchased at the Leased Space by the customers,
- v) memorandum receipts or other records of Products taken out on approval,
- vi) detailed original records of any exclusions or deductions from Gross Revenues,
- vii) sales tax records, and
- viii) such other sales records, if any, that would normally be examined by an independent accountant under accepted auditing standards in performing an audit of Tenant's Gross Revenues.

B. Tenant must record at the time of each sale or other transaction, all receipts, whether in physical form or electronic, from the sale or other transaction. The books, records and accounts, including any sales tax reports that Tenant may be required to furnish to any government or governmental agency, must at all reasonable times be open to the inspection (including the making of copies or extracts) of the Commissioner, the Commissioner's auditor or other authorized representative or agent at the Leased Space or Tenant's other offices in Chicago for a period of at least three (3) years after the expiration of each calendar year falling wholly or in part within the Term.

C. The acceptance by the Commissioner of payments of any Percentage Fee is without prejudice to the Commissioner's right to conduct an examination of the Tenant's books and records relating to Gross Revenues and of inventories of Products at the Retail Space, in order to verify the amount of Gross Revenues made in and from the Retail Space.

D. After providing Tenant at least 3 days prior oral or written notice, the

Commissioner may inspect the books and records of Tenant. Further, at its option, the Commissioner may at any reasonable time, upon no less than 10 days prior written notice to Tenant cause a complete audit to be made of Tenant's entire records relating to the Retail Space for the period covered by any statement issued by Tenant as above set forth. If the audit discloses that Tenant's statement of Gross Revenues is understated to the extent of:

- i) 3% or more, Tenant must promptly pay the City the cost of the audit in addition to the deficiency (and any interest on the deficiency at the Default Rate), which deficiency is payable in any event, and if
- ii) 5% or more, an Event of Default is considered to have occurred, and in addition to all other remedies available under this Agreement, at law, or in equity, the Commissioner has the right to terminate this Agreement immediately upon giving notice to Tenant, without any opportunity for Tenant to cure.

in addition to the foregoing, and in addition to all other remedies available to the City, if Tenant or the City's auditor schedules a date for an audit of Tenant's records and Tenant fails to be available or otherwise fails to comply with the reasonable requirements for the audit, Tenant must pay all reasonable costs and expenses associated with the scheduled audit.

7.6 Revenue Control. Upon the request of the Commissioner Tenant must make available monthly sales data for each Retail Space ("Point of Sale Data"), reflecting the amount of each sales transaction, items sold per transaction, time and date of the transaction, and specifying the sales category applicable to each item sold. At such time, if any, as computerized Point of Sale Data systems ("POS Systems") have been developed to a point where the Commissioner deems it necessary or desirable to install such a POS System, then Tenant must upon request and at its own expense, install such a POS System in the Retail Space or, if it already uses such a system, must use reasonable efforts to promptly cause the system to conform to the City's POS System, provided, in no event shall Tenant be required to disclose customer data in contravention of applicable laws. Tenant shall be given a reasonable amount of time, not to exceed one year, to accomplish the foregoing.

7.7 Lien. In addition to any liens as may arise under Illinois law, the City has a contractual lien under this Agreement on all property, including Tenant personal property located on the Leased Space, but excluding any Products that is subject to floor plan financing, as security for non-payment of any Rent due.

ARTICLE 8 INSURANCE, INDEMNITY AND SECURITY

8.1 Insurance. Tenant must, at its sole expense, procure and maintain at all times during the Term of this Agreement, and during any time period following expiration or termination of this Agreement during which Tenant is holding over or Tenant is required to return to the Leased Space for any reason whatsoever, the types of insurance specified in Exhibit 7 covering all operations under this Agreement, with insurance companies authorized to do business in the State of Illinois.

46

8.2 Indemnification.

A. Except where this indemnity clause would be found to be inoperative or unenforceable under the Construction Contract Indemnification for Negligence Act, 740 ILCS 35/0.01 et seq. ("Anti-Indemnity Act"), Tenant must defend, indemnify, keep and hold harmless the City, its officers, representatives, elected and appointed officials, agents and employees, from and against any and all Losses.

B. "Losses" means, individually and collectively, liabilities of every kind, including losses, damages, and reasonable costs, payments and expenses (such as, but not limited to, court costs and reasonable attorneys' fees and disbursements), claims, demands, actions, suits, proceedings, judgments or settlements, any or all of which in any way

arise out of or relate to the acts or omissions of Tenant, its employees, agents, subtenants, and Subcontractors.

C. At the City Corporation Counsel's option, Tenant must defend all suits brought upon all such Losses and must pay all costs and expenses incidental to them, but the City has the right, at its option, to participate, at its own cost, in the defense of any suit, without relieving Tenant of any of its obligations under this Agreement. Tenant must not make any settlement without the prior written consent to it by the City Corporation Counsel if the settlement requires any action on the part of the City or in any way involving the Airport.

D. To the extent permissible by law, Tenant waives any limits to the amount of its obligations to indemnify, defend or contribute to any sums due under any Losses, including any limits applicable to a claim by any employee of Tenant that may be subject to the Workers' Compensation Act, 820 ILCS 305/1 et seq or any other related law or judicial decision (such as, *Kotecki v. Cyclops Welding Corporation*, 146 Ill. 2d 155 (1991)). The waiver, however, does not require Tenant to indemnify the City for the City's own negligence to the extent doing so would violate the Anti-Indemnity Act. The City, however, does not waive any limitations it may have on its liability under the Worker's Compensation Act or under the Illinois Pension Code.

E The indemnities contained in this section survive expiration or termination of this Agreement, for matters occurring or arising during the Term of this Agreement or as the result of or during the holding over of Tenant beyond the Term. Tenant acknowledges that the requirements set forth in this section to indemnify, keep and save harmless and defend the City are apart from and not limited by the Tenant's duties under this Agreement, including the insurance and Security requirements.

8.3 Security

A. Form of Security.

(i) Tenant must deliver to the City no later than the earlier to occur of: a) 30 business days after the Effective Date or b) the Delivery Date for the first Leased Space, an irrevocable,

47

unconditional sight draft Letter of Credit in favor of the City. The face amount of the Letter of Credit and any replacements or renewals of it must be maintained by Tenant, through and including the date that is 180 days after the expiration of the Term or termination of this Agreement, as follows: the face amount of the Letter of Credit must equal a) until the third full Lease Year of the Term, \$25,000, and b) during and after the third full Lease Year of the Term, 25% of third full Lease Year MAG in the form of an irrevocable letter of credit issued in favor of the City or a cash deposit. If a letter of credit is provided as the form security, it will be required to be adjusted throughout the Term, as the MAG increases or decreases. The Letter of Credit must be in the form set forth in Exhibit 6 or as otherwise approved by the Corporation Counsel.

ii) In lieu of the Letter of Credit, Tenant may provide cash or a cashier's check in the same amount for immediate deposit in the City's accounts. The Letter of Credit, cash or cashier's check, as applicable, is referred to in this Agreement as the "Security." The original Letter of Credit, and all replacements of it, must be issued with an expiry date of at least one year after their respective dates of issuance. The Security secures the faithful performance by Tenant of all of Tenant's obligations under this Agreement. The Commissioner is entitled to draw on any such Letter of Credit unless proof of renewal of the Letter of Credit or a replacement Letter of Credit in form and substance satisfactory to the Comptroller has been furnished to the Commissioner at least 30 days before its expiration date. The City will hold the proceeds as a cash Security to secure the full and faithful performance of Tenant's obligations under this Agreement. The

Commissioner is not obligated to pay or credit Tenant with interest on any Security.

iii) The Commissioner also is entitled to draw on the Letter of Credit in whole or in part upon the occurrence of an Event of Default, which such Event of Default remains uncured after any applicable cure period, in which event the Commissioner is entitled to apply or retain all or any part of the proceeds of it or any cash or other Security deposited by Tenant and held by the City for the payment of any obligation of Tenant arising before or after the Event of Default; provided, the Commissioner is not entitled to draw on the Letter of Credit if such Event of Default permits cure and has been cured.

iv) The Letter of Credit must provide that the Commissioner may draw upon the Letter of Credit in whole or in part upon the delivery by the Commissioner to the issuer of the Letter of Credit of a demand for payment, purportedly signed by the Commissioner, together with a written statement that the Commissioner is entitled to draw upon the Letter of Credit under the terms of this Agreement. If amounts are drawn upon the Letter of Credit or amounts of a cash Security are applied by the Commissioner in accordance with the terms of this Agreement, Tenant must reinstate the Letter of Credit or cash Security to its full amount required in this Agreement within 5 days following notification by the Commissioner of the City's draw upon the Letter of Credit or use of the cash Security. The rights reserved to the Commissioner or the City under the Letter of Credit or any cash Security are in addition to any rights they may have under this Agreement or under law.

B. Qualified Issuers. The Letter of Credit called for in this Agreement must be issued by companies or financial institutions having a rating of "A" or better as determined by Standard and Poor's or by Moody's Investors Service, Inc., or a net worth of at least \$500,000,000, and must have an office in Chicago where the Commissioner may draw on the Letter of Credit. The Commissioner also reserves the right to order Tenant to immediately close some or all of the Leased Space until the Letter of Credit is in place and effective.

C. Right to Require Replacement of Letter of Credit. If the financial condition of any Letter of Credit issuer issuing the Letter of Credit materially and adversely changes, the Commissioner may, at any time, require that the Letter of Credit be replaced with a Letter of Credit from another institution and in accordance with the requirements set forth in this section.

D. No Excuse from Performance. None of the provisions contained in this Agreement nor in the Letter of Credit required under this Agreement excuse Tenant from faithfully performing in accordance with the terms and conditions of this Agreement or limit the liability of Tenant under this Agreement for any and all damages in excess of the amounts of the Letter of Credit.

E. Non-Waiver. Notwithstanding anything to the contrary contained in this Agreement, the failure of the Commissioner to draw upon the Letter of Credit required under this Agreement or to require Tenant to replace the Letter of Credit at any time or times when the Commissioner has the right to do so under this Agreement does not waive or modify the Commissioner's rights to draw upon the Letter of Credit and to require Tenant to maintain or, as the case may be, replace the Letter of Credit, all as provided in this Section.

ARTICLE 9 DEFAULT, REMEDIES AND TERMINATION

9.1 Events of Default. The following (A) through (N) constitute Events of Default by Tenant under this Agreement. The Commissioner will notify Tenant in writing of any event that the Commissioner believes to be an Event of Default. Tenant will be given an opportunity to cure the Event of Default within a reasonable period of time, as

determined by the Commissioner, but not to exceed 30 days after written notice of the Event of Default; provided, that (1) if a provision of this Agreement provides for a different cure period for a particular Event of Default, that different cure period will apply; (ii) if a provision of this Agreement does not expressly allow a right to cure a particular Event of Default, there will be no right to cure; and (iii) if neither (i) or (ii) apply and if the promise, covenant, term, condition or other nonmonetary obligation or duty cannot be cured within the time period granted by the Commissioner, but Tenant promptly begins and diligently and continuously proceeds to cure the failure within the time period granted and after that continues to diligently and continuously proceed to cure the failure, and the failure is reasonably susceptible of cure within 45 days from delivery of the notice, Tenant will have the additional time, not in any event to exceed 45 days, to cure the failure.

A. Any material misrepresentation made by Tenant to the City in the inducement

49

to City to enter this Agreement or in the performance of this Agreement. There is no right to cure this Event of Default.

B. Tenant's failure to make any payment in full when due under this Agreement and failure to cure the default within five days after the City gives written notice of the nonpayment to Tenant. In addition, Tenant's failure to make any such payment within five days after the written notice more than three times in any Lease Year constitutes an Event of Default without the necessity of the City giving notice of the fourth failure to Tenant or allowing Tenant any opportunity to cure it.

C. Tenant's failure to promptly and fully keep, fulfill, comply with, observe, or perform any promise, covenant, term, condition or other non-monetary obligation or duty of Tenant contained in this Agreement.

D. Tenant's failure to promptly and fully perform any obligation or duty, or to comply with any restriction of Tenant contained in this Agreement concerning Transfer or Change in Ownership, whether directly or indirectly, of Tenant's rights or interests in this Agreement or of the ownership of Tenant.

E. Tenant's failure to provide or maintain the insurance coverage required under this Agreement (including any material non-compliance with the requirements) and the failure to cure the Event of Default within two days following oral or written notice from the Commissioner; or, if the noncompliance is non-material, the failure to cure the Event of Default within 20 days after the Commissioner gives written notice. The Commissioner, in the Commissioner's sole discretion, will determine if noncompliance is material.

F. Tenant's failure to conduct Concession operations in any Retail Space at all times Tenant is required to do so under this Agreement.

G. Tenant's failure to comply with the Value Pricing policy.

H. Tenant's failure to begin or to complete its Improvements on a timely basis or to timely open for business in the Leased Space or any portion of it as required herein.

I. An Event of Default by Tenant or any Affiliate under any other agreement it may presently have or may enter into with the City during the Term of this Agreement and failure to cure the default within any applicable cure period.

J. Tenant or Guarantor, if any, does any of the following and the action affects Tenant's ability to carry out the terms of this Agreement:

i) becomes insolvent, as the term is defined under Section 101 of the Bankruptcy Code as amended from time to time; or

ii) fails to pay its debts generally as they mature; or

50

iii) seeks the benefit of any present or future federal, state or foreign insolvency statute; or

iv) makes a general assignment for the benefit of creditors, or

v) files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Bankruptcy Code or under any other law or statute of the United States or of any State or any foreign jurisdiction; or

vi) consents to the appointment of a receiver, trustee, custodian, liquidator or other similar official, of all or substantially all of its property.

K. An order for relief is entered by or against Tenant or Guarantor (if any) under any chapter of the Bankruptcy Code or similar law in any foreign jurisdiction and is not stayed or vacated within 60 days following its issuance.

L. Tenant is dissolved.

M. A violation of law that results in a guilty plea, a plea of nolo contendere, guilty finding, or conviction of a criminal offense, by Tenant, or any of its directors, officers, partners or key management employees directly or indirectly relating to this Agreement, and that may threaten, in the sole judgment of Commissioner, Tenant's performance of this Agreement in accordance with its terms.

N. Any failure to perform, act, event or omission that is specifically identified as an Event of Default elsewhere in this Agreement.

9.2 Remedies.

If an Event of Default occurs and is not cured by Tenant in the time allowed, in addition to any other remedies provided for in this Agreement, including the remedy of Self-help as provided in Section 9.3, the City through the Commissioner or other appropriate City official may exercise any or all of the following remedies:

A. Terminate this Agreement with respect to all or a portion of the Leased Space and exclude Tenant from that part of the Leased Space affected by the termination. If the Commissioner elects to terminate this Agreement, the Commissioner may, at the Commissioner's sole option, serve notice upon Tenant that this Agreement ceases and expires and becomes absolutely void with respect to the Leased Space or that part identified in the notice on the date specified in the notice, to be no less than five days after the date of the notice, without any right on the part of Tenant after that to save the forfeiture by payment of any sum due or by the performance of any term, provision, covenant, agreement or condition broken. At the expiration of the time limit in the notice, this Agreement and the Term of this Agreement, as well as the right, title and interest of Tenant under this Agreement, wholly ceases and expires and becomes void with respect to the Leased Space identified in such notice in the same manner.

and with the same force and effect (except as to Tenant's liability) as if the date fixed in the notice were the date in this Agreement stated for expiration of the Term with respect to the Leased Space identified in such notice.

B. Recover all Rent, including Additional Rent and any other amounts due that have accrued and are then due and payable and also all damages available at law or under this Agreement. If the Agreement is terminated, whether in its entirety or with respect to a part of the Leased Space, the damages will include damages for the balance of the scheduled Term, based upon any and all amounts that Tenant would have been obligated to pay for the balance of the Term with respect to the Leased Space, or if this Agreement is terminated with respect to a portion of the Leased Space, that portion of the Leased Space affected by the termination, calculated as provided in this Agreement or, if not fixed, as reasonably estimated and prorated among the various portions of the Leased Space. In determining the amount of damages for the period after termination, the Commissioner may make the determination based upon the sum of any future payments that would have been due to the City, for the full Lease Year immediately before the Event of Default. All amounts that would have been due and payable after termination for the balance of the Term with respect to all or a portion of the Leased Space must be discounted to present value at the Default Rate existing as of the date of termination. The Commissioner may declare all amounts to be immediately due and payable.

C. At any time after the occurrence of any uncured Event of Default, whether or not the Lease under this Agreement has been terminated, reenter and repossess the Leased Space and/or any part of it with or without process of law, so long as no undue force is used, and the City has the option, but not the obligation, to re-lease all or any part of the Leased Space. The City, however, is not required to accept any Tenant proposed by Tenant or to observe any instruction given the City about such a re-lease. The failure of the City to re-lease the Leased Space or any part or parts of it does not relieve or affect Tenant's liability under this Agreement nor is the City liable for failure to re-lease. Reentry or taking possession of the Leased Space does not constitute an election on the City's part to terminate this Agreement unless a written notice of the election by the Commissioner is given to Tenant. Even if the City re-leases without termination, the Commissioner may at any time thereafter elect to terminate this Agreement for any previous uncured Event of Default. For the purpose of re-leasing, the Commissioner may decorate or make repairs, changes, alterations or additions in or to the Leased Space to the extent deemed by the Commissioner to be desirable or convenient, and the cost of the decoration, repairs, changes, alterations or additions will be charged to and payable by Tenant as Additional Rent under this Agreement. Any sums collected by the City from any new Tenant obtained on account of Tenant will be credited against the balance of the Rent due under this Agreement. Tenant must pay the City monthly, on the days when payments of Rent would have been payable under this Agreement, the amount due under this Agreement less the amount obtained by the City from the new Tenant, if any.

D. Enter upon the Leased Space, distraint upon and remove from it all inventory, equipment, machinery, trade fixtures and personal property of any kind or nature, whether owned by Tenant or by others, and to proceed without judicial decree, writ of execution or

assistance or involvement of constables or the City's and Tenant's officers, to conduct a private sale, by auction or sealed bid without restriction. Tenant waives the benefit of all laws, whether now in force or later enacted, exempting any of Tenant's property on the Leased Space or elsewhere from distraint, levy or sale in any legal proceedings taken by the City

to enforce any rights under this Agreement.

E. Seek and obtain specific performance, a temporary restraining order or an injunction, or any other appropriate equitable remedy.

F. Seek and obtain money damages; including special, exemplary, incidental and consequential damages.

G. Deem Tenant and Affiliates non-responsible in future contracts or concessions to be awarded by the City.

H. Declare Tenant and Affiliates in default under any other existing contracts or agreements they might have with the City and to exercise any remedies available under those other contracts or agreements.

I. Accept the assignment of any and all Subcontracts between Tenant and the design and construction Subcontractors.

J. Require Tenant to terminate a Subcontractor that is causing breaches of this Agreement.

9.3 Commissioner's Right to Perform Tenant's Obligations.

A. Upon the occurrence of an Event of Default that Tenant has failed to cure in the time provided, the Commissioner may, but is not obligated to, make any payment or perform any act required to be performed by Tenant under this Agreement in any manner deemed expedient by the Commissioner for the purpose of correcting the condition that gave rise to the Event of Default ("Self-help"). The Commissioner's inaction never constitutes a waiver of any right accruing to the City under this Agreement nor do the provisions of this section or any exercise by the Commissioner of Self-help under this Agreement cure any Event of Default. Any exercise of Self-help does not limit the right of any other City department or agency to enforce applicable City ordinances or regulations.

B. The Commissioner, in making any payment that Tenant has failed to pay:

i) relating to taxes, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim;

ii) for the discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien that may be asserted; and

(iii) in connection with the completion of construction, furnishing or equipping of the Leased Space or the licensing, operation or management of the Leased Space or the payment of any of its operating costs, may do so in such amounts and to such persons as the Commissioner may deem appropriate.

Nothing contained in this Agreement requires the Commissioner to advance monies for any purpose.

C. If Tenant fails to perform its obligations under this Agreement to maintain and operate the Leased Space in accordance with specified standards within 3 days following written notice from the Commissioner, or in the event of a serious health or safety concern or in an emergency (in which case no notice is required) the Commissioner may, but is not obligated to, direct the Department to perform or ensure the performance of any such obligation in any manner deemed

not obligated to, direct the Department to perform or cause the performance of any such obligation in any manner deemed expedient by the Commissioner for the purpose of correcting the condition in question.

D. All sums paid by the City under the provisions of this Section and all necessary and incidental costs, expenses and reasonable attorneys' fees in connection with the performance of any such act by the Commissioner, together with interest thereon at the Default Rate, from the date of the City's payment until the date paid by Tenant, are deemed Additional Rent under this Agreement and are payable to the City within 10 days after demand therefor, or at the option of the Commissioner, may be added to any Rent then due or later becoming due under this Agreement, and Tenant covenants to pay any such sum or sums with interest at the Default Rate.

9.4 Effect of Default and Remedies

A. Tenant, for itself and on behalf of any and all persons claiming through or under it (including creditors of all kinds), waives and surrenders all right and privilege that they or any of them might have under or by reason of any present or future law, to redeem the Leased Space or to have a continuance of this Agreement for the Term, as it may have been extended, after having been dispossessed or ejected by process of law or under the terms of this Agreement or after the termination of this Agreement as provided in this Agreement.

B. The City's waiver of any one right or remedy provided in this Agreement does not constitute a waiver of any other right or remedy then or later available to the City under this Agreement or otherwise. A failure by the City or the Commissioner to take any action with respect to any Event of Default or violation of any of the terms, covenants or conditions of this Agreement by Tenant will not in any respect limit, prejudice, diminish or constitute a waiver of any rights of the City to act with respect to any prior, contemporaneous or later violation or Event of Default or with respect to any continuation or repetition of the original violation or Event of Default. The acceptance by the City of payment for any period or periods after an Event of Default or violation of any of the terms, conditions and covenants of this Agreement does not constitute a waiver or diminution of, nor create any limitation upon any

right of the City under this Agreement to terminate this Agreement for subsequent violation or Event of Default, or for continuation or repetition of the original violation or Event of Default. Tenant has no claim of any kind against the City by reason of the City's exercise of any of its rights as set forth in this Agreement or by reason of any act incidental or related to the exercise of rights.

C. All rights and remedies of the City under this Agreement are separate and cumulative, and none excludes any other right or remedy of the City set forth in this Agreement or allowed by law or in equity. No termination of this Agreement or the taking or recovery of the Leased Space deprives the City of any of its remedies against Tenant for Rent, including Additional Rent or other amounts due or for damages for the Tenant's breach of this Agreement. Every right and remedy of the City under this Agreement survives the expiration of the Term or the termination of this Agreement.

ARTICLE 10 SPECIAL CONDITIONS

10.1 Warranties and Representations. In connection with the execution of this Agreement, Tenant warrants and represents statements (A) through (L) below are true as of the Effective Date. If during the Term there is any change in circumstances that would cause a statement to be untrue, Tenant must promptly notify the Commissioner in writing. Failure to do so will constitute an Event of Default. Tenant must incorporate all of the provisions set forth in this Section 10.1 in all Subcontracts entered into with any suppliers of materials, furnishers of services, Subcontractors, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any materials, labor or services in connection with this Agreement, such that the parties warrant, represent and covenant to Tenant as to the

services in connection with this Agreement, such that the parties warrant, represent and covenant to Tenant as to the matters set forth in this Section. Tenant must cause its Subcontractors to execute those affidavits and certificates that may be necessary in furtherance of these provisions. The certifications must be attached and incorporated by reference in the applicable agreements. If any Subcontractor is a partnership or joint venture, Tenant must also include provisions in its Subcontract ensuring that the entities comprising the partnership or joint venture are jointly and severally liable for its obligations under it.

A. Tenant is financially solvent; Tenant holds itself to very high standards of quality and professionalism; Tenant and each of its employees and agents are competent to perform as required under this Agreement; this Agreement is feasible of performance by Tenant in accordance with all of its provisions and requirements; Tenant has the full power and is legally authorized to perform or cause to be performed its obligations under this Agreement under the terms and conditions stated in this Agreement; and Tenant can and will perform, or cause to be performed, all of its obligations under this Agreement in accordance with the provisions and requirements of this Agreement

B. Tenant is qualified to do business in the State of Illinois; and Tenant has a valid current business privilege license to do business in the State of Illinois and the City of Chicago, if required by applicable law.

55

C. The person signing this Agreement on behalf of Tenant has been duly authorized to do so by Tenant; all approvals or consents necessary in order for Tenant to execute and deliver this Agreement have been obtained; and neither the execution and delivery of this Agreement, the consummation of the transactions contemplated, nor the fulfillment of or compliance with the terms and conditions of this Agreement:

i) conflict with or result in a breach, default or violations of: Tenant's organizational documents; any law, regulation, ordinance, court order, injunction, or decree of any court, administrative agency or governmental body, or any lease or permit; or any of the terms, conditions or provisions of any restriction or any agreement or other instrument to which Tenant is now a party or by which it is bound; or

ii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Tenant under the terms of any instrument or agreement.

D. There is no litigation, claim, investigation, challenge or other proceeding now pending or, to Tenant's knowledge after due and complete investigation, threatened, challenging the existence or powers of Tenant, or in any way affecting its ability to execute or perform under this Agreement or in any way having a material adverse effect on the operations, properties, business or finances of Tenant.

E. This Agreement constitutes the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium and other laws affecting creditors' rights and remedies generally and by the application of equitable principles.

F. No officer, agent or employee of the City is employed by Tenant or has a financial interest directly or indirectly in this Agreement, a Subcontract under it, or the compensation to be paid under it except as may be permitted in writing by the Board of Ethics established under Chapter 2-156 of the Municipal Code and as may otherwise be permitted by law.

G. Tenant has not and will not knowingly used the services of any person or entity for any purpose in its performance under this Agreement, when such person or entity is ineligible to perform services under this Agreement or in connection with it, as a result of any local, state or federal law, rule or regulation, or when such person or entity has or

in connection with it, as a result of any local, state or federal law, rule or regulation, or when such person or entity has an interest that would conflict the performance of services under this Agreement.

H. There was no broker instrumental in consummating this Agreement and no conversations or prior negotiations were had with any broker concerning the rights granted in this Agreement with respect to the Leased Space. Tenant shall hold the City harmless against any claims for brokerage commission arising out of any conversations or negotiations had by Tenant with any broker.

56

I. Neither Tenant nor any Affiliate of Tenant is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U. S. Department of Commerce or their successors, or on any other list of persons with which the City may not do business under applicable law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, and Entity List, and the Debarred List.

J. Tenant, and to the best of Tenant's knowledge, its Affiliates, Subcontractors, any of their respective owners holding 7.5% or more beneficial ownership interest, and any of Tenant's directors, officers, members, or partners:

i) currently have no interest, directly or indirectly, that conflicts in any manner or degree with Tenant's performance under this Agreement and will not at any time during the Term have any interest nor acquire any interest, directly or indirectly, that conflicts or would or may conflict in any manner or degree with Tenant's performance under this Agreement;

ii) have no outstanding parking violation complaints or debts, as the terms are defined in Section 2-92-380 of the Municipal Code (with the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding) and agrees that, for the Term, they will promptly pay any debts, outstanding parking violation complaints or monetary obligations to the City that may arise during the Term, with the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding;

iii) are not in default under any other City contract or agreement as of the Effective Date, nor have been deemed by the City to have been in default of any other City contract or agreement within five years immediately preceding the Effective Date;

iv) are not in violation of the provisions of § 2-92-320 of the Municipal Code pertaining to certain criminal convictions or admissions of guilt and are not currently debarred or suspended from contracting by any Federal, State or local governmental agency;

v) are not delinquent in the payment of any taxes due to the City; and

vi) will not make use of the Leased Space in any manner that might interfere with the landing and taking off of aircraft at the Airport under current or future conditions or that might otherwise constitute a hazard to the operations of the Airport or to the public generally.

K. Except only for those representations, statements, or promises expressly contained in this Agreement, including any Exhibits attached to this Agreement and incorporated by reference in this Agreement, no representation, warranty of fitness, statement or promise, oral or in writing, or of any kind whatsoever, by the City, its officials, agents, or employees, has induced Tenant to enter into this Agreement or has been relied upon by Tenant, including any with

reference to:

- (i) the meaning, correctness, suitability or completeness of any provisions or

57

requirements of this Agreement;

- ii) the nature of the Concession license being granted;
- iii) the nature, quantity, quality or volume of any materials, equipment, labor and other facilities, needed for the performance of this Agreement;
- iv) the general conditions that may in any way affect this Agreement or its performance;
- v) the compensation provisions of this Agreement; or
- vi) any other matters, whether similar to or different from those referred to in clauses (i) through (iv) immediately above, affecting or having any connection with this Agreement, the negotiation of this Agreement, any discussions of this Agreement, the performance of this Agreement or those employed in connection with it.

10.2 Business Documents, Disclosure of Ownership Interests and Maintenance

of Existence.

A. Tenant must provide evidence of its authority to do business in the State of Illinois including, if applicable, certifications of good standing from the Office of the Secretary of State of Illinois, and appropriate resolutions or other evidence of the authority of the persons executing this Agreement on behalf of Tenant.

B. Tenant has provided the Commissioner with an Economic Disclosure Statement and Affidavit ("EDS") for itself and EDS(s) for all entities with an ownership interest of 7.5 percent or more in Tenant, copies of which have been scanned for viewing on the City's website. Upon request by the Commissioner, Tenant must further cause its Subcontractors, subtenants, sublicensees and proposed Transferees (and their respective 7.5 percent owners) to submit an EDS to the Commissioner. Tenant must provide the Commissioner, upon request, a "no change" affidavit if the information in the EDS(s) previously supplied remains accurate, or revised and accurate EDS(s) if the information contained in the EDS(s) has changed. In addition, Tenant must provide the City revised and accurate EDS(s) within 30 days of any event or change in circumstance that renders the EDS(s) inaccurate. Failure to maintain accurate EDS(s) on file with the City is an Event of Default.

10.3 Licenses and Permits. Tenant must in a timely manner consistent with its

obligations under this Agreement, secure and maintain, or cause to be secured and maintained

at its expense, the permits, licenses, authorizations and approvals as are necessary under

federal, state or local law for Tenant, its subtenants (if any), and Subcontractors: to operate the

Concession; to construct, operate, use and maintain the Leased Space; and otherwise to comply

with the terms of this Agreement and the privileges granted under this Agreement. Tenant must

with the terms of this Agreement and the privileges granted under this Agreement. Tenant must promptly provide copies of any required licenses and permits to the Commissioner and to the Concession Management Representative.

58

4 Confidentiality. Except as may be required by law during or after the performance of this Agreement, Tenant will not disseminate any non-public information regarding this Agreement or the Concession operations without the prior written consent of the Commissioner, which consent will not be unreasonably withheld or delayed. If Tenant is presented with a request for documents by any administrative agency or with a subpoena duces tecum regarding any documents that may be in its possession by reason of this Agreement, Tenant must immediately give notice to the City's Corporation Counsel. The City may contest the process by any means available to it before the records or documents are submitted to a court or other third party. Tenant, however, is not obligated to withhold the delivery beyond that time as may be ordered by the court or administrative agency, and unless the subpoena or request is quashed or the time to produce is otherwise extended. Tenant must require each prospective Subcontractor to abide by such restrictions in connection with their respective Subcontracts.

5 **Subcontracts and Assignments.**

A. " The City expressly reserves the right to assign or otherwise transfer all or any part of its interest under this Agreement, at any time and to any third party. Upon assignment to any successor or assignee of the City's right, title and interest in and to the Airport, the City is forever relieved, from and after the date of the assignment, of any and all obligations arising under or out of this Agreement, to the extent the obligations are assumed by the successor or assignee.

B. **Limits on Tenant's transfers and changes in ownership:**

i) Tenant may not sell, assign, sublease, sublicense, convey, pledge, encumber or otherwise transfer (individually and collectively, "Transfer") all or any part of its rights or interests in or to this Agreement, the License, the Leased Space, the Term, or otherwise permit any third party to use the Leased Space, without prior consent of the City, which consent may be given or denied in the City's sole and absolute discretion. Consent by the City does not relieve Tenant from obtaining further consent from the City for any subsequent Transfer. Transfers involving all of Tenant's interest in this Agreement require approval of the City Council. Transfers of less than all of Tenant's interest in this Agreement require approval of the Commissioner. Consent by the City to any Transfer does not relieve Tenant from the requirement of obtaining consent from the City for any subsequent Transfer. Transfers that have the effect of granting a third party a security interest in this Agreement or the Leased Space as collateral for Tenant financing are strictly prohibited and, if entered into by Tenant, are an Event of Default.

ii) Except as otherwise provided below, any transaction involving a change of any ownership interest in Tenant, whether to an Affiliate, subsidiary or otherwise, or the transfer of an interest in any holder of a direct or indirect ownership interest in Tenant, or any merger or consolidation of Tenant (individually and collectively, "Change in Ownership"), is subject to the consent of:

Ownership), is subject to the consent of.

59

- a. City Council, in its sole discretion, if the Change in Ownership involves a 100% Change in Ownership of Tenant, or
- b. the Commissioner, in the Commissioner's reasonable discretion, if the Change in Ownership involves less than a 100% Change in Ownership of Tenant.

iii) If Tenant (or, if Tenant is a joint venture or other entity comprised of other entities, any of the entities comprising Tenant) is a corporation whose shares are traded at arms-length on a public exchange, any Change in Ownership involving 5% or more of the shares of Tenant's (or if Tenant is a joint venture or other entity comprised of other entities, of any of the entities comprising Tenant) stock is subject to the City's consent as set forth above. In that event, Tenant must provide the City with such prior notice of a Change in Ownership as is not prohibited by law or by a confidentiality agreement executed in connection with the proposed Change in Ownership. If such prior notice is not permitted, then Tenant must notify the City as soon as possible after the Change in Ownership to obtain the City's consent to the Change in Ownership, which consent the City may grant or deny in its sole discretion. If Tenant (or if Tenant is a joint venture or other entity comprised of other entities, of any of the entities comprising Tenant) is a publicly traded corporation, a Change in Ownership of less than 5% does not require consent as set forth in (ii) above unless a series of such transactions results in a cumulative Change in Ownership of 5% or more.

iv) Consent by the City to any Change in Ownership does not relieve Tenant (or if Tenant is a joint venture, any of the entities comprising Tenant) from the requirement of obtaining consent from the City for any subsequent Change in Ownership.

v) Any Transfer or Change in Ownership made without the City's prior consent is an Event of Default subject to all remedies, including termination of this Agreement at the City's option, and does not relieve Tenant of any of its obligations under this Agreement for the balance of the Term. This section applies to prohibit a Transfer, such as an assignment by a receiver or trustee in any federal or state bankruptcy, insolvency or other proceedings or by operation of law. Under no circumstances will any failure by the Commissioner to act on or submit any request by Tenant or to take any other action as provided in this Agreement be deemed or construed to constitute consent to the Tenant's request by the Commissioner or by the City Council. If the City is found to have breached its obligations under this Section, then Tenant's sole remedy is to terminate this Agreement without liability to either the City or Tenant.

vi) Notwithstanding any permitted Transfer by Tenant of any rights under this Agreement, Tenant remains fully liable for all payments due to the City under this Agreement and for the performance of all other obligations under this Agreement. In the event of a permitted Transfer of the License or all or any portion of the Leased Space or Transfer of all or any portion of the Term, where the fees payable to Tenant exceed the Rent or pro rata portion of the Rent under this Agreement, as the case may be, for the License, Leased Space or Term, Tenant must pay the City monthly, as Additional Rent, at the same time as the monthly

60

installments of other Rent under this Agreement that are payable in monthly installments, the excess of the fees payable to Tenant pursuant to the Transfer over the Rent payable to the City under this Agreement

Tenant pursuant to the Transfer over the Rent payable to the City under this Agreement.

vii) Any or all of the requests by Tenant for consents under this Section must be made in writing and provided to the Commissioner (a) at least 60 days prior to the proposed Transfer or Change in Ownership if the Commissioner's consent is required; and (b) at least 120 days prior to a proposed Transfer or Change in Ownership if the City Council's consent is required, unless the City determines that more time is required. All requests for consent must include copies of the proposed documents of Transfer or Change in Ownership, evidence of the financial condition, reputation and business experience of the proposed transferee, completed Economic Disclosure Statements and Affidavits for all involved parties in the form then required by the City, and such other documents as the City may reasonably require to evaluate the proposed Transfer or Change in Ownership. All documents of Transfer or Change in Ownership must completely disclose any and all monetary considerations payable to Tenant in connection with the Transfer or Change in Ownership. Consent to a Transfer or Change in Ownership proposed under this Agreement is in the sole discretion of the City and, as a condition of the consent, the City may require a written acknowledgment from Tenant that, notwithstanding the proposed Transfer or Change in Ownership, Tenant remains fully and completely liable for all obligations of Tenant under this Agreement; however, Tenant shall remain so liable regardless of whether or not the City requests a written acknowledgment.

viii) If any Transfer or Change in Ownership under this Agreement occurs, whether or not prohibited by this section, the Commissioner may collect the Rent payable under this Agreement from any transferee of Tenant and in that event will apply the net amount collected to the amounts payable by Tenant under this Agreement without, by doing so, releasing Tenant from this Agreement or any of its obligations under this Agreement. If any Transfer or Change in Ownership occurs without the consent of the City and the City collects compensation from any transferee of Tenant and applies the net amount collected in the manner described in the preceding sentence, the actions by the City are not deemed to be waiver of the covenant contained in this section and do not constitute acceptance of the transferee by the City.

ix) All reasonable costs and expenses incurred by the City in connection with any prohibited or permitted Transfer or Change in Ownership must be borne by Tenant and are payable to the City as Additional Rent.

C. The provisions of this Agreement, to the extent applicable, are deemed a part of any sublease or contract between Tenant and a subtenant or Subcontractor.

D. Assignment of Subleases, Sublicenses and Subcontracts.

(i) Tenant shall assign to the City all of Tenant's right, title and interest in and to each and every permitted sublease and sublicense and each and every Subcontract with a design and construction Subcontractor, now or later executed by Tenant in connection with

the License or the Leased Space or any part of it. In connection with the assignment, Tenant must deliver all originally executed subleases, sublicenses and Subcontracts to the Commissioner. Any such assignment will become operative and effective only when and if the City accepts the assignment by giving written notice to Tenant and:

- a. either this Agreement and the Term of this Agreement or Tenant's right to possession under this Agreement are terminated pursuant to Article 9; or
- b. in the event of the issuance and execution of a dispossession warrant or of any other re-entry or repossession by the City under the provisions of

repossession by the City under the provisions of
' this Agreement; or

c. if an Event of Default exists.

(ii) At the time, if any, that the assignment becomes effective as provided above, the subtenants or Subcontractors will be deemed to have waived all claims, suits, and causes of action against the City arising out of or relating to the period before the effective date of the assignment. Further, in no instance will the City be responsible for any claims by a subtenant or Subcontractor arising from or related to any fraud, misrepresentation, negligence or willful or intentionally tortious conduct by Tenant, its officials, employees, or agents.

10.6 Compliance with Laws. Tenant must at all times observe and comply with all applicable laws, statutes, ordinances, rules, Regulations, court orders and executive or administrative orders and directives of the federal, state and local government, now existing or later in effect (whether or not the law also requires compliance by other parties), including the Americans with Disabilities Act and Environmental Laws, that may in any manner affect the performance of this Agreement (collectively, "Laws"), and must not use the Leased Space, or allow the Leased Space to be used, in violation of any Laws or in any manner that would impose liability on the City or Tenant under any Laws. Tenant must notify the City within seven days of receiving notice from a competent governmental authority that Tenant or any of its Subcontractors may have violated any Laws. Provisions required by any Law to be inserted in this Agreement are deemed inserted in this Agreement whether or not they appear in this Agreement or, upon application by either party, this Agreement will be amended to make the insertion; however, in no event will the failure to insert the provisions before or after this Agreement is signed prevent its enforcement. Without limiting the foregoing, Tenant covenants that it will comply with all Laws, including but not limited to the following:

A. In connection with Section 2-92-320 of the Municipal Code, Tenant has executed an Economic Disclosure Statement and Affidavit which is attached to this Agreement as Exhibit 11 and which contains a certification as required under the Illinois Criminal Code, 720 ILCS 5/33E, and under the Illinois Municipal Code, 65 ILCS 5/8-10-1 et seq. Ineligibility under Section 2-92-320 of the Municipal Code continues for 3 years following any conviction

62

or admission of a violation of Section 2-92-320. For purposes of Section 2-92-320. when an official, agent or employee of a business entity has committed any offense under the section on behalf of such an entity and under the direction or authorization of a responsible official of the entity, the business entity is chargeable with the conduct. If, after Tenant enters into a contractual relationship with a Subcontractor, it is determined that the contractual relationship is in violation of this subsection, Tenant must immediately cease to use the Subcontractor. All Subcontracts must provide that Tenant is entitled to recover all payments made by it to the Subcontractor if before or subsequent to the beginning of the contractual relationship, the use of the Subcontractor would be violative of this subsection.

i

B. It is the duty of Tenant and all officers, directors, agents, partners, and employees of Tenant to cooperate with the Inspector General and the Legislative Inspector General of the City in any investigation or hearing undertaken under Chapter 2-56 or Chapter 2-55 of the Municipal Code, respectively. Tenant understands and will abide by all provisions of Chapters 2-55 and 2-56 of the Municipal Code. Tenant must inform all Subcontractors of this provision and require under each Subcontract compliance herewith by each Subcontractor as to each such Subcontractor and all of its officers, directors, agents, partners and employees.

C. Tenant must not use or allow the Leased Space to be used for the release, storage, use, treatment, disposal or other handling of any hazardous substance, as defined in any Environmental Law, except in full

disposal or other handling of any hazardous substance, as defined in any Environmental Laws, except in full compliance with all Environmental Laws. Tenant must not use or allow the Leased Space to be used for the storage of any such hazardous substances except small amounts of cleaning fluids, business equipment materials (such as copy machine toner) and other small amounts of such hazardous substances customarily handled or used in connection with the Concession operations, all of which must be stored and used in compliance with all applicable Environmental Laws. Upon the expiration or termination of this Agreement, Tenant must surrender the Leased Space to the City free from the presence and contamination of any hazardous substances.

D. In accordance with Section 11-4-1600(e) of the Municipal Code of Chicago, Tenant warrants and represents that it, and to the best of its knowledge, its Subcontractors have not violated and are not in violation of the following sections of the Municipal Code (collectively, the "Waste Sections"):

- 7-28-390 Dumping on public way-Violation-Penalty;
- 7-28-440 Dumping on real estate without permit
- 1-4-1410 Disposal in waters prohibited;
- 1-4-1420 Ballast tank, bilge tank or other discharge;
- 1-4-1450 Gas manufacturing residue;
- 1-4-1500 Treatment and disposal of solid or liquid waste;
- 1-4-1530 Compliance with rules and regulations required;
- 1-4-1550 Operational requirements;
- 1-4-1560 Screening requirements; and

63

any other sections listed in Section 11-4-1600(e). as it may be amended from time to time.

During the period while this Agreement is executory. Tenant's or any Subcontractor's violation of the Waste Sections, whether or not relating to the performance of this Agreement, constitutes a breach of and an Event of Default under this Agreement, for which the opportunity to cure, if curable, will be granted only at the sole designation of the Commissioner. Such breach and Event of Default entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit the Tenant's and its Subcontractors' duty to comply with all Environmental Laws, in effect now or later, and whether or not they appear in this Agreement. Non-compliance with these terms and conditions may be used by the City as grounds for the termination of this Agreement and may further affect the Tenant's eligibility for future City agreements.

E. Section 2-92-586 of the Municipal Code: The City encourages Tenant to use contractors and subcontractors that are firms owned or operated by individuals with disabilities, as defined by section 2-92-586 of the Municipal Code of the City of Chicago, where not otherwise prohibited by federal or state law.

F. Prohibition on Certain Contributions (Mayoral Executive Order No. 2011 -4):

- 1. Licensee agrees that Tenant, any person or entity who directly or indirectly has an ownership or beneficial interest in Tenant of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, Tenant's Subcontractors, any

person or entity who directly or indirectly has an ownership or beneficial interest in any Subcontractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (Tenant and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to the Mayor's political fund-raising committee (i) after execution of this bid, proposal or Agreement by Tenant, (ii) while this Agreement or any Other Contract is executory, (iii) during the term of this Agreement or any Other Contract between Tenant and the City, or (iv) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated.

2. Tenant represents and warrants that since the date of public advertisement of the specification, request for qualifications, request for proposals or request for information (or any combination of those requests) or, if not competitively procured, from the date the City approached the Tenant or the date the Tenant approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fund-raising committee.

3. Tenant agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fund-raising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fund-raising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to the Mayor's political fund-raising committee.

64

4. Tenant agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 05-1 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.

5. Tenant agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any

Agreement, under Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

6. If Tenant violates this provision or Mayoral Executive Order No. 2011 -4 prior to award of the Agreement resulting from this specification, the Chief Procurement Officer may reject Tenant's bid.

7. For purposes of this provision:

"Bundle" means to collect contributions from more than one source which are then delivered by one person to the Mayor or to the Mayor's political fund-raising committee.

"Other Contract" means any other agreement with the City of Chicago to which Tenant is a party that is (i) formed under the authority of chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the city council.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

- a) they are each other's sole domestic partner, responsible for each other's common welfare;
- b) neither party is married;
- c) the partners are not related by blood closer than would bar marriage in the State of Illinois;
- d) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- e) two of the following four conditions exist for the partners:
 - (i) The partners have been residing together for at least 12 months.

65

- ii) The partners have common or joint ownership of a residence.
- iii) The partners have at least two of the following arrangements:
 - a. joint ownership of a motor vehicle;
 - b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
- iv) Each partner identifies the other partner as a primary beneficiary in a will.

"Political fund-raising committee" means a "political fund-raising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

of the Municipal Code of Chicago, as amended.

G. Tenant covenants that no payment, gratuity or offer of employment must be made in connection with this Agreement by or on behalf of any Subcontractors or higher tier Subcontractors or anyone associated with them as an inducement for the award of a Subcontract or order; and Tenant further acknowledges that any agreement entered into, negotiated or performed in violation of any of the provisions of Chapter 2-156 of the Municipal Code is voidable as to the City.

H. Pursuant to section 2-156-030(b) of the Municipal Code, it is illegal for any elected official of the city, or any person acting at the direction of such official, to contact, either orally or in writing, any other city official or employee with respect to any matter involving any person with whom the elected official has a business relationship, or to participate in any discussion in any city council committee hearing or in any city council meeting or to vote on any matter involving the person with whom an elected official has a business relationship. Violation of §2-156-030(b) by any elected official with respect to this Agreement is grounds for termination of this Agreement. Section 2-156-080 defines a "business relationship" as any contractual or other private business dealing of an official, or his or her spouse, or of any entity in which an official or his or her spouse has a financial interest, with a person or entity which entitles an official to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, a financial interest will not include: (1) any ownership through purchase at fair market value or inheritance of less than one percent of the share of a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation paid to an official or employee for his office or employment; (3) any economic benefit provided equally to all residents of the city; (4) a time or demand deposit in a financial institution; or (5) an endowment or insurance policy or annuity contract purchased from an insurance company. A "contractual or other private business dealing" will not include any employment relationship of an official's spouse with an entity when such spouse has no discretion concerning or input relating to the relationship between that entity and the city.

I. Visual Rights Act.

i) The Tenant will cause any artist who creates artwork for the Leased Space to waive any and all rights in the artwork that may be granted or conferred on any work of visual art (the "Artwork") under Section 106A and Section 113 of the United States Copyright Act, (17 U.S.C. § 101 et seq.) (the "Copyright Act"). The waiver must include, but is not limited to, the right to prevent the removal, storage, relocation, reinstallation, or transfer of the Artwork. The Tenant acknowledges and will cause the artist to acknowledge that such removal, storage, relocation, reinstallation or transfer of the Artwork may result in the destruction, distortion, mutilation or other modification of the Artwork. Further, the Tenant acknowledges and consents and will cause the artist to acknowledge and consent that the Artwork may be incorporated or made part of a building or other structure in such a way that removing, storing, relocating, reinstalling or transferring the Artwork will cause the destruction, distortion, mutilation or other modification of the Artwork.

ii) The Tenant represents and warrants that it will obtain a waiver of Section 106A and Section 113 of the Copyright Act as necessary from any employees and subcontractors, or any other artists. Tenant must provide City with copies of any such waivers required by Section 106A and Section 113 of the Copyright Act prior to installation of any Artwork in the Leased Space.

10.7 Airport Security.

A. This Agreement is expressly subject to the airport security requirements of Title 49 of the United States Code, Chapter 449, as amended ("Airport Security Laws"), the provisions of which govern airport security and are

Code, Chapter 449, as amended (Airport Security Laws), the provisions of which govern airport security and are incorporated by reference, including the rules and regulations promulgated under it. Tenant is subject to, and further must conduct with respect to its Subcontractors and the respective employees of each, such employment investigations, including criminal history record checks, as the Commissioner, the TSA or the FAA may deem necessary. Further, in the event of any threat to civil aviation, as defined in the Airport Security Laws, Tenant must promptly report any information in accordance with those regulations promulgated by the United States Department of Transportation, the TSA and by the City. Tenant must, notwithstanding anything contained in this Agreement to the contrary, at no additional cost to the City, perform under this Agreement in compliance with those guidelines developed by the City, the TSA and the FAA with the objective of maximum security enhancement. The drawings, plans, and specifications provided by Tenant under this Agreement must comply with those guidelines for airport security developed by the City, the TSA and the FAA and in effect at the time of their submission.

B. Further, Tenant must comply with, and require compliance by its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees, with all present and future laws, rules, regulations, or ordinances promulgated by the City, the TSA or the FAA, or other governmental agencies to protect the security and integrity of the Airport, and to protect against access by unauthorized persons. Subject to the approval

67

of the TSA, the FAA and the Commissioner, Tenant must adopt procedures to control and limit access to the Airport and the Leased Space by Tenant and its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees in accordance with all present and future City, TSA and FAA laws, rules, regulations, and ordinances. At all times during the Term, Tenant must have in place and in operation a security program for the Leased Space that complies with all applicable laws and regulations.

C. Gates and doors located on the Leased Space, if any, that permit entry into restricted areas at the Airport must be kept locked by Tenant at all times when not in use or under Tenant's constant security surveillance. Gate or door malfunctions must be reported to the Commissioner or the Commissioner's designee without delay and must be kept under constant surveillance by Tenant until the malfunction is remedied.

D. In connection with the implementation of its security program, Tenant may receive, gain access to or otherwise obtain certain knowledge and information related to the City's overall Airport security program. Tenant acknowledges that all such knowledge and information is of a highly confidential nature. Tenant covenants that no person will be permitted to gain access to such knowledge and information, unless the person has been approved by the Commissioner in advance in writing. Tenant further must indemnify, hold harmless and defend the City and other users of the Airport from and against any and all claims, reasonable costs, reasonable expenses, damages and liabilities, including all reasonable attorney's fees and costs, resulting directly or indirectly from the breach of Tenant's covenants and agreements as set forth in this section.

E. Tenant understands that fines and/or penalties may be assessed by the TSA or FAA for Tenant's noncompliance with the provisions of 49 CFR Parts 1540 and 1542 entitled "Airport Security" or by other agencies for noncompliance with regulations applicable to Tenant's operations. In the event the City shall be subject to any fine or penalty by reason of any violation at the Airport of any such rule, regulation or standard, the Commissioner may conduct an investigation and make a determination as to the identity of the party responsible for the violation. If it is determined by the Commissioner that Tenant, or any party for which Tenant is liable under this Agreement, is responsible for all or part of the fine or penalty, the Tenant shall pay said amount of the fine or penalty as Additional Rent.

F. Except for authorized members of the Chicago Police Department and State and Federal Law Enforcement officers, no one is permitted to carry a firearm or any other weapon or enter any building, real property,

enforcement officers, no one is permitted to carry a firearm or any other weapon on or into any building, real property, or parking area under the control of O'Hare or Midway International Airports. Under 430 ILCS 66 (the "Illinois Concealed Carry Act"), a license to carry a concealed firearm does NOT entitle the licensee to carry a firearm on or into any building, real property, or parking area under the control of an airport and doing so is a violation of the Concealed Carry Act and other laws, rules, and regulations. Violation of the Illinois Concealed Carry Act and carrying a firearm or other weapons on or into any building, real property, or parking area under the control of O'Hare or Midway Airports may result in severe penalties, including but not limited to imprisonment and permanent revocation of the violator's

access to restricted areas of O'Hare and Midway International Airports. 10.8 Non-

Discrimination.

A. Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration of this Agreement, covenants that: (i) no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Space; (ii) in the construction of any Improvements on, over, or under the Leased Space and the furnishing of services in them, no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination; (iii) Tenant will use the Leased Space in compliance with all other requirements imposed by or under 49 C.F.R. Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as those regulations may be amended; and (iv) Tenant shall operate the Concession on a fair, equal, and not illegally discriminatory basis to all users of it, and shall charge fair, reasonable, and nondiscriminatory prices for Products (but Tenant is allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.) In addition, Tenant assures that it will comply with all other pertinent statutes, Executive Orders and the rules as are promulgated to assure that no person will, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefitting from federal assistance.

B. It is an unlawful practice for Tenant to, and Tenant must at no time: (i) fail or refuse to hire, or discharge, any individual or discriminate against the individual with respect to his or her compensation, or the terms, conditions, or privileges of his or her employment, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (ii) limit, segregate, or classify its employees or applicants for employment in any way that would deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (iii) in the exercise of the privileges granted in this Agreement, discriminate or permit discrimination in any manner, including the use of the Leased Space, against any person or group of persons because of race, creed, color, religion, national origin, age, handicap, sex or ancestry. Tenant must post in conspicuous places to which its employees or applicants for employment have access, notices setting forth the provisions of this nondiscrimination clause.

C. Tenant must comply with the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq. (1981), as amended, and to the extent required by the law, must undertake, implement and operate an affirmative action program in compliance with the rules and regulations of the Federal Equal Employment Opportunity Commission and the Office of Federal Contract Compliance, including 14 CFR Part 152, Subpart E. Attention is called to: Exec. Order No. 11,246, 30 Fed. Reg. 12,319 (1965), reprinted in 42 U.S.C. § 2000e note, as amended by Exec. Order No. 11,375, 32 Fed. Reg. 14,303 (1967) and by Exec. Order No. 12,086, 43 Fed. Reg.

46,501 (1978); Age Discrimination Act, 42 U.S.C. §§ 6101-06 (1981); Rehabilitation Act of 1973, 29 U.S.C. §§ 793-94 (1981); Americans with Disabilities Act, 42 U.S.C. § 12101 and 41 CFR Part 60 et seq (1990) and 49 CFR Part 21, as amended (the "ADA"); and all other applicable federal statutes, regulations and other laws.

D. Tenant must comply with the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. as amended and any rules and regulations promulgated in accordance with it, including the Equal Employment Opportunity Clause, 5 III. Admin. Code §750 Appendix A. Furthermore, Tenant must comply with the Public Works Employment Discrimination Act, 775 ILCS 10/0.01 et seq., as amended, and all other applicable state statutes, regulations and other laws.

E. Tenant must comply with the Chicago Human Rights Ordinance, sec. 2-160-010 et seq. of the Municipal Code, as amended, and all other applicable City ordinances and rules. Further, Tenant must furnish or must cause each of its Subcontractors) to furnish such reports and information as requested by the Chicago Commission on Human Relations.

F. The Tenant agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. If the Tenant transfers its obligation to another, the transferee is obligated in the same manner as the Tenant.

This provision obligates the Tenant for the period during which the property is owned, used or possessed by the Tenant and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

G. During the performance of this contract, the Tenant, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

1. Compliance with Regulations: The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. Nondiscrimination: The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. Solicitations for Subcontracts, including Procurements of Materials and Equipment:

In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to the sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, the sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
- b. Cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

H. The Tenant for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin,

will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Tenant will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

With respect to Tenant, in the event of breach of any of the above nondiscrimination covenants, the City will have the right to terminate the Agreement and to enter or re-enter and repossess said land and the facilities thereon, and hold

the same as it said Agreement had never been made or issued.

I. During the performance of this contract, the Tenant, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended (42 USC § 6101 et seq.) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §§ 12131 - 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;

- The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and

resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);

- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 et seq).

J. Tenant must insert these non-discrimination provisions in any agreement by which Tenant grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Leased Space. Tenant must incorporate all of the above provisions in all agreements entered into with any subtenants, suppliers of materials, furnishers of services, Subcontractors of any tier, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any such materials, labor or services, in connection with this Agreement, and Tenant must require them to comply with the law and enforce the requirements. In all solicitations either by competitive bidding or negotiations by Tenant for work to be performed under a Subcontract, including procurements of materials or leases of equipment, each potential Subcontractor or supplier must be notified by Tenant of the Tenant's obligations under this Agreement relative to nondiscrimination.

K. Noncompliance with this Section will constitute a material breach of this Agreement; therefore, in the event of such breach, Tenant authorizes the City to take such action as federal, state or local laws permit to enforce compliance, including judicial enforcement. In the event of Tenant's noncompliance with the nondiscrimination provisions of this Agreement, the City may impose such sanctions as it or the Federal or state government may determine to be reasonably appropriate, including cancellation, termination or suspension of the Agreement, in whole or in part.

L. Tenant must permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the City, the Commissioner or the federal government to be pertinent to ascertain compliance with the terms of this Section. Tenant must furnish to any agency of the Federal or state government or the City, as required, any and all documents, reports and records required by Title 14, Code of Federal Regulations,

Part 152, Subpart E, including an affirmative action plan and Form EEO-1.

M. The City is committed to compliance with federal Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency ("LEP"), and related FAA guidance. Tenant must cooperate with the City, and require its Subcontractors to cooperate, in updating and implementing the LEP access plan. This may include but is not limited to collecting demographic data and conducting surveys of LEP customers, providing multilingual signage and menus, and hiring multilingual staff.

9 Airport Concession Disadvantaged Business Enterprises (ACDBEs). This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations 49 C.F.R. Parts 26 and 23, as amended from time to time. Tenant must comply with the Special Conditions Regarding ACDBE participation attached hereto as Exhibit 8 and incorporated here by reference. Failure to comply with such Special Conditions shall be an Event of Default.

10 No Exclusive Rights. Nothing contained in this Agreement must be construed to grant or authorize the granting of an exclusive right, including an exclusive right to provide aeronautical services to the public as prohibited by section 308(a) of the Federal Aviation Act of 1958, as amended, and the City reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature. It is clearly understood by Tenant that no right or privilege has been granted that would operate to prevent any person, firm, or corporation operating aircraft on the Airport from providing aeronautical services to the public.

the Airport from performing any services on its own aircraft with its own regular employees (including maintenance and repair) that it may choose to perform.

11 Airport Landing Area. The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of

Tenant, and without interference or hindrance. The City reserves the right, but is not obligated to Tenant, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Tenant in this regard.

12 No Obstructions. Tenant must comply with applicable notification and review requirements covered in Part 77 of the Federal Aviation Regulations if any future structure or building is planned for the Leased Space, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Space. Tenant, by accepting the Lease, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the Leased Space above the applicable mean sea level elevation set forth in Part 77 of the Federal Aviation Regulations. If these covenants are breached, the City serves the right to enter upon the Leased Space and to remove the offending structure or object and/or cut down the offending tree, all of which will be at the expense of Tenant.

74

13 Avigation Easement. There is reserved to the City, its successors and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the Leased Space. This public right of flight includes the right to cause in the airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from, or operation on the Airport. Tenant by accepting this Lease agrees for itself, its successors, and assigns that it will not make use of the Leased Space in any manner that might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard. If this covenant is breached, the City reserves the right to enter upon the Leased Space and cause the abatement of the interference at the expense of Tenant.

14 National Emergency. This Agreement and all the provisions of this Agreement are subject to whatever right the United States government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

15 **2014 Hiring Prohibitions.**

A) The City is subject to the June 16, 2014 "City of Chicago Hiring Plan" (the "2014 City Hiring Plan") entered in *Shakman v. Democratic Organization of Cook County*, Case No 69 C 2145 (United States District Court for the Northern District of Illinois). Among other things, the 2014 City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

B) Tenant is aware that City policy prohibits City employees from directing any individual to apply for a position with Tenant, either as an employee or as a subcontractor, and from directing Tenant to hire an individual as an employee or as a subcontractor. Accordingly, Tenant must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel of Tenant in connection with this Lease are employees or subcontractors of Tenant, not employees of the City of Chicago. This Contract is not intended to and does not constitute, create, give rise to, or otherwise recognize an employer-employee relationship of any kind between the City and any

personnel or tenant.

C) Tenant will not condition, base, or knowingly prejudice or affect any term or aspect of the employment of any personnel associated with this Lease, or offer employment to any individual to provide services associated with this Lease, based upon or because of any political reason or factor, including, without limitation, any individual's political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual's political sponsorship or recommendation. For purposes of this Lease, a political organization or party is an identifiable group or entity that has as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

75

(D) In the event of any communication to Tenant by a City employee or City official in violation of Section 15.5 (b) above, or advocating a violation of Section 15.5(c) above, Tenant will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General, and also to the Commissioner of the Department.

ARTICLE 11 GENERAL CONDITIONS

1 Entire Agreement. This Agreement contains all the terms, covenants, conditions and agreements between the City and Tenant relating in any manner to the use and occupancy of the Leased Space and otherwise to the subject matter of this Agreement. No prior or other agreement or understandings pertaining to these matters are valid or of any force and effect. This Agreement supersedes all prior or contemporaneous negotiations, undertakings, and agreements between the parties. No representations, inducements, understandings or anything of any nature whatsoever made, stated or represented by the City or anyone acting for or on the City's behalf, either orally or in writing, have induced Tenant to enter into this Agreement, and Tenant acknowledges, represents and warrants that Tenant has entered into this Agreement under and by virtue of Tenant's own independent investigation.

2 Counterparts. This Agreement may be comprised of several identical counterparts and may be fully executed by the parties in separate counterparts. Each such counterpart is deemed to be an original, but all such counterparts together must constitute but one and the same Agreement.

3 Amendments. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement may be amended only by a written agreement signed by the City and Tenant. No review or approval by the Commissioner, including approval of Construction Documents, constitutes a modification of this Agreement (except to the extent that the review or approval expressly provides that it constitutes such a modification or it is apparent on its face that the review or approval, if made in writing, modifies terms or provisions of this Agreement that are within the express powers of the Commissioner under this Agreement to modify), nor excuse Tenant from compliance with the requirements of this Agreement or of any applicable laws, ordinances or regulations. Amendments must be signed by the Mayor, provided that the Commissioner alone may sign amendments to the Exhibits. Notwithstanding the foregoing, any amendment that would modify the Agreement such that the Agreement would no longer substantially conform to the form of Agreement that was approved by City Council requires approval by the City Council.

4 Severability. Whenever possible, each provision of this Agreement must be interpreted in such a manner as to be effective and valid under applicable law. However, notwithstanding anything contained in this Agreement to the contrary, if any provision of this Agreement is under any circumstance prohibited by or invalid under applicable law, the

provision is severable and deemed to be ineffective, only to the extent of the prohibition or invalidity, without invalidating the remaining provisions of this Agreement or the validity of

76

the provision in other circumstances.

5 Covenants in Subcontracts. All obligations imposed on Tenant under this Agreement pertaining to the maintenance and operation of the Leased Space and compliance with the ACDBE requirements in this Agreement are deemed to include a covenant by Tenant to insert appropriate provisions in all Subcontracts covering work under this Agreement and to enforce compliance of all Subcontractors with the requirements of those provisions.

6 Governing Law. This agreement is deemed made in the state of Illinois and governed as to performance and interpretation in accordance with the laws of Illinois. Tenant irrevocably submits itself to the original jurisdiction of those courts located within Cook County, Illinois, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement. Tenant consents to service of process on Tenant, at the option of the City, by registered or certified mail addressed to the applicable office as provided for in this Agreement, by registered or certified mail addressed to the office actually maintained by Tenant, or by personal delivery on any officer, director, or managing or general agent of Tenant. If any action is brought by Tenant against the City concerning this Agreement, the action can only be brought in those courts located within Cook County, Illinois.

7 Notices. Any notices or other communications pertaining to this Agreement must be in writing and are deemed to have been given by a party if sent by nationally recognized commercial overnight courier or registered or certified mail, return receipt requested, postage prepaid and addressed to the other party. Notices are deemed given on the date of receipt if by personal service, or one day after deposit with a nationally recognized commercial overnight courier, 3 days after deposit in the U.S. mails, or otherwise upon refusal of receipt. Unless otherwise directed by Tenant in writing, all notices or communications from City to Tenant will <http://will>. be <http://be> addressed to the person identified as the Tenant's contact person in the Tenant's Economic Disclosure Statement and Affidavit, as attached as Exhibit 11. All notices or communications from Tenant to the City must be addressed to:

Commissioner, Chicago Department of Aviation City of Chicago O'Hare
International Airport 10510 W. Zemke Rd Chicago, Illinois 60666

Marshall Retail Group
3755 W. Sunset Road, Suite A
Las Vegas, NV 89118

and with a copy to: Deputy Commissioner of Concessions at the same address.

77

If the notice or communication relates to payment of Rent or other payments to the City or relates to the Security deposit or insurance requirements, a copy must be sent to:

City Comptroller City of Chicago City Hall - Room 501
121 N. LaSalle Street Chicago, Illinois 60602

Marshall Retail Group
3755 W. Sunset Road, Suite A
Las Vegas, NV89118

If the notice or communication relates to a legal matter or the indemnification requirements, a copy must be sent to:

City of Chicago, Department of Law
Aviation, Environmental, Regulatory and Contracts Division
2 North LaSalle Street, Suite 540
Chicago, Illinois 60602
Attn: Deputy Corporation Counsel

Marshall Retail Group
3755 W. Sunset Road, Suite A
Las Vegas, NV89118

Either party may change its address or the individual to whom the notices are to be given by a notice given to the other party in the manner set forth above.

11.8 Successors and Assigns; No Third-Party Beneficiaries. This Agreement inures to the exclusive benefit of, and be binding upon, the parties and their permitted successors and assigns; nothing contained in this Section, however, constitutes approval of an assignment or other transfer by Tenant not otherwise permitted in this Agreement. Nothing in this Agreement, express or implied, is intended to confer on any other person, sole proprietorship, partnership, corporation, trust or other entity, other than the parties and their successors and assigns, any right, remedy, obligation, or liability under, or by reason of, this Agreement unless otherwise expressly agreed to by the parties in writing. No benefits, payments or considerations received by Tenant for the performance of services associated and pertinent to this Agreement must accrue, directly or indirectly, to any employees, elected or appointed officers or representatives, or to any other person or persons identified as agents of, or who are by definition an employee of, the City. Neither this Agreement nor any rights or privileges under this Agreement are an asset of Tenant or any third party claiming by or through Tenant or otherwise, in any bankruptcy, insolvency or reorganization proceeding.

78

11.9 Subordination

A. This Agreement is subordinate to the provisions and requirements of any existing or future agreements between the City and the United States government or other governmental authority, pertaining to the development, operation or maintenance of the Airport, including agreements the execution of which have been Or will be required as a condition precedent to the granting of federal or other governmental funds for the development of the Airport. If the United States government requires modifications, revisions, supplements or deletions of any of the terms of this

Agreement, then Tenant consents to the changes to this Agreement.

B. This Agreement and all rights granted to Tenant under this Agreement are expressly subordinated and subject to any existing agreement or any Use Agreement with any airline utilizing the Airport, including the Terminals, and any existing agreement with any airline consortium pertaining to the operation of the Airport, including the Terminals.

C. To the extent of a conflict or inconsistency between this Agreement and any agreement described in paragraphs A. and B. above, those provisions in this Agreement so conflicting must be performed as required by those agreements referred to in paragraphs A. and B.

10 Conflict. In the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any sublease or Subcontract between Tenant and third parties, the terms and provisions of this Agreement govern and control.

11 Offset by Tenant. Whenever in this Agreement the City is obligated to pay Tenant an amount, then the City Comptroller may elect to require Tenant to offset the amount due against Rent or other payments owed by Tenant to the City, in lieu of requiring the City to pay such amount. Tenant shall have no right to offset any amount due to City under this Agreement against amounts due to Tenant by City unless so directed in writing by the City Comptroller.

12 Waiver; Remedies. No delay or forbearance on the part of any party in exercising any right, power or privilege must operate as a waiver of it, nor does any waiver of any right, power or privilege operate as a waiver of any other right, power or privilege, nor does any single or partial exercise of any right, power or privilege preclude any other or further exercise of it or of any other right, power or privilege. No waiver is effective unless made in writing and executed by the party to be bound by it. The rights and remedies provided for in this Agreement are cumulative and are not exclusive of any rights or remedies that the parties otherwise may have at law, in equity or both, except that the City will not be liable to Tenant for any consequential damages whatsoever related to this Agreement.

13 Authority of Commissioner. Unless otherwise expressly stated in this Agreement, any consents and approvals to be given by the City under this Agreement may be

79

made and given by the Commissioner or by such other person as may be duly authorized by the City Council, unless the context clearly indicates otherwise.

14 Estoppel Certificate. From time to time upon not less than 15 days prior request by the other party, a party or its duly authorized representative having knowledge of the following facts, will execute and deliver to the requesting party a statement in writing certifying as to matters concerning the status of this Agreement and the parties' performance under this Agreement, including the following:

A. that this Agreement is unmodified and in full force and effect (or if there have been modifications, a description of the modifications and that the Agreement as modified is in full force and effect);

B. the dates to which Rent, including Additional Rent, have been paid and the amounts of the Rent most recently paid;

C. that the requesting party is not in default under any provision of this Agreement, or, if in default, the

nature of it in detail;

D. that, to its knowledge, the requesting party has completed all required improvements in accordance with the terms of this Agreement, and Tenant is in occupancy and paying Rent on a current basis with no offsets or claims; and

E. in the case of the City's request under this Agreement, such further matters as may be requested by the City, it being intended that any such statement may be relied upon by third parties.

15 No Personal Liability. Tenant, or any subtenant, sublicensee, assignee or Subcontractor, must not charge any elected or appointed official, agent, or employee of the City personally or seek to hold him or her personally or contractually liable to Tenant, subtenant, sublicensee, assignee, or Subcontractor for any liability or expenses of defense under any provision of this Agreement or because of any breach of its provisions or because of his or her execution, approval, or attempted execution of this Agreement.

16 Limitation of City's Liability. Tenant, its subtenants and Subcontractors must make no claims against the City for damages, charges, additional costs or fees or any lost profits or costs incurred by reason of delays or hindrances by the City in the performance of its obligations under this Agreement. All Tenant, subtenant, and Subcontractor personal property upon the Leased Space or upon any other part of the Airport, is at the risk of Tenant, subtenant, or Subcontractor respectively only; and the City is not liable for any loss or damage to it or theft of it or from it. The City is not liable or responsible to Tenant, its subtenants or Subcontractors, and Tenant waives, and will cause its subtenants and Subcontractors likewise to waive, to the fullest extent permitted by law, all claims against the City for any loss or damage or inconvenience to any property or person or any lost profits any or all of which may have been occasioned by or arisen out of any event or circumstance, including theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order

of governmental body or authority, or water leakage, steam, excessive heat or cold, falling plaster, or broken glass; or any act or neglect of the City or any occupants of the Airport, including the Terminals or the Leased Space, or repair or of this Agreement that the City is required to perform and, notwithstanding the foregoing, Tenant recovers a money judgment against the City, the judgment must be satisfied only out of credit against the Rent and alteration of any part of the Airport, or failure to make any such repairs or any other thing or circumstance, whether of a like nature or a wholly different nature. If the City fails to perform any covenant or condition other monies payable by Tenant to the City under this Agreement, and the City is not liable for any deficiency except to the extent provided in this Agreement and to the extent that there are legally available Airport funds.

17 Joint and Several Liability. If Tenant, or its successors or assigns, if any, is comprised of more than one individual or other legal entity (or a combination of them), then in that event, each and every obligation or undertaking stated in this Agreement to be fulfilled or performed by Tenant is the joint and several obligation or undertaking of each such individual or other legal entity.

18 Non-Recordation. Tenant must not record or perm it to be recorded on its behalf this Agreement or a memorandum of this Agreement, in any public office.

19 Survival. Any and all provisions set forth in this Agreement that, by its or their nature, would reasonably be expected to be performed after the expiration or termination of this Agreement survive and are enforceable after the expiration or termination. Any and all liabilities, actual or contingent, that have arisen in connection with this Agreement, survive any expiration or termination of this Agreement. Any express statement of survival contained in any section must not be construed to affect the survival of any other section, which must be determined under this section.

11.20 Force Majeure. Neither party is liable for non-performance of obligations under

this Agreement due to delays or interruptions beyond their reasonable control, including delays or interruptions caused by strikes, lockouts, labor troubles, war, fire or other casualty, acts of God ("force majeure event"). As a condition to obtaining an extension of the period to perform its obligations under this Agreement, the party seeking such extension due to a force majeure event must notify the other party within 20 days after the occurrence of the force majeure event. The notice must specify the nature of the delay or interruption and the period of time contemplated or necessary for performance. The foregoing notwithstanding, however, in no event will Tenant be entitled to an extension of more than 60 days due to a force majeure event, without the express written consent of the Commissioner.

81

EXHIBIT 1 LEASED SPACE

(INCLUDING CONFIRMATION OF DBO AND ACTUAL IMPROVEMENT COSTS)

The Leased Space is located at ORD and consists of three locations with a total of approximately 3,365 square feet of Retail Space as further depicted in the lease outline drawings attached hereto and not more than 700 square feet of Storage Space.

The Date of Beneficial Occupancy is: TBD

83

***** n 1- fMifil

EXHIBIT 2 RENT

Base Rent: The annual Base Rent equals \$50 per square foot of Leased Space and shall be increased 3.0% annually as of January 1st of each calendar year during the Term. For purposes of determining Base Rent, Leased Space includes Retail Space and Storage Space.

Percentage Fee: The Percentage Fee shall be due and paid monthly as per the terms of the Agreement.

Percentage Fee Rate: The Percentage Fee Rate shall be equal to:

	Chi Boys	\$0 - \$1,400,000	11.0%
	Over \$1,400,000	13.0%	
Boulevard & Branch	\$0 - \$1,600,000	11.0%	
	Over \$1,600,000	13.0%	
	InMotion	\$0 - \$1,400,000	11.0%
	Over \$1,400,000	13.0%	
Six Points Market	All Sales	14.0%	

Minimum Annual Guarantee. There is no "Minimum Annual Guarantee (MAG)" or "MAG" for the first and second Lease Year of the Term. The Minimum Annual Guarantee will be established beginning in third Lease Year of the Term at an amount equal to 85% of the Percentage Fee payable for the second Lease Year. In each subsequent Lease Year of the Term, the MAG will equal 85% of the Percentage Fee calculated for the prior Lease Year but will never be less than the MAG established in the third Lease Year. In the event the Leased Space is comprised of two or more distinct Retail Spaces that are opening for Concession operations on different dates, then the MAG payable for the entire Agreement will be apportioned among the various Retail Spaces based on actual annualized Gross Revenue, projected Gross Revenues or another reasonable method mutually agreed upon by both parties. The MAG for each Retail Space shall become payable upon its DBO, prorated for any partial year. Upon the DBO of the final Retail Space, the entire MAG shall be payable, prorated for any partial year.

86

88

The Marshall Retail Group, LLC

Ladies and gentlemen, the Captain has turned on the fasten
.. ..

seated sign

- we are going to take you on a ride through the Windy City!

C

Chicago is magical, unlike any place in the world. It is one of the most beautiful cities in America, and Chicagoans are proud to be a part of it. One of the many things that makes this city unique is its collection of thriving neighborhoods, intersecting cultures, and welcoming communities, each with its own vibe, sense of place, and appeal.

This diverse and dynamic multi-cultural city is also renowned for its rich history, vibrant mix of global influences, and some of the world's most interesting, influential, and identifiable architecture. Art can be found in almost every neighborhood and the galleries and museums are among the best in the world. As a major center for music in the Midwest, some of the best music and artists have originated in Chicago. We invite you to explore, eat, drink, and laugh like a Chicagoan. Make your own discoveries and fall in love with the character and charm of this special city.

CONCEPTS REFLECTIVE OF CHICAGO

Our concept offerings reflect an unparalleled sense of place that tells the story of Chicago neighborhoods through locally sourced goods and internationally recognized brands within our proposed concepts. Travelers will find a "best of" variety for each category in our news and gift and specialty assortments, along with local businesses showcasing their creations that foster creativity, conversation, and convenience, and a sense of place that captures the character and spirit of Chicago.

With the introduction of our one-of-a-kind local concepts created especially for PRD: ChiBoys, BLVD & Branch combined with the industry leading, international award-winning tech brand, InMotion, and Six Points Market partnering with local roasters Metropolis Coffee Company - we believe these concepts will generate the highest and best revenues throughout the term of the contract. We continuously distinguish ourselves from our competitors by consistently exceeding our customer's expectations.

CELEBRATING THE NEIGHBORHOODS OF CHICAGO

Travelers like retail offerings to represent the cities and neighborhoods they visit. Each of our unique concepts represents the authenticity of the neighborhoods in Chicago. This thoughtful and creative positioning of our stores will increase the customers' desire to see more and enjoy more within the airport. Whether it's catering to the demands of the business traveler or creating a relaxed shopping environment for the leisure traveler, our custom-developed and inviting commercial

90

spaces will capture their attention, enhance their experience, and create better opportunities for them to make a purchase. Our goal is to elevate the travelers' journey the moment they enter Chicago O'Hare International Airport, where they will experience the sights, sounds, and flavors that make Chicago so unique and highly desirable.

Now please prepare for landing, and Welcome to Chicago!

(

This page was left intentionally blank.

93

The Marshall Retail Group, LLC

C

hiBoys, is a local Black-owned clothing brand that is offered at a pop-up shop located in Wicker Park - one of the city's hippest and most eclectic neighborhoods, as well as a t-shirt truck that visits Chicago festivals and an online store. This brand was built on passion, strength, and belief that 'We Are One'; meaning, togetherness, unity and diversity.

Native Chicagoan, designer, and entrepreneur, DeShawn Murry, opened his heart to the city he calls home when he created the concept ChiBoys - a brand that tells the story of the city through stylish and innovative fashion that appeals to all ages, races, ethnicities, gender, and sexuality. ChiBoys is a chic Chicago-inspired clothing line that focuses on the city's History, Architecture, and Culture.

HISTORY: ChiBoys expresses the soul of Chicago by exploring its lineage, structure, and the pulse of the city. Chicago is a city with a history of pleasure, hardship, and prosperity. The roots tell a story that many Chicagoans today are proud of, and DeShawn's clothing line artistically tells that story through each design. He loves the idea that ChiBoys embraces that Chicago neighborhood feeling.

ARCHITECTURE: Chicago is ALL about its neighborhoods because each is SO different, special, and vibrant. Each neighborhood brags on its unique style and flavor, yet every single one is distinctly Chicago. ChiBoys fuses an innovative style with recognizable lines and shapes of Chicago's skeleton. The beat of this city is powered by a united collaboration of difference.

CULTURE: The brand was created to highlight the diversity of Chicago, to bring communities together, and designed so locals could wear proudly. DeShawn loves the idea of emphasizing community and togetherness, which is why he created the one star design called 'We Are One Star.' The meaning behind it is to take every person, no matter their neighborhood, race, sex, or beliefs, and put them under one star because, at the end of the day, we are all one. The slogan and design are meant to symbolize unity within the city and are the perfect representation of the brand's mission.

INCREDIBLE SOUND. DESIGNED FOR YOU.

As customers' lives have become increasingly intertwined with the digital world, we have designed ChiBoys to create excitement and conversation by combining the Chicago-inspired fashion line with the finest cutting-edge and diverse premium electronics. From noise-canceling headphones, wireless headphones, true wireless earphones, to a wide array of fashion tech accessories for the modern traveler's lifestyle, we are reshaping the retail experience by combining the two largest industries in the world, fashion with technology.

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

The Marshall Retail Group, LLC

MERCHANDISE LIST

MRG will remain compliant with the City of Chicago's Pricing Policy throughout the term of the lease.

FASHION APPAREL

T-Shirts \$19.95 - \$ 49.95

Sweatshirts / Jackets \$29.95 - \$ 79.95 Hats

Accessories Licensed Sports

\$19.95-\$39.95

\$14.95-\$49.95 \$19.95-\$129.95

\$24.95 \$19.95 \$19.95

FASHION ACCESSORIES

Jewelry

Jewelry

Sunglasses

Accessories

ELECTRONICS

Headphones ANC/BT \$ 9.99 - \$1,500.00

Earbuds - Bluetooth \$19.99 - \$ 149.99

\$12.95 - \$ 79.99 \$14.99 - \$ 49.99 \$ 9.99-\$49.99

True Wireless Earbuds \$39.99 ^ \$ 299.99 Portable Bluetooth Speakers \$39.99 - \$ 499.99

Portable Chargers Fashion Accessories Misc. Accessories

\$39.99 \$19.99 \$19.99

\$499.99 \$ 99.99 \$49.99

TRAVEL

Backpacks / Totes Travel Accessories Pillows

- \$
- \$
- \$
- \$
- \$
- \$
- \$

- \$

GIFTS

Collectibles \$12.95

Chicago Themed Gifts \$ 9.95

Licensed Sports \$ 5.95

Apothecary \$ 8.95

Fragrance \$24.95

Home Decor Accessories \$12.95

Stationery / Books \$ 7.95

Plush \$ 8.95

RAYCON

INM©TION / BlvdSBnanch

PACKAGE 2

area T5-Gate M23

- Combined Space SQUARE FOOTAGE: 1815

102

SYNERGY

To offer Terminal 5 passengers a unique retail experience we have designed a one-of-a-kind shopping concept incorporating Exploration, Discovery, and Local finds. We have conveniently positioned our award-winning high-tech concept InMotion, featuring the finest cutting-edge and diverse premium electronics for the traveler's lifestyle with an open format pass-through setting to our BLVD & Branch concept, with its' unique mix of locally focused and curated gifts, souvenirs, apparel, and accessories.

INMQTION

103

INMOTION

PACKAGE 2

area T5-Gate M23

104

SQUARE FOOTAGE:775

CM

IS o [2
S

Z
O
O

The Marshall Retail Group, LLC

INMOTION

or this Terminal 5 opportunity, we are proud to present the awarding-winning, tech-forward, cutting-edge and largest airport-based electronics retailer in the country, InMotion. We are the undisputed retail leader in airport electronics and the traveler's top destination for electronics on the go.

InMotion has received countless industry awards and was the winner of the "Best Concessions Award, Highest Regard for Customer Service for Large Retailers" for five consecutive years by Airport Experience News (AXN). And for seven years in a row, InMotion is the only airport retailer to appear on Dealerscope's Top 101 Consumer Electronics Retailer List.

By delivering this award-winning concept with first-class customer service, InMotion has cemented its position as the traveler's airport technology retailer of choice. We operate over 120 stores across 43 airports in North America and are dedicated to understanding the traveler's need to stay connected and their continued desire to experience something new. How do we accomplish that? By bringing InMotion 2.0 to the Terminal. InMotion 2.0 presents a new creative store designed to bring an interactive and innovative digital experience along with expanding on the product offering to intrigue the travelers of T5.

The world of airport retail will become the way customers shop in the future. We know this and we are continuously seeking ways to transform an average shopping visit into a locally engaging and immersive experience.

! Start your journey with InMotion.

average. Specialty Retail, Travel Essentials Concessions

107

Creating a World-Class

GUEST I EXPERIENCE

InMotion is designed to create an innovative environment and an exceptional in-store experience that excites customers with its modern architectural design, aesthetic, and unifying customer touchpoints. We know that engaging digital experiences help consumers understand how technology can impact their lives. !

For the ease and convenience of travelers, our stores are designed to create excitement and conversation by showcasing exciting lifestyle brands' products and dynamic displays of exclusive and trusted global brands, including Apple, Beats, Bose, JBL, and Sony. The unparalleled wide and varied product range ensures we appeal to all travelers. Something for everyone can be found within each store including noise canceling headphones, wireless headphones, true wireless earphones, chargers, portable speakers, tablets, digital action cameras, fitness and wellness products, laptop bags, fashion tech accessories, business telecommuting products, portable power, and a wide array of mobile accessories.

InMotion's stores are equally designed to create an innovative and inviting environment. Merchandise is well lit and easily identified, and contemporary graphic headers guide customers to display categories. The consumers were in mind when designing our demonstration counters as products are presented on suede-lined trays with digital screens

108

detailing product features. These hands-on displays encourage people to explore and test the latest electronic products and stimulate interaction with our team.

The Marshall Retail Group, LLC

OUR TEAM HAS MORE THAN TRAINING,
EXPERIENCE, AND COURTESY.
THEY HAVE PASSION.

Passion for sharing what they know about the latest technology products, Passion for helping people who are unsure about their buying options, Passion to succeed! InMotion considers our team members as stakeholders in the success of the business. We motivate, engage, and reward our people, and it shows every day in their care of our customers. Our talented team enjoys working in a dynamic, high energy environment that challenges their skills while rewarding their performance.

OPERATIONAL EXCELLENCE

One of InMotion's key goals is to ensure that the products that customers most need and desire are always in stock. We even have a program that allows customers to reserve items and pick-up nationwide at any of our airport store locations. Every aspect of our operation, from sales team training and to realtime inventory replenishment, has an efficiently managed system to guarantee the best possible customer experience.

It is important to continually evolve and improve to respond to the changing needs of the airport customer. For example, our sales team is now able to utilize a new portable tablet-based system that enables purchase transactions to be completed anywhere in the store. This allows the sales team to provide a greater level of customer service, significantly increases the speed and efficiency of each transaction, and ultimately leads to an enhanced shopping experience. \

Through its award-winning sales and customer service training program, together with the next generation InMotion 2.0 store concept design and expansive and unique product offering, InMotion continues[^] reinvent and redefine the airport electronics shopping experience.

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

1 1 1

The Marshall Retail Group, LLC

INMOTION MERCHANDISE LIST

MRG will remain compliant with the City of Chicago's Pricing Policy throughout the term of the lease.

ELECTRONICS

VR and AR Goggles	\$29.99	-	\$199.99
Cameras	\$99.99	-	\$499.99
Headphones ANC/BT	\$9.99	-	\$1,500.00
Earbuds - Bluetooth	\$19.99	-	\$149.99
True Wireless Earbuds	\$39.99	-	\$ 299.99
Web Camo Presenters	\$20.00	-	\$ 70.00

Web Cam - Presenters	\$29.99	-	\$ 19.99
Pre-paid and Unlocked Phones	\$49.99	-	\$ 299.99

ACCESSORIES

Case	\$19.9
Flash Drives - SD Cards - Micro SD	\$
Screen Protectors	\$19.9
Cables - Adapters	\$
Fashion Accessories	\$14.9
Misc. Accessories	\$
Portable Bluetooth Speakers	\$39.9
Phone Cards	\$24.9
Portable Chargers	\$12.9
\$19.99 \$39.99 \$29.99 \$19.99	

TRAVEL

Travel Accessories Backpacks / Totes Luggage Pillows

\$ 39.99 \$ 89.99 \$ 39.99 \$ 79.99 \$ 49.99 \$ 49.99 \$499.99 \$ 79.99 \$ 79.99

\$ 99.99 \$499.99 \$299.99 \$ 49.99

We would like to reserve the right to add items that are commonly carried at InMotion stores nationally as the concept evolves over the term of the lease.

CD

□C10

BldgSBranch

PACKAGE 2

area T5-Gate M23

- Combined Space SQUARE FOOTAGE: 1040

113

114

The Marshall Retail Group, LLC

BlvdSBranc

W

We are excited to present BLVD & Branch, an original, locally focused concept that celebrates the beauty of connecting communities through merchandise created and produced by neighborhood makers throughout Chicagoland, with a strong focus on minority- and female-owned businesses. In creating the name, we pay homage to the beautiful Boulevards dotting Chicago's unique neighborhoods, and the Branches of Chicago's very own "L" public transit system.

branches of Chicago's very own L public transit system.

This local concept conveys a timeless charm with a modern appeal that will bring people together in a welcoming atmosphere, making it the perfect fit for the new expansion area of Terminal 5, which will serve a combination of both domestic and international passengers. BLVD & Branch is an interactive one-stop shopping experience that celebrates local makers and embodies the heart of the community. It showcases local curations paired with national brands and offers something for people of all ages that represent the diverse culture, sense of community, and unique beauty of Chicago; a true FIRST for ORD. BLVD & Branch promises to offer travelers an experience that is all at once immersive, engaging, memorable, and above all, not to be missed.

The brands and products available at BLVD & Branch will be selectively curated and developed to create the world-class shopping experience that travelers expect to encounter in Chicago. We will partner with local artisanal communities to connect customers to an authentic shopping experience. In research for this project, our development team along with our local partners hit the streets of Chicago to engage with residents, travelers, and those who conduct daily business in the city to understand better how we can bring this destination concept to life through experience and products. Our neighborhood tours, took us from Pilsen to Wicker Park, from Hyde Park to the Loop. We were excited as our local partners showed us what is truly unique about Chicago's neighborhoods and their vision for the type of merchandise

116

that could be featured within BLVD & Branch.

Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

117

The Marshall Retail Group, LLC

S

MALL BUSINESSES BENEFIT THE LOCAL COMMUNITY

Small businesses contribute to local economies by bringing growth and innovation to the community while providing employment opportunities. Unfortunately, the global crisis caused by the Covid-19 pandemic left many small businesses financially fragile. Our mission is to give local small businesses, especially those operated by minorities and women, a unique opportunity to showcase their products in front of millions of people traveling through ORD T5. By introducing local brands at our BLVD & Branch concept and supporting and promoting an array of artists and artisans, we can positively impact the Chicago community continuously throughout the term of the lease. It will be our goal to offer goods from as many of the 77 Chicago communities as possible.

7'

ChiBoys is a clothing line that tells Chicago's story through stylish and innovative fashions. This line was created to fill a void in representing the city through fashion while avoiding typical sports apparel. ChiBoys expresses the soul of the city by exploring its lineage, structure, and its pulse. The roots tell a story that many Chicagoans today are proud of; this clothing line artistically tells that story through each design.

REP CHI: It began with a pinback button press and turned into a full-time custom and original screen-printing shop. After years of street festivals and even longer to save up for a storefront, REP CHI calls the Northwest Corridor home. From Civic pride apparel, handmade gifts, recycled wares, artwork, and other unique, non-touristy Chicago items, REP CHI has it covered!

Other unique, non-touristy Chicago items, RFP City has it covered:
Chicago Candle Co.

Chicago Candle Co. is a small, family-owned business based in Chicago. Entrepreneurs Sara and Fernando Velarde launched the company in 2013 out of their home and 8 years later, their small business has become something much, much larger and they couldn't be prouder. They hand-pour vegan soy wax into cut and polished upcycled bottles. This includes bottles recycled from local shops and cafes in the Chicago-land area! Every candle is hand-crafted and made right here in Chicago!

118

The Marshall Retail Group, LLC

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

10

119

DISH [QUE®

Inspired by her love of entertaining and a flair for gift giving Megan Dalbey founded Dishique Boutique in 2011 to share her passion with the world. Megan believes strongly in thoughtful and personal gifts, known amongst friends and family for her creatively crafted and unique presents. From cheeky to charming, each item is designed by Megan herself and lovingly handcrafted and shipped from Dishique's Chicago studio.

W8RKg|l

Lettering Works creates memorable brands for artists and creative businesses by helping them embrace the intersection of art and strategy. Founded in 2016, Lettering Works is the result of an artist's hopes to turn her love of hand lettering into a full-time career. In our five years in business, Lettering Works has grown to encompass so much more.

FRANGO.

Frango Mint Chocolates: Beloved by millions for nearly a century, Frango is a one-of-a-kind treat to commemorate any occasion, from the everyday to the extraordinary. All Frango recipes remain closely guarded secrets

- and each chocolate is lovingly and meticulously crafted. Ahead of its time as a premium chocolate, Frango continues to occupy a treasured place as one of America's best-loved confections. While Frango is recognized throughout the world, their hometown and their hearts are here in Chicago.

y building partnerships with local vendors and creating programs reflective of the regions they serve, airports are redefining the passenger's air travel experience. Travelers are drawn to local products and are attracted to concessions unique to the city they are visiting, like BLVD & Branch.

At MRG, we recognize the importance of giving our travelers an unrivaled shopping experience that makes us stand out from our competition. By offering such a unique concept, we provide a platform where travelers will discover a wide range of top-quality products, local gifts, unexpected finds, and stellar customer service all under one roof.

120

The Marshall Retail Group, LLC

BivdSBmnch MERCHANDISE LIST

MRG will remain compliant with the City of Chicago's Pricing Policy throughout the term of the lease.

GIFTS

Collectibles	\$12.9	- \$89.95
Apothecary	\$ 8.95	- \$ 49.95
Home DecorAccessories	\$12.9	- \$89.95
Stationery	\$ 7.95	- \$ 39.95
Books	\$12.9	- \$79.95
Plush/Toy	\$8.95	- \$49.95
Chicago Themed Gifts	\$9.95	- \$69.95
Accessories	\$19.9	- \$89.95
Jewelry	\$24.9	- \$129.95
Pet Gifts	\$ 7.95	- \$ 59.95
Activity Sets	\$8.95	- \$29.95
Licensed Sports	\$5.95	- \$129.95

SOUVENIR

Drinkware	\$ 4.95	- \$29.95
Keychains / Magnets	\$4.95	-\$14.95
Ornaments	\$ 5.95	- \$29.95
Frames	\$ 8.95	\$24.95
Postcards, Calendars	\$ 2.95	- \$14.95

APPAREL

T-Shirts	\$19.95	-\$49.95
Sweatshirts / Jackets	\$29.95	- \$ 79.95
Accessories	\$14.95	-\$49.95
Licensed Sports	\$19.95	-\$129.95

GOURMET FOOD / GIFTSETS/

Packaged Confections

Packaged Savory

Local Sourced Beverages

The Marshall Retail Group, LLC

1 // -r

-T liit'
i ■ A,

!-1 *! ^ II!

"i ■ wifv i

THE BEST LOCAL PRODUCTS

REPRESENTING CHICAGO AND THE '77 ILLINOIS REGION'. ONES THAT DESERVE A PLACE ON A BIGGER STAGE AT

THE AIRPORT THIS NEED, WE ARE PROUD TO PRESENT THE

WING LOCAL FINDS. HERE

:EATED BY •

Of:

%-^qm]viunity :

MAKERS, AR^^^M^f.i

MP

^ A, ■

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions
ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

i

126

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions
ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

130

x
c

o o

□
^ 3

3 CD

1 a) ;
^ fo ;
2 fo u
> E e -
: V
- 0) ^
s a>
2 C

0)

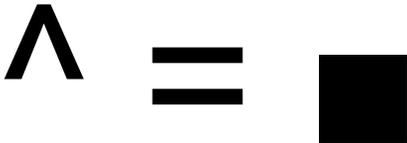
iff
3 fo « «
3 0) -

1?8 «



Si *
<S a
CD-iiJ
E '
- ra qj g « ^ J2

C^ (0
ro c
3
CT i- <O tn £>
S E
C d)
all. a 3 E



1 § :
■ a

The Marshall Retail Group, LLC

PACKAGE 2

PROJEC

NET INCOME, AND CASH FLOW

Per RFP Addendum 3, Question & Answer #2 - Repeated information may be included once and referenced foreach package. Please find the remainderof forms and required documentation for Package 2 consolidated with Package 7 at the end of this section.

The Marshall Retail Group, LLC

Projected Sales, Net Income & Cash Flow Statements Packasje 2 - Consolidated & ChiBoys

m m il

v> </> uv «v w ;

o>--o
rNIN
INOPIN
m,
"io»~
ididOm
Blat
W W W W w
w ZS-

o r-> P r-, no id co O

ww w W
0 u i . *
l r r lo in m
l u j <J m ^
l i m ^ oi oi g
H H H
IA IA IA IA IA
W A

Q ui OrID

m co in co oi *t
w w w w .
h 5 m co 5
oo r-^ o o r->

w w w w w

W - rH rH "T m ^

rH c o i-H m l"-
S 5 5" ~- o
B' H H O W co 2 W

w w w w w

rH oo rH
cn o>
IDIN
H co co io N
rH o+^ in S
H H H H HA
W W W W

rO rH O Tf«S

in o co *f

www.

AVAV

r r io <r
h tn on co
o W W W W >
M Hl d h
Hl Hl m to n w w w w
ID ID "I s.HI
o S
It 12

lo uj o o TT m r J l
www

io £ « ^ o
a. or O < J L

0/?D RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

The Marshall Retail Group, LLC

Projected Sales, Net Income & Cash Flow Statements Package 2 - InMotion & Blvd & Branch

it CO IN ID IN
TM n 3 £ 3

W W W v W . u . w m R H lo r

. W f x i i i i i - a

S M i g Ol ~ 5
ID O > O 1
m t f t t f >> <<
to T N W O n d
- W W www

(n m r P
io m m T t el
m io m m T t el
^ k < t in
if sai Ct H r r
th in if m E r
IA W W W IA

: w A
ID hCDJACO
h roojin
O ^ < D O n H r
- t t m m oi M
m in in in

3 3

on oo
oo Id o t f oo o < n r C I C f id u h o

In lo to h S ro oo oi o cn in "i ^ r .
la CO m o in
S H CO t c j H
W i i i

if < n U3 on m h in < r < f e ^ www www

HI(A)V> IA-IA

O

..O OI CO V IO™ < ID N OI O,

ID OI W WWW
ID IN IN IN
IA IA IA IO IA
m m m m
w w v v

o in "i p"

ff-o
N d * HI
ro O QJ m in rH rsi ro ff V> W VV V> W
m ff rH rH
w ix ii ii

fUJUI OO rA CO
f" cn

ha oc Hi Hi Hi Hi y^-

1* rH m rH r.
OO id" c. ci IN
IN CI IA IN
W W C W W
r. OO on o o*
ID ID IO im

rH LO O IO r.
ID* m" <c> IN q
IN CI rH rH f
IA (A) -A IA HA

Mm

5-5

z S

z

c

h

o

5 u c

° g

o. o

o S-
5 o

OffD RFP ro Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

The Marshall Retail Group, LLC

This page was left intentionally blank.

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

151

The Marshall Retail Group, LLC

MARKETING PLAN

& Conceptual Designs

■ MARKETING

We are excited to partner with local artisans and brands that will feature Hype Tables exhibitions strategically placed throughout our retail spaces. These local partnerships allow us to collaborate and promote the artisan and their products through storytelling. This innovative marketing concept directive invites the customer to sample and or taste the products. Through our analytics, we know that we obtain a 20% increase in sales when in-store events occur. Installations run from 4 to 8 weeks long depending upon performance and relevance.

■ PROMOTIONS

MRG offers regular instore promotions within our travel convenience locations for our guests to enjoy from Meal Deals to Buy One Get One 50% Off Beverages to discounts on sweet & salty bagged snacks to receiving a gift with purchase.

InMotion's guests will appreciate several instore marketing campaigns throughout the year offering discounts on some of their favorite must have digital items from brands like Beats and Bose.

All year long, InMotion offers bundles that guests are sure to appreciate.

- Pillow Bundles: Buy 2 and Save
- Headphone Bundles

154

The Marshall Retail Group, LLC

(power, case, pillow)

The Marshall Retail Group, LLC

This page was left intentionally blank

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

156

ORD RFP to Lease, Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

160

The Marshall Retail Group, LLC

Proposed Project Schedule-

Task Name

10
11
12
13
14
15
16
17
18
19
20
21
22 23 24
25
26 27 28
29

ORD Terminal 5 Program Design & Approval Process

Notice of Award

Draft CDA Tenant Initiation Letter Tenant Initiation Response Letter 30% SD Package Development 30% Design CDA Response Letter 60% Design Package Development 60% Design CDA Response Letter 90% Construction Document Development 90% CDA Response Letter 100% Construction Document Development CDA Dept of Buildings Letter Permitting Permits Issued Construction GC Bidding Award to GC Precon Meeting NTP

Construction Substantial Completion Opening Activities

CDA Final Walk Through Stock and train

CDA Approval to remove barricade. Ready to opening Close Out

Punch List Completion

335 days 166 days

1 day i10 days !10 days 15 days ■15 days :20 days 15 days |20 days 15 days ;20 days :15 days i20 days lday j|08 days ; 15 days 5 days v;5 days il day :60 days 1 day 7 days 1 day 4 days 1 day lday 40 days 20 days

Mon 1/10/22 Mon 1/10/22

'Mon 1/10/22 Mon 1/10/22 Mon 1/10/22 ;Mon 2/28/22 |Mon 3/21/22 iMon 3/21/22 iMon 4/18/22 iMon 4/18/22 iMon 5/16/22 Mon 5/16/22 iMon 6/13/22 Mon 8/1/22 Mon 8/29/22 Mon 7/4/22 Mon 7/4/22 Mon 7/25/22 ;Tue 8/30/22 Tue 9/6/22 jwed 9/7/22 Wed 11/30/22 Thu 12/1/22 Thu 12/1/22 iFri 12/2/22' Thu 12/8/22 Fri 12/9/22 Mon 12/12/22 Mon 12/12/22

IFri 4/21/23 Mon 8/29/22

;Mon 1/10/22 iFri 1/21/22 iFri 1/21/22 [Fri 3/18/22 iFri 4/8/22 IFri 4/15/22 Tri 5/6/22 ;Fri 5/13/22 |Fri 6/3/22 (Fri 6/10/22 ■Fri 7/1/22 iFri 8/26/22 ,Mon 8/29/22 Wed 11/30/2 [Fri 7/22/22 jFri 7/29/22 ;Mon 9/5/22 Tue 9/6/22 ;Tue 11/29/22 jWed H/30/2 Fri 12/9/22 Thu 12/1/22 Wed 12/7/22 Thu 12/8/22 Fri 12/10/22 Fri 2/3/23 Fri 1/6/23

12/9/22 11:23:23 AM 11/10/23

30 As-Builts Turned Over to CDA

31 Certified Cost Report Submitted CDA

32 **Project Close Out**

;30 days Mon 12/12/22 IFri 1/20/23 40 days ;Mon 12/12/22 Fri 2/3/23 1 day Fri 2/3/23 Fri 2/3/23

162

. . * > j j ; - ; . . v > i V A < , £ & i i - i i ^ 4 * S . .

163

SIX POINTS MARKET

METROPOLIS

COFFEE COMPANY V

PACKAGE 7

area T5-E2

- Combined Space SQUARE FOOTAGE: 1297

SIX POINTS

Travel Essentials and Coffee at the Airport. It's like the Blues Brothers, Peanut Butter & Jelly, Fred & Ginger, Milk & Cookies, Abbott & Costello.... they just work well together!

Bringing the true essence of local to the passengers of Terminal 5, Chicago's own Metropolis Coffee is conveniently positioned within the Chicago flag inspired Six Points Market footprint. The pass-through concept plan provides travelers the ease and efficiency to purchase all the core travel essentials items they need for their flights and quickly hop over to caffeinate up on a full menu of fully prepared espresso based hot and cold coffee and tea drinks.

SIX POINTS

* * ^ *

MARKET

I

SIX POINTS

MARKET

PACKAGE 7

areaT5-GateM21

SQUARE FOOTAGE: 785

TOe flitiTsnitn Ft»:oi' Creep, LLC

SIX POINTS

* * * *

MARKET

A

h lie Midwest's largest City. Chicago ii built on a strong sense of community pride. More importantly, Chicagoans fov« (heir City and take pride in the flag's unique design - two bars and four stars that represent their tight-knit community and rich history!

Designed by Wallace Rice and adopted by the city council in 1917, the municipal flag of Chicago is a simple yet striking symbol that Chicagoans have adored throughout the years. At the time of its creation, the six- pointed stars could only be found on. this flag-a testament to Rice's desire to fashion a sew icon that was worthy of representing his City. Today, Chicago's flag is arguably the best-known and most recognizable flag in the United States and has been proudly representing the Wind;- City for over 100 years.

Taking inspiration from the flig's brilliant design and profound and powerful symbclrsm, MRG has created Six Points Market as a tribute to the City¹ s deep history. Our objective for this original concept is to capture the City' s passion and tell a story lhat represents those who love Chicago. Our mission is to provide visitors a taste of Chicago, for their retail needs to be met and their senses invigorated with a mix of exciting specialty products. Souvenirs and gifts, news, and convenience, digital and' technology-driven experiences can be found as they wander through our thoughtfully designed concept.

Upon entering, travelers are filled with a sense fifgjjr^jgmenj and curiosity as they view all that the store has to offer. Six Points Market will offer the expected and sought-after travel essentials such as snacks, health & beauty, travel aids, gifts, souvenirs, and much more I In addition to the familiar national brands, we.believe that it is critical to a contemporary program to offer locally sourced fresh, grab-and-go products complemented by healthy and organic choices. ^

There is a science to product placement within our approach to the retail environment, and based upon our experience, we have created a seamless way/^, to guide the traveler on a path to purchase. Our 'ft product layout and displays are strategically placed adjacent lo categories with impulse purchasing in mind. These adjacencies speak to different types of travelers with varied interests in local gifts, books, andv/or enjoying a healthy grab & go option from ourlocal partner.LighrhaiiaeWhole

FoodCrilL

flvefop, and Opciat Food ami Bctwoqe, Specialty fffitati. Travct Essentials Catxeisiata*

9S

. 170

rfic UanhaMKclall Group, ICC

FRESH

ilgae days, consumers are becoming increasingly passionate about wanting to know where their food comes from and are seeking avenues to Eat, Drink, and Think

Local We understand the importance of their wants/ needs and sought out a local company to satisfy their requests by providing locally sourced grab & go items. As a family-owned business. LjgtgtuiagJE, Whole Food Grill is a company that not only serves healthy, hi^h qnaiifa/ foods, but also gives back to their community.

#BeTheLite

Where i health; community comes to dine.

ytehjjae Whole Food Grill opened in 2013 and was meant to disrupt the usual fast-food glut that seems to cluster in some African American neighborhoods by serving healthier items [ike salads and wraps made with organic ingredients lile grass-fed beef. They offer vegetarian items with tofu and soy, as well as jerk chicken burritos. Uil&tWUll&a. Strives to find unique, premier-quality items and use their creativity and well-seasoned expertise to

and soy, as well as jerk chicken burritos. Our chefs, strives to find unique, premier-quality items and use their creativity and well-seasoned expertise to bring them efficiently and effectively to market.

We are excited to partner with UtebmSR Whole Food GrQl for the Grab & Go program within Six Points Market. The program will focus on the enjoyment of local foods by providing a critical path to a healthier and more sustainable world. Rather than being subjected to thousands of miles of transport, preservatives, and processing. Ijisfeaus^wiLl provide locally sourced farm to fork grab & go items that are ripe, ready, and at their peak Of natural flavor. The focus is to offer unique, locally made products exemplified by a stamp of approval from UJ&hjBW&S, SUCtl 33 salads, sandwiches, snacks, chips, and beverages. Ulftj&US& will capture the essence of Chicago, allowing travelers to taste the authentic flavor of the region. Their focus is on high-quality, premium specially products and a commitment to providing customers with the freshest foods, which is why they are a perfect fit for the Terminal.

171

172

HYPE

ig Hype Tables aia she magic inside the mix. Guess will be greeted with a collection of unique and local brands that celebrate the region. MRG is committed to ^r^rnp the best locally mads products representing the State of Illinois, ones that deserve a spatfight on the airport atagej Here we introduce £ variEty of tmitrnPj kacd-crafted preducers created from a Local cocnmariirv of matrnrn artists. 2nd desiniers th?t fces» represent the local cumire to travelers at ORD. Typically, the Hype Tables are rotated ever)- 6-3 weeks, which allows us to showcase a wider variety of merchandise and vendors and keep the store looking refreshed and new for the repeat passengers flowing through the airport.¹

GIFT

Gifts and sovveairs remain strong categories in airpoxt sales. T Lay represent the parHPiial go-to items and lasting mrmnrw of a traveler's journey. Locally sourced clems highlicTing Chicago make as ideal purchase ssd create a canuscQon to the city's iconic sma historical landmarks. MRG's vision in presenting gifis zed souvenirs, of Chicago is to offer a guest-riendTy atmosphere where shoppers memorialize their visit while covering new end Fsrriirig facts about the city. We are experts in the sense of place mFrrh^pdiiiiTig., and we will parmgr with local artists ssa local vendors to create destrvmm soovesir gifts ezdxiarvely fin the Southwest and Frontier passenger.

What truly makes this concept special is that aJong tilth offering 2 wide array of local fevarrtas ami nationally recjoenized travel convenience necessities, we will also offer an expanded bookstore selemon to include curared listings focused on children, youth' tB**n local authors*, fiction, aon-fiction, business, more. Books are not just collections of paper - they are inviHHons to HW&ront worlds, othei cultures, inteiestiag characters, and onicng exDeriecces. Being in £ bookstore is like getting a pzsspart The destrcations ate wiHlog.^

173

1

Hfte Custodier

EXPERIENCE

In today's ever-changing retail environment, consumers are seeking more from their shopping experiences. MRG provides an enhanced customer journey as service and quality are increasingly important factors of success. A manager's personal experience will allow us to improve our service and tailor our products to what customers want thus improving customer satisfaction, strengthening customer loyalty and increasing profitability.

At Six Points "We will serve guests everything they need to make their journey more comfortable and enjoyable, from a variety of regional specialties to locally sourced items."

From beverages, artisanal goods, and, most importantly, Chicago's famous souvenirs. Our award-winning, expertly curated collection assures travelers a wonderful way to commemorate their journey to the Windy City.

101

MRG is proud to propose our original concept, Six Faints Market, a concept that appeals to locals and the modern traveler.

174

11

profile and highlights all that is unique about the City and the symbol that makes Chicagoans proud to say,
Chicago, it's My Kind of Town?

*OE0EPK>Lnt. Shvatcp, ana QatretifaadatiiBivtraam, ifweistf brai 7mwJ L**nrfab Cunan4ia.il <http://Cunan4ia.il>*

183

175

** aft *

HYPE / BIFT
Collktibles
Home Decor Accessories
Stationery
Bodes
Plush /Toy
/C WaaD Triand Off- Access...

IL/Chicago/ Mended Unit - Accessories.

Newspapers Books / Magazines

312.0
\$12.8 S

vii_ \$1

319.6

S \$9.09' S 89.99 S Z6.99 S 79.99 S 39.99 S 49.99 S B9.69.

Per Publishes Sncs Per FuBlishso ?rica

Fresh Hsalthy Snstdks	\$1149 - \$14.59
Fresh Grab & Go	S B.9B - \$15.68
FlantEased Chsese	\$5.06 - \$15:96
Ffenl 3ased Desserts	5 7.99 - \$14.69
Packaged Snacks	3 2.99 - 3.12.99
Fscksged Csiidy	3 2.99 - So.S5
Boxed Waterl Beverages	3 2.99 - S 5.69
Pressed Fresh ldcss	3 4.99 - \$14.69
Juices	3 3.49 - \$12.59
Tea / RTO Coffee	3 4.59 - \$14.69
Spore / Energy Drinks	3 2,99 - S 6 96
Kombucha	3 6.99 - \$14.66
CBD Drinks	3 7.69 - \$18.66

T-Shirts
Sweatshirts
Caps
Lsdie; r3=iia.i Tses lackers
infant / Youth AppareJ .Accessories '

WELLNESS

Health & Bsaaty Apothecary Candles Gift Books Travel Pillow Travel Blanket Compression Sjdks 50 Wellnsss
\$ 19.65 S 29 6-5 5 <6.95 S 21.95 S 29.95 S 12.95 \$5.95

- \$ 39 95
- S 59 95 '
- \$ 29.95
- \$34.95
- 3 59.95
- S 34.95
- S 44.95

LOCAL GOURMET EDIBLES

Crises late Sats.	\$3. 69 • \$15:99
Boxed Chocolates	\$ 3.99 - S35.96
Snack Kaes/Nuts/Saeris	\$6.99 • 510.99,
Plant Based Snacks	S4.99 ■ S12.96
lfeoSncks	\$4.99 - £12.68
Gkrten Free Snacks	\$4.96 S14.99
Chips / Pretzels	\$ 4.99 • \$ 9.99
Popcorn	3 5.99 S1--.99

•f. Mn.:J firtom wWJ ire* o.-rsrfYj-niiJ Hy-mo-j t*r *>u=J*t

176

This page was inserted manually.

105

177

!

METROPOLIS

COFFEE COMPANY

PACKAGE 7

area T5-Gate 12!

SQUARE FOOTAGE: 512

HOLD

j|REW COFFEE

IDS

178

179

Drip Coffee Caffe Lane Caffe Mocha Caramel Mocha Cappuccino Vanilla Bean Lane Doppio Espresso

Oat Milk Latte Nrtro Milk Tea Kyoto Black Nrtro Potion Cold Brew

Iced &
UICIUUCU
\$3.25 \$4.75 \$5.15 \$5.35 \$4.75 \$4.99 \$4.10
\$3.50 \$5.25 \$5.35 \$5.99 \$5.25 \$5.35

IOOZ
S55 0
S55 0
\$5.5 0
\$5.5 0
\$5.5 0
Assorted sweet and
savory croissants
Assorted Quiche, meat
and veggie
Assorted Muffins
Assorted Scones
Assorted Cookies Kegan Ears
Gluten Free Pastries Vegan Pastries Cake Pops Assorted Breakfast Sandwiches Assorted Lunch Sandwiches Assorted Salads

34.25
34.25
34.25 34.25 33.25 \$4.35 \$4.50 \$4.50 34.50 \$7.00
\$10.5 0
\$10.5 0

I ced Vanilla Bean \$6.0
Latte Iced Mocha 0
Vanilla Bean \$6 q
Frappe q
Turtle Frappe s60
0

360

Greek Yogurt Parfaits \$6.25 Fruit Salad \$6.2 Oatmeal Cup 5 S5.2
k i u r »e»eidqe 5

Various Fruit \$6.00 Smoothies

Hot Cocoa \$4.90

Organic Chai Latte \$5.50

Mexican Hot Cocoa \$5.50

Hot Organic Rishi Tea \$3.50

Maaha Latte \$5.80
Chocolate milk \$3.99
Milk \$3.99
Juices \$4.49
Kombucha \$5.99
Cold Brew Cans \$5.26
Draft Latte Cans \$5.26

184 182

185

187

189

The MtrrzfaiHetm't Group, HC

F.r.&pOMI Form C Projected Gross Receipts by Concession Type

Proposal Form c Projoected Grass Hccalpts by Cant rail on Typo

■HJLSZ HI ATTA?HIED IDYIM PWUKICO SAICSL NCTHOIM* 1 CAJIt <http://CAJIt> rCW SIATXMCHTS rOK UOIOF IMI LDKCCs USIID MCVL.
iutkEjMUn.idHiii. mii's:
*Stut'aVIC lJl

rjttf MatslaJt fteitait Gjautt Ltc

Projected Sales, Net Income & Cash Flow Statements

* 'Mil

Q IA 3S**

s i §3ii

» * »a- - SISI

y ii"

5³i

-a

lflii!

8'SH

e £ l a

HP-

a. • a a i e

I nu

S3³

//

aaa

3 a a 'A

2 3 3 s

3 sr 3 t

*"3333 I III!

S 3 3 3 3

ililf

S3

S/

1 3 3 i a J 2 S 1 5 i

ORD RFPia irair, Drwlop, and Operate food and aeverage, Spxtotty firtnll, rtffwJ Eisceiofc ConreuiOM

191

The Mcniitti RMmrr Giaup. LLC
192

Projected Sales, N*t Income & Cash Flotf Stat entente Package 7 - Sis PointsM aitet & M etrupolis
Coffee

Projeifed Sates Ajsnnpitaas Package 2 & 7

ORD Package 2 & 7 I S£2,,™ a Mai or

KEYAaUHFTTOHS: CR.0 PACKAGE2 (Cn&arp-s,tnHolfcui,and Blrf llarancn) ORD PACKAGE 7 |ShFeintsMaiVctand Mftrapdis Galtec)

Pcnelratiwi add TraVili tourffii ■
ur proforma's were developed! using- a full 10 YaarTemnv utilizing KRG'a key r-sLail metrics - enslavements, baffle- penetration into stare,, carversion
from traffic penetration into customers, and men in turn, Hie average transaction values to equal safes.

The ORD RFP provides 2019-2021 actual enpiajieriieit details by temiinal and airline, in-addition to forecasts- for 2022-2025. We haveassiamed 2%
enplafienient growth far trie remainder of 1tie to Year term.

Term iiaa 15
Trie expansion area of Terminal 5 wil have to additional .gates and wis be heavily utilised by SouUiwsst Airlines and fironifer Airlines. We assumed direct
eisplanertten* exposure to a of 10 nates (30%) for each cf trie specialty retaI/travel essentia lecatons. Additionally, -we assumed approximately 5%
exposure to the reniainina T5 enplanerYienls based on lower d wel! tinies- or the flterrtaltortal derioaraphic.

Terminal 3
The retail lacaion should be exposed ls approximately 13 or the 16 gales that comprise lhe "K" wing of Concourse 3, which in turn is exposed to
approximately 50% or American Airlines enptanemeiyts. However, the location is slightly hidden behind a base building column and is not in the direct
nassenger sinhiline sa ne adjusted exposed enpiantenteres to 25% oi total American Airlines emplacements

passenger signims. sa ne adjusted exposed enplanements to 20% of total American Airlines enplanements.

HUG utffres camera count tschnatoeiy to track footsteps into tie store from the concourse. h\ our retail metric terminology, penetration is a. measure or how many footsteps we attract into lite store torn me available traffic wafting past in the terminal.

To determine lite penetration and traffic counts we divided the total number of exposed gates lo Hie projected enplanemeat number. Gates assume first ful year on 2023.

ChiBoys with 3,275,000 passing passengers and a 5.3% penetration will ' have 173,575 customers enter (hastens).

Btvd a Branch wiliit, B7i, 166 passing passengers and a 10.-1% penetration will have 193,666 customers enter 13ie store.

InMotion witti 1^871,i66 passing passengert and a 4,8% penetration *H have 39,616 customers enter the store.

9k Points Market will* 1.87E.166 passina passenoers and a 4DjD% penetration will hav* 743,466 customers enter the stare.

Metropofe CoBccwiBv l,B7i,166 passing passengers and 14.9% penetration, will have 273,095 customers enter the store.

193

ORD Package 2 & 7

KTTASSU MPIIQNi: ORD P4CtACE2 QC nffays. I nJtot^anaHrw&Branch ORD PACICICE 7 (Ca Points Ma.fcei.WK <http://Ma.fcei.WK>] MefrapnLsCcTnal

Canvtcsibn is the measure daw many cutnirtcrj 'Atid wif. Into tie jinre (pene'rrii-aon) lhal we swxesafittrV taftvert l'ito purchased Canvfiralan * pentrJrSiian cieteimincs ihr number uf transactions ar (Jcttc-ls.

We utilized internal MR 3 hbfcuteri data hi Specialty EJeCirwiicSwand Travel Essentia From bath c*jrtcrU metrics, at ORD and ucross the cnuntiy esimmre uveraiie cencvrsnn miss-.

first full Year

Chi Bay a 173,575 traffic a 3fl.a5% Caiirtcaiori =

3rvd& Oranc* 193,664 traffic *:2fl 7Q% Converter = 40.083

ihMoUdp.- QS.aifi traffic jc24.17%Coiv«rt:icfl = 2i,7M

Sue Puciois Market 743,466 Haiti: a. 5S.3&% Conversion - 206,4 i7

We»rop<ili9 Callee 275,095 traffic • 70.00^ Cantforsian * 1&4.667

Average Transaction VatUM IATV) ir- deiemtimd by refesencwig tie flsaEjrtm=nr-tKu(trE c&riied against Sie niefwa^cl SptfSlaay Gffi. EIEtIranca.. ana Travel" EAfientiUA lacuna, .refereVKfon aUi tfcperienoe flii AfidArVrrfciiJ gperaiaris^

fitil f uil.T&M--

540,00

H5.00

■ChIDayi Bl>d& Branch inMdilsn

5iK FcDlta-Market S11 38: Msimsnllit CoHee E7 21'

Total sales praj=<3on by liVjf- is u bJntian trf ~ • customer* rpenetr&iitol i buyei s (canveraian i = ncKela x average tmuarjanvalLit.

Hut Full Y*«l

CftiQays l'd,MS < 154.99 =f SI,02S,5«4

3U>d& Drancii iO.CWfl * 14D.M - 31.603,552

InMaion 21,708 i 136:00 = 31,410,671

Six Points Varfcrl 4W.417 ■ SI 1.36 - t4.818.469 <http://t4.818.469>INfelntyrlis Coffee iy4.6*7 a 17.22 ^ 11,406,000

111,1133 to.tiro

406.417

110.09
ws.od

Il.035J4-I Sl.uD3.5S2 <http://Sl.uD3.5S2>»,»1(I,B7I
n,r,n.+itu
Il.«Dn.tll*0

195

MARKETING PLAN

& Conceptual Designs

■ MARKETING

We are excited to partner with local artisans and brands that will feature Hype Tables exhibitions strategically placed throughout our retail spaces. These local partnerships allow us to collaborate and promote the artisan and their products through storytelling. This innovative marketing concept directive invites the customer to sample and or taste the products. Through our analytics, we know that we obtain a 20% increase in sales when in-store events occur. Installations ran from 4 to 8 weeks long depending upon performance and relevance.

■ PROMOTIONS

MRG offers regular in-store promotions within our travel convenience locations for our guests to enjoy from Meal Deals to Buy One Get One 50% Off Beverages to discounts on sweet & salty bagged snacks to receiving a gift with purchase.

Our guests will appreciate several in-store marketing campaigns throughout the year offering discounts on some of their favorite must-have digital items from brands like Beats and Bose.

AH j-ssr Cenr felloSjc c-f&it binCes lint nr.t: ct* re to cpp;i;iti

- » Pillow Bundles: Buy 2 and Save
- Headphone Bundles

197

am

(power, case, pillow) OJTO RFP to least. Develop, and Operate Food and Beverage, Specialty Retail, Travel Essentials Concessions

132

198

1
1

This page was left intentionally blank.

ORO RFP to Lease, Develop, and Operate Food and Beverage, specialty Retail Travel Essentials Concessions

200

201

ORO iW talcerw, Dctaiop, and Operate food ittWBverage, Speeahy Retail, Travel Esmntiak Concessions

202 !

i

ii

203

EXHIBIT 4 CITY'S SHELL AND CORE OBLIGATIONS

The City shall have no Shell and Core Obligations.

204

EXHIBIT 5 PRODUCTS AND PRICE LIST

205

EXHIBIT 6 FORM OF LETTER OF CREDIT

SAMPLE FORM OF LETTER OF CREDIT IssuingBank Letterhead (must
be a bank located in the Chicago metropolitan area) Irrevocable Standby

Letter of Credit Letter of Credit No. Date: , 20_

Chicago Department of Aviation
Chicago's O'Hare International Airport P.O. Box
66142 Chicago, Illinois 60666
Attention: Commissioner

AVIATION COMMISSIONER

1. We hereby open in your favor, at the request and for the account of this irrevocable standby letter of credit in an aggregate amount not to exceed \$ Dollars ("Stat ed Amount"), to be available for payment of your drafts drawn at sight on us signed by the Commissioner of the Chicago Department of Aviation, or her designee.
2. Your sight drafts must be accompanied by a written certificate, in the form of Exhibit A attached hereto (the "Certificate") signed and completed by you.
3. Partial and multiple drawings are permitted hereunder.
4. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by any document, instrument or agreement referred to herein, or in which this Letter of Credit is referred to, or to which this Letter of Credit relates; and no such reference shall be deemed to incorporate herein by reference any such document, instrument or agreement. The Account Party is not the owner or beneficiary under this Letter of Credit and possesses no interest whatsoever in this Letter of Credit or its proceeds. Further, this Letter of Credit shall not be affected by any bankruptcy or other insolvency proceeding initiated by or against the Account Party.
- 5: This credit shall expire on , 20_j , unless extended as provided herein.
6. It is a condition of this credit that it will be automatically extended without amendment for an additional period of twelve (12) months from the present and each future expiry date, unless, not less than ninety (90) days prior to the then relevant expiry date, we notify you and Corporate Counsel of the City by registered mail, return receipt requested, that we elect not to extend this credit for any additional period. Upon receipt of such a notification you may draw your sight draft on us prior to the then-relevant expiration

206

date for the unused balance of this credit, which shall be accompanied by your signed written statement that you received notification of our election not to extend.

7. Drafts must be marked "Drawn under irrevocable Standby Letter of Credit No. ."
8. We hereby agree to honor each draft drawn under and in compliance with the terms of this credit if duly presented at our offices on or before the close of business on the expiry date.
9. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.
10. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits. International Chamber of Commerce Publication No. 500, 1993 revision, ("IUCP") and to the Uniform Commercial Code - Letters of Credit, as adopted in Illinois, 810 ILCS 5-101 et seq., as amended ("UCC"). To the extent that the provisions of the IUCP and UCC conflict, the provisions of the UCC shall govern.
11. We hereby undertake that a draft drawn in conformity with the terms of this Letter of Credit will be duly honored on presentation.

Rv

Name:
Title:

207

**THIS IS AN INTEGRAL PART OF STANDBY LETTER OF
CREDIT NO.**

EXHIBIT A

CERTIFICATE FOR DRAWING

The undersigned, the Commissioner of the Chicago Department of Aviation, represents, warrants and certifies to _____ (the "Bank") with reference to Letter of Credit No. _____ Chicago (the "Beneficiary") that: issued by the Bank in favor of the City of _____

A breach of the Lease and License Agreement ("Agreement") dated as of _____, 20____, as amended, modified or supplemented, between the City of Chicago ("City") and _____, an_____, has occurred, or a replacement Letter of Credit (in a form and substance satisfactory to the City Comptroller has not been issued to the City by a Financial Institution meeting the requirements set forth in the Agreement. As a result, the City is making demand under the Letter of Credit to pay _____ dollars (\$) on the _____, day of 20____.

1. Payment of the draft shall be made by bank wire paid to our account as per our wire instructions below:

(Name of Bank)
(City & State)

(City & State)
(ABA No.)
(Account Name)
(Account No.)
(Reference No., if any)

2. All defined terms used but not defined herein shall have the meaning assigned hereto in the Letter of Credit.

In witness hereof, the City has executed this certificate as of this day of .
20 .

CITY OF CHICAGO

BY:

Its: Commissioner of Aviation

208

EXHIBIT 7

INSURANCE REQUIREMENTS

Chicago Department of Aviation [Name of Tenant]

**Concession Lease and License Agreement O'Hare International
Airport**

A. INSURANCE REQUIRED

Tenant must provide and maintain at Tenant's own expense, during the term of the Agreement and during the time period following expiration if Tenant is required to return and perform any work, services, or operations, the insurance coverages and requirements specified below, insuring all work, services, or operations related to the Agreement.

- 1) **Workers Compensation and Employers Liability (Primary and Umbrella)**
Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to provide a work, services, or operations under this Agreement and Employers Liability coverage with limits of not less than \$1,000,000 each accident; \$1,000,000 disease-policy limit; and \$1,000,000 disease-each employee, or the full per occurrence limits of the policy, whichever is greater. Coverage must include, but not be limited to, the following: other state endorsement, voluntary compensation and alternate employer, when applicable.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the

required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

- 2) **Commercial General Liability (Primary and Umbrella)**
Commercial General Liability Insurance or equivalent must be maintained with limits of not less than \$2,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury, personal injury, and property damage liability. Coverages must include, but not limited to, the following: Leased Space and operations, products/completed operations, separation of insureds, defense, and contractual liability (not to include Endorsement CG 21 39 or equivalent).

The City must be provided additional insured status with respect to liability arising out of Tenant's work, services or operations performed. The City's additional insured status must apply to liability and defense of suits arising out of Tenant's acts or omissions, whether such liability is attributable to the Tenant or to the City on an additional insured endorsement form acceptable to the City. The full policy limits and scope of protection also will apply to the City as an additional insured, even if they exceed the City's

209

minimum limits required herein. Tenant's liability insurance must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

- 3) **Automobile Liability (Primary and Umbrella)**
When any motor vehicles (owned, non-owned and hired) are used in connection with work, services, or operations to be performed, Automobile Liability Insurance must be maintained by the Tenant with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury and property damage. The City is to be added as an additional insured on a primary, non-contributory basis.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

- 4) **Excess/Umbrella**
Excess/Umbrella Liability Insurance must be maintained with limits of not less than \$4,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater. The policy/policies must provide the same coverages/follow form as the underlying Commercial General Liability, Automobile Liability, Employers Liability and Completed Operations coverage required herein and expressly provide that the excess or umbrella policy/policies will drop down over reduced and/or exhausted aggregate limit, if any, of the underlying insurance. The Excess/Umbrella policy/policies must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Tenant may use a combination of primary and excess/umbrella policies to satisfy the limits of liability required in sections A.1, A.2, A.3 and A.4 herein.

- 5) **Property**

- 5) Property
The Tenant must maintain All Risk Property Insurance for the Leased Space including improvements and betterments, in the amount of their full replacement cost. Coverage extensions must include Business Income and Extra Expense. The City is to be named as an additional insured and loss payee, as its interest may appear. Tenant is responsible for all loss or damage to personal property including equipment, fixtures and contents.
- 6) Cyber Liability
Cyber Liability Insurance must be maintained with limits of not less than \$2,000,000 for each occurrence or claim. Coverage must include, but not be limited to network security

210

- and privacy liability including computer or network system attacks (liability arising from the loss or disclosure of confidential information), privacy breach response coverage and costs, regulatory liability including fines and penalties, denial or loss of service, introduction, implantation and/or spread of malicious software code, unauthorized access to or use of computer systems, theft of data, and no exclusion/restriction for unencrypted portable devices/media may be on the policy. The City must be named as an additional insured and/or indemnified party. If the City is named as an additional insured and the policy contains an insured vs insured exclusion, the exclusion must be amended, and not be applicable to the City.
- 7) Commercial Crime Insurance
The Tenant must provide a Fidelity Bond or Commercial Crime coverage covering all loss or damage by employee dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery, and other related crime risks. The policy limit must be written to cover losses in the amount of maximum monies collected, received or on premises or in possession of Tenant at any given time. The City must be named as a loss payee as its interest may appear. Coverage must include, but not be limited to, third party fidelity coverage, including coverage for loss due to theft and must not contain a requirement for an arrest and/or conviction.
- 8) Builders Risk
When Tenant undertakes any construction, including improvements, betterments, upgrades and/or repairs, the Tenant must provide or cause to be provided, All Risk Builders Risk Insurance to cover materials, supplies, equipment, machinery and fixtures that will be part of the permanent facility/Leased Space Property. The City of Chicago is to be named as an additional insured and loss payee as its interest may appear.

The Tenant is responsible for all loss or damage to City of Chicago property at full replacement cost.

B. Additional Requirements

Evidence of Insurance. Tenant must furnish the City of Chicago, Department of Aviation, 10510 W. Zemke Rd, Chicago, IL 60666, original certificates of insurance and additional insured endorsement, or other evidence of insurance, to be in force on the date of this Agreement, and renewal certificates of Insurance and endorsement, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. Tenant must submit evidence of insurance prior to execution of Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of Agreement. The failure of the City to obtain, nor the City's receipt of, or failure to object to a non-complying insurance certificate, endorsement or other insurance evidence from Tenant, its insurance broker(s) and/or insurer(s) will not be construed as a waiver by the City of any of the required insurance provisions. Tenant must advise all insurers of the Agreement provisions regarding insurance. The City in no way warrants that the insurance required herein is sufficient to protect Tenant for liabilities which may arise from or relate to the Agreement. The

City reserves the right to obtain complete, certified copies of any required insurance policies at any time.

Failure to Maintain Insurance. Failure of the Tenant to comply with required coverage and terms and conditions outlined herein will not limit Tenant's liability or responsibility nor does it relieve Tenant of the obligation to provide insurance as specified in this Agreement. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to suspend this Agreement until proper evidence of insurance is provided, or the Agreement may be terminated.

Notice of Material Change, Cancellation or Non-Renewal. Tenant must provide for sixty (60) days prior written notice to be given to the City in the event coverage is substantially changed, canceled or non-renewed and ten (10) days prior written notice for non-payment of premium.

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Tenant.

Waiver of Subrogation. Tenant hereby waives its rights of subrogation and agrees to require their insurers to waive their rights of subrogation against the City under all required insurance herein for any loss arising from or relating to this Agreement. Tenant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City received a waiver of subrogation endorsement for Tenant's insurer(s).

Tenant's Insurance Primary. All insurance required of Tenant under this Agreement must be endorsed to state that Tenant's insurance policy is primary and not contributory with any insurance carrier by the City.

No Limitation as to Tenant's Liabilities. The coverages and limits furnished by Tenant in no way limit the Tenant's liabilities and responsibilities specified within the Agreement or by law.

No Contribution by City. Any insurance or self-insurance programs maintained by the City do not contribute with insurance provided by Tenant under this Agreement.

Insurance not Limited by Indemnification. The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

Insurance and Limits Maintained. If Tenant maintains higher limits and/or broader coverage than the minimums shown herein, the City requires and must be entitled the higher limits and/or broader coverage maintained by Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage must be available to the City.

Joint Venture or Limited Liability Company. If Tenant is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

Other Insurance obtained by Tenant. If Tenant desires additional coverages, the Tenant will be responsible for the acquisition and cost.

Insurance required of Subcontractors. Tenant must name the Subcontractor(s) as a named insured(s) under Tenant's insurance or Tenant will require each Subcontractor(s) to provide and maintain Commercial General Liability, Commercial Automobile Liability, Worker's Compensation and Employers Liability Insurance and when applicable Excess/Umbrella Liability Insurance and Professional Liability Insurance with coverage at least as broad as in outlined in Section A, Insurance Required. The limits of coverage will be determined by Tenant but be no less than \$5,000,000 per occurrence for access to airside and \$2,000,000 per occurrence for access to landside for Commercial General Liability and Auto Liability. Tenant must determine if Subcontractors) must also provide any additional coverage or other coverage outlined in Section A, Insurance Required. Tenant is responsible for ensuring that each Subcontractor has named the City as an additional insured where required on an additional insured endorsement form acceptable to the City. Tenant is also responsible for ensuring that each Subcontractor has complied with the required coverage and terms and conditions outlined in this Section B, Additional Requirements. When requested by the City, Tenant must provide to the City certificates of insurance and additional insured endorsements or other evidence of insurance. The City reserves the right to obtain complete, certified copies of any required insurance policies at any time. Failure of the Subcontractor(s) to comply with required coverage and terms and conditions outlined herein will not limit Tenant's liability or responsibility.

City's Right to Modify. Notwithstanding any provisions in the Agreement to the contrary, the City, Department of Finance, Risk Management Office maintains the right to modify, delete, alter or change these requirements.

EXHIBIT 8

ACDBE SPECIAL CONDITIONS AND RELATED FORMS

City of Chicago Department of Aviation

Special Conditions Regarding Airport Concessions Disadvantaged Business Enterprise

Special Conditions Regarding Airport Concessions Disadvantaged Business Enterprise
(ACDBE)
Commitment

I. POLICY AND PROGRAM

It is the policy of the City of Chicago ("City") not to discriminate on the basis of race, color, sex or national origin in the award or performance of airport concession agreements. Because the City is a recipient of Airport Improvement Program funds from the Federal Aviation Administration ("FAA"), the concessions at the City's airports are subject to 49 CFR Part 23, Participation of Disadvantaged Business Enterprise in Airport Concessions ("Part 23"). The City will not, directly or indirectly, through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or impeding the accomplishment of the objectives of Part 23. Compliance with Part 23 requirements will not diminish or supplant the Concessionaire's obligations to comply with nondiscrimination laws as required elsewhere in the Agreement. In the event of a conflict between the provisions of these Special Conditions and the requirements of Part 23, the requirements of Part 23 shall prevail. Part 23 is available on-line at <<https://www.ecfr.gov/current/title-49/subtitle-A/part-23?toc=1>>.

It is further the policy of the City, in accordance with the requirements of Part 23, that Airport Concession Disadvantaged Business Enterprises ("ACDBEs") have the maximum opportunity to participate fully in the City's airport concession program. As used throughout these Special Conditions, the term "ACDBE" means an entity that has been certified as such under the Illinois Unified Certification Program ("UCP"). If a firm is not certified by the Illinois UCP as an ACDBE in accordance with the standards in Part 23, the firm's participation is not counted for Part 23 purposes. ACDBEs certified by other jurisdictions are not considered certified ACDBEs for purposes of this Agreement and will not be counted as such unless they have also been certified by the Illinois UCP.

In accordance with Part 23, Subparts B and D, the City submitted an ACDBE Program and ACDBE Goal for approval by the FAA. The FAA-approved ACDBE Program and ACDBE Goal are available upon request. In the event of any amendments or revisions to Part 23 (or any related or superseding regulations), these Special Conditions shall be subject to such revised regulations and any City-promulgated program, regulations, or goals established thereunder. Upon request by the City, this Agreement shall be amended to replace these Special Conditions with revised Special Conditions that reflect the then-current federal regulations, if necessary.

214

The following assurances are required to be included in the Agreement by 49 CFR §23.9(c). Concessionaire is deemed to be the "concessionaire or contractor" referenced.

1. This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase order or other agreement covered by 49 CFR Part 23.

2. The concessionaire or contractor agrees to include the above statements in any subsequent

z. The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

II. PROGRAM GOALS

The City has established, and the Federal Aviation Administration has approved, aspirational goals for ACDBE participation in its airport concessions program as required by Part 23, Subpart II. Generally, ACDBE participation in airport concessions is measured as a percentage of annual gross receipts earned by the concessions. Details on counting ACDBE participation are found in 49 CFR §§ 23.53 (rental car concessions) and 23.55 (non-rental car concessions) and described further below.

The below aspirational goals are for the City's concessions program as a whole. With respect to this Agreement, the City may or may not have established a contract-specific ACDBE aspirational goal at the time that the City issued the Request for Proposals for the concession ("RFP"). If the RFP included a contract-specific goal, Tenant's proposal either included participation by ACDBE(s) that met or exceeded the contract-specific goal or Concessionaire demonstrated "good faith efforts" to meet that contract-specific goal but was unable to do so. Guidance on "good faith efforts" can be found in Appendix A to 49 C.F.R. Part 26. Appendix A as it appears on the date of the Agreement is incorporated in Section VI. A. of these Special Conditions, but Concessionaire is responsible for compliance with federal regulations as they may be amended from time to time.

1. All Concessions Except Rental Cars.

O'Hare International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 32%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 7% and a race-conscious goal of 23%.

Midway International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 37%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 5.5% and a race-conscious goal of 31.5%.

215

B. Rental Car Concessions. Due to the lack of ACDBE rental car companies, the national or regional nature of rental car industry procurement practices and a general lack of reliable historical data, the City has determined that the aspirational goal for ACDBE participation in rental car concessions at both airports is 2.4%. Nevertheless, rental car concessionaires are encouraged to use all reasonable efforts to maximize procurement of goods and services from ACDBEs that may be certified in the Illinois UCP or the UCPs of other states.

In 2012, the Rent-A-Car Concessions Voluntary M/W/DBE Program ("RAC Program") was approved by City Council of Chicago, Illinois, as part of an amendment to the rental car concession license agreements at Chicago O'Hare and Midway International Airports. (Coun.. 12-12-2012, p. 43891.) As part of the program, the on-airport rental car companies ("RACs") will use good faith efforts to expand contracting opportunities for businesses owned by minorities, women and/or disadvantaged persons in connection with "non-fleet

expenditures attributable to the On-Airport KACs operations at the Airports. The KACs agree that for fiscal year 2017 and thereafter, the goal of their outreach efforts will be to achieve, at a minimum, 30% of non-fleet expenditures with businesses owned by M/W/DBEs that are either certified or not certified but are owned by minority, women and/or disadvantaged persons.

III. CONCESSIONAIRE'S ACDBE COMMITMENT

A. INITIAL ACDBE COMMITMENT

The extent and nature of the ACDBE participation commitment by Concessionaire is documented in Schedules B, C and/or D attached to these Special Conditions ("ACDBE Commitment"). As used these Special Conditions and in Schedules B, C and D, "Concessionaire" means the entity with whom the City has entered into a concession agreement, whether that entity is referred to in that agreement as "Tenant," "Licensee" or other term.

The total ACDBE Commitment, stated as a percentage of the concessions gross revenues, must equal or exceed the percentage ACDBE participation required in the Agreement. If the Agreement indicates that there is no ACDBE participation requirement, it will be conclusive evidence that either (a) the RFP contained no contract-specific goal and Concessionaire did not propose any ACDBE participation or (b) the Concessionaire demonstrated, to the satisfaction of the City, that it exerted good faith efforts to obtain ACDBE participation to meet a contract-specific goal but was unable to obtain such participation. In either such event, there will be no Schedule B, C or D attached to these Special Conditions.

If there is ACDBE participation in the form of a joint venture member, the attached Schedule B sets forth the essential terms of that joint venture participation, including a representation as

216

to the value of the ACDBE's activities in operating the concession as a percentage of gross revenues, and a copy of the joint venture agreement is attached to Schedule B. If there is ACDBE participation in the form of ACDBE(s) acting as sublicensee(s), subtenant(s) or subcontractor(s), it is documented in Schedules C and D. Schedule(s) C is the commitment by the ACDBE(s) to participate by providing the goods or services indicated, and Schedule D is the commitment by the non-ACDBE to such participation by the ACDBE(s).

B. CHANGES IN ACDBE PARTICIPATION

Pursuant to 49 CFR 23.25 and 49 CFR 26.53, Concessionaire must not make arbitrary changes to its ACDBE Commitment. Further, after entering into a joint venture agreement, sublicense or subcontract (collectively, "ACDBE agreement") with each approved ACDBE, Concessionaire must not terminate the ACDBE agreement, reduce the scope of the ACDBE's participation in the concession, nor decrease the compensation to the ACDBE, as applicable, without in each instance receiving the prior written consent of the City. The City will not consent unless Concessionaire shows good cause. Concessionaire must promptly notify the Commissioner of any proposed change in an ACDBE agreement and submit a copy of the proposed amendment to the ACDBE agreement. Prior to requesting consent from the City to terminate or substitute an ACDBE, Concessionaire must give notice to the ACDBE, with a copy to the City, providing the ACDBE an opportunity to respond.

In any event, the collective participation of the previously approved ACDBE(s) must either continue to contribute to the

concession at least the value of the ACDBE Commitment, as stated in terms of a percentage of gross revenues, or substitute or additional ACDBE(s) must be retained by Concessionaire pursuant to (D) below to maintain the ACDBE Commitment, except as provided in (C) below. Failure to comply with the ACDBE Commitment is an event of default under the Agreement. If the proposed change in ACDBE participation is approved by the City, Concessionaire and ACDBE(s) must complete revised Schedules B, C or D, as applicable.

These notice and consent requirements apply both pre- and post- award of the Agreement. Note that changes to a joint venture Concessionaire prior to award may result in rejection of the proposal if the City determines, in the sole discretion of the Commissioner, that those changes affect Concessionaire's qualifications.

C. INVOLUNTARY CHANGES IN ACDBE PARTICIPATION

In the event that it appears that Concessionaire will not comply with its ACDBE Commitment because: (i) an ACDBE has defaulted in its performance under the ACDBE agreement through no fault of Concessionaire, (ii) an ACDBE is decertified by the Illinois UCP through no fault of Concessionaire and the ACDBE's participation can no longer be counted, (iii) the ACDBE's certified area of specialty has been changed through no fault of Concessionaire and the ACDBE's participation can no longer be counted, or (iv) an ACDBE is otherwise unable or unwilling to perform its obligations through no fault of Concessionaire, then Concessionaire must promptly notify the ACDBE with a copy to the City, of its intent to terminate or substitute

217

the ACDBE's participation and provide the ACDBE with a minimum of five days to respond, unless the City grants permission for a shorter response period as a matter of public necessity (i.e. safety). Concessionaire requests to the City for permission to terminate or substitute an ACDBE must specify one or more of the foregoing reasons as the cause for potential noncompliance with the ACDBE Commitment. If the City concurs with the specified reason, Concessionaire shall use good faith efforts as described in Section VI below to replace the ACDBE's participation with participation by another ACDBE. As provided in Section VI, Concessionaire must demonstrate those good faith efforts to the satisfaction of the Commissioner. Failure to comply with the foregoing shall be an event of default under the Agreement.

Concessionaire's position in these cases must be fully explained and supported with adequate documentation. Stated reasons which will NOT be acceptable include: A replacement firm has been recruited to perform the same function under terms more advantageous to the Concessionaire; issues about performance by the committed ACDBE were disputed (unless every reasonable effort has already been taken to have the issues resolved or mediated satisfactorily); and an ACDBE has requested reasonable price escalation which may be justified due to unforeseen circumstances.

D. ACDBE SUBSTITUTION AND ADDITIONAL ACDBEs

If Concessionaire identifies a substitute, replacement or additional ACDBE for the City's approval, Concessionaire's request for approval shall include the name, address, and principal official of the proposed ACDBE; the nature and essential terms of the ACDBE agreement under which the ACDBE will participate; and a letter of intent signed by Concessionaire and the ACDBE to enter into such an ACDBE agreement upon approval by the City. Concessionaire must provide such other affidavits and documents as the City may request to evaluate the request. The City will evaluate and respond to the submitted documentation within fifteen working days after the submittal of a complete request. The response may be in the form of approving the request, requiring more information, or requiring an interview.

Actual use of a substitute, replacement or additional ACDBE should not be made by Concessionaire before City approval is given. An ACDBE agreement between Concessionaire and the ACDBE must be executed within the time

specified by the City, and a fully executed copy of the ACDBE agreement must be submitted immediately to the City.

E. AGREEMENT EXTENSIONS, ASSIGNMENTS AND SUBLEASES

If the Agreement contains a term extension or if the Concessionaire proposes an assignment or sublease of the Agreement, as a condition precedent to the City's consent to such extension, assignment or sublease, the City and Concessionaire will revisit and possibly adjust the Concessionaire's ACDBE Commitment to reflect any possible change in ACDBE availability and to ensure compliance with Part 23 as it may have been amended in the interim.

218

Concessionaire will be required to provide amended Schedules D, B, or C, along with amended ACDBE agreements, to reflect any required changes to the ACDBE Commitment or provide documentation of good faith efforts to achieve increased ACDBE participation.

IV. COUNTING ACDBE PARTICIPATION

A. CONCESSIONS OTHER THAN RENTAL CAR

In order for participation in the concession to be counted and reported to the FAA, ACDBEs must perform a commercially useful function, as defined in 49 CFR § 23.55(a). The work performed or gross receipts earned by a firm after its ACDBE eligibility has been removed are not counted, except as provided in 49 CFR § 23.55(j). Costs incurred in connection with the renovation, repair, or construction of a concession facility (sometimes referred to as the "buildout") are not counted (but may be subject to goals for M/WBE or other types of participation under a local program as specified by the City). Otherwise, ACDBE participation in non-rental car concessions is counted in accordance with 49 CFR § 23.55 as follows:

1. Concessionaire is an ACDBE. When Concessionaire is an ACDBE or a joint venture consisting only of ACDBEs, the gross receipts earned by Concessionaire are counted. Gross receipts attributable to a non-ACDBE sublicensee of Concessionaire are not counted.
2. Separate locations. When an ACDBE performs as a sublicensee to Concessionaire with its own concession location or when Concessionaire is a joint venture which includes a non-ACDBE and in which an ACDBE operates its own separate location, the gross receipts earned by the ACDBE at its separate location are counted. The ACDBE location must be independently operated by the ACDBE as evidenced by the ACDBE's responsibility for all aspects of the management and operation of the location. Gross receipts attributable to a non-ACDBE sublicensee of the ACDBE are not counted.
3. Joint venture, no separate locations. When Concessionaire is a joint venture with an ACDBE participant and the ACDBE jointly participates with a non-ACDBE in the operation of all locations, only the portion of the Concessionaire's gross receipts attributable to the distinct, clearly defined portion of the work of the concession that the ACDBE performs with its own forces is counted. When the City has reason to doubt the extent of an ACDBE joint venturer's commercially useful contribution towards the concessionaire's gross receipts, the City may require Concessionaire to submit evidence to substantiate the value of the ACDBE's contribution. If the Concessionaire fails to submit satisfactory evidence, it is an event of default under the Agreement.

4. Subcontractor participation. When an ACDBE provides, as a subcontractor to Concessionaire, goods or services for operation of the concession, the amounts paid to the ACDBE are counted as provided below. However, if the ACDBE enters into a subcontract with a non-ACDBE to provide the goods or services, the amounts paid to the non-ACDBE are not counted.
 - a. The entire amount of fees or commissions charged by an ACDBE firm for a bona fide service, provided that the City determines this amount to be reasonable and not excessive as compared with fees customarily paid for similar services. Such services may include, but are not limited to, professional, technical, consultant, legal, security systems, advertising,
 - building cleaning and maintenance, computer programming, or managerial.
 - b. The entire amount of the cost of goods obtained from an ACDBE manufacturer, as provided in 49 CFR § 23.55(f).
 - c. The entire amount of the cost of goods purchased or leased from a ACDBE regular dealer, as provided in 49 CFR § 23.55(g).
 - d. For goods purchased from an ACDBE which is neither a manufacturer nor a regular dealer, the amount of reasonable fees, commissions, or delivery charges earned by the ACDBE, as provided in 49 CFR § 23.55(h).

B. RENTAL CAR CONCESSIONS

If Concessionaire is a rental car company, ACDBE participation counts in accordance with the provisions of 49 CFR §23.53. Goods and services will be counted in accordance with the following:

1. The entire amount of the cost charged by an ACDBE for repairing vehicles, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services; and further provided that any portion of a fee paid by a manufacturer to an ACDBE car dealership for reimbursement of work performed under the manufacturer's warranty is excluded;
2. The entire amount of the fee or commission charged by an ACDBE to manage a car rental concession under an agreement with the Concessionaire, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services.
3. For other goods and services, ACDBE participation counts as provided in 49 CFR §26.55 and §23.55. In the event of any conflict between these two sections, §23.55 controls.

4. If a rental car company has a national or regional contract with an ACDBE, it may count a pro-rated share of the amount of that contract toward the goals of each airport covered by the contract as provided in §23.55(f)

Rental car companies may also count ACDBE direct participation through direct ownership arrangements, but such arrangements are not required.

V. CERTIFICATION, RECORDS, REPORTS AND MONITORING

A. CERTIFICATION

Copies of letters of certification from a member of the Illinois UCP for each ACDBE that is part of Concessionaire's ACDBE Commitment are attached to their respective Schedule C or Schedule B. All letters of certification issued by the City of Chicago include a statement of the ACDBE firm's area of specialization.

Each ACDBE must promptly notify Concessionaire if there is any change in the ACDBE's certification status. Concessionaire, in turn, must notify Commissioner of any change in an ACDBE's certification status and provide a copy of any correspondence from the certifying agency regarding the status of an ACDBE's certification.

The ACDBE's scope of work, as detailed by Schedule B, C or D, must conform to its stated area of specialization. If, during the course of this Agreement, Concessionaire proposes to amend Schedules B, C or D so that an ACDBE performs additional work or supplies additional goods, materials or services not covered by its area of certification, the ACDBE must request an extension of its certification for such work, goods, materials or services in order to count toward the ACDBE's participation in the concession. The request to expand the scope of the ACDBE's certification, together with all documentation required by the City to process that request, must be received by the City at least 60 days in advance of the proposed date to perform such additional work or supply such additional goods, materials or services.

B. RECORDKEEPING

The Concessionaire must maintain records of all relevant data with respect to the utilization of ACDBEs, retaining these records for a period of at least three years after termination or expiration of the Agreement. Concessionaire grants full access to these records to the City of Chicago, Federal or State authorities, the U.S. Department of Justice, or their duly authorized representatives.

C. REPORTING

Concessionaire must file ACDBE utilization reports (monthly if non-rental car and quarterly if rental car), together with its concession license fee payment, delineating for the month or quarter, as applicable, and cumulatively for the year-to-date: (i) contribution by ACDBE joint venture

221

member(s) or sublicensee(s) to Concessionaire's gross receipts and (ii) payments to ACDBE subcontractor(s). Each ACDBE utilization report must be signed by an authorized officer or representative of the Concessionaire and be notarized.

D. MONITORING

The City will, from time to time during the term of the Agreement, conduct investigations and interviews to monitor and verify that ACDBE participation in the concession meets or exceeds the ACDBE Commitment. Concessionaire

must give, upon request, earnest and prompt cooperation to the City in submitting to inspections and interviews, in allowing entry to places of business, in providing further documentation, and in requiring the cooperation of its ACDBEs.

If the City determines that an ACDBE's actual role or responsibilities do not comply with the representations made by Concessionaire and the ACDBE in Schedules B, C or D, or that Concessionaire and/or ACDBE have misrepresented to the City either the payments to the ACDBE or the value of the ACDBE's participation in a joint venture, it shall be an event of default under the Agreement.

VI. GOOD FAITH EFFORTS

A. EXAMPLES

Examples of "good faith efforts" are described below and in 49 CFR § 23.25, 49 CFR §26.53, and Appendix A to 49 CFR Part 26. As provided in § 23.25, §26.53 and Appendix A to 49 Part 26, the following are examples of documented actions that the City may take into consideration in determining whether Concessionaire made good faith efforts:

1. Soliciting through all reasonable and available means (e.g., advertising and/or written notices) the interest of all certified ACDBEs who have the capability to perform work or services or to supply goods relevant to the concession. Concessionaire must solicit this interest within sufficient time to allow the ACDBEs to respond to the solicitation. Concessionaire must determine with certainty if the ACDBEs are interested by taking appropriate steps to follow up initial solicitations.
2. Soliciting the work, services or goods in portions that increase the likelihood that an ACDBE can perform the work or services or provide the goods. This includes, when appropriate, breaking out contract items into economically feasible units to facilitate ACDBE participation, even when the concessionaire might otherwise prefer to perform these work items with its own forces.
3. Providing interested ACDBEs with adequate information about the operations, management and requirements of the concession in a timely manner to assist them in responding to a solicitation.
4. Negotiating in good faith with interested ACDBEs. Evidence of such negotiation

222

includes the names, addresses and telephone numbers of ACDBEs that were considered; a description of the information provided regarding the opportunities selected for possible ACDBE participation; and evidence as to why agreement could not be reached for ACDBEs to perform the work.

NOTE: A concessionaire using good business judgment would consider a number of factors in negotiating with potential business partners or subcontractors, including ACDBEs, and would take a firm's price and capabilities as well as contract goal into consideration. However, the fact that there may be some additional costs involved in finding and using ACDBEs is not in itself sufficient reason for a failure to meet the ACDBE Commitment, as long as such costs are , reasonable. Concessionaires are not, however, required to accept higher quotes from ACDBEs if the price difference in comparison to non-ACDBEs is excessive or unreasonable.

5. Not rejecting ACDBEs as being unqualified without sound reasons based on a thorough investigation of their

capabilities. The ACDBE's standing within its industry, membership in specific groups, organization or associations and political or social affiliation (for example union vs. non-union employee status) are not legitimate causes for rejection.

6. Making efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance as required by the City or Concessionaire.
7. Making efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials, or related assistance or services.
8. Effectively using the services of available minority/women community organizations and contractors' groups; local, state and federal minority/women business assistance offices; and other organizations as allowed on a case-by-case basis to provide assistance in the recruitment and placement of ACDBEs.

B. DOCUMENTATION

Whenever Concessionaire is required to demonstrate good faith efforts by Part 23 or these Special Conditions, Concessionaire must provide supporting documentation to the satisfaction of the Commissioner. This means documentation to show that Concessionaire took all necessary and reasonable steps which by their scope, intensity and appropriateness to the objective, could reasonably be expected to obtain compliance, even if not fully successful. The following types of documentation, as applicable to the situation, will be considered by the City in determining whether Concessionaire has made good faith efforts:

1. A listing of all ACDBE firms that were contacted that includes:
 - a. names, address and telephone numbers of ACDBE firms contacted;

223

- b. date and time of contact;
- c. method of contact (written, telephone, transmittal of facsimile documents, etc.);
- d. name of the person contacted.

Copies of letters or any other evidence of mailing that substantiates outreach to ACDBE vendors that include:

- a. concession identification and location;
- b. descriptions/classification/commodity of work, services or goods for which quotations were sought; and
- c. date, time and location for submittal of bids or proposals.

Detailed statement which summarizes direct negotiations with appropriate ACDBE firms and indicates why negotiations were unsuccessful. Affirmation that good faith efforts have been demonstrated by choosing opportunities likely to be performed by ACDBEs by not imposing any limiting conditions which were not mandatory for all potential bidders/proposers; or denying the benefits ordinarily conferred for the type of opportunity that was solicited.

Copies of proposed portions of the work, services or goods to be performed or provided by ACDBEs in order to increase the likelihood of ACDBE participation. Evidence that Concessionaire negotiated in good faith with interested ACDBEs. Evidence that Concessionaire did not reject ACDBEs as being unqualified without sound reasons based on a thorough

investigation of their capabilities. Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance, as required by the City or the concessionaire.

Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials or related assistance or services.

Evidence that Concessionaire has provided timely notice of the opportunity to at least 50 percent of the applicable ACDBEs listed in the Illinois UCP Directory. The City may contact the ACDBEs identified by Concessionaire for verification of such notification.

Evidence that ACDBE participation is excessively costly. In order to establish that a ACDBE's quote is excessively costly, Concessionaire must provide the following information:

- a. A detailed statement of the opportunity identified for ACDBE participation for which Concessionaire asserts the ACDBE quote(s) were excessively costly.
- b. A listing of all potential business partners or subcontractors contacted for a quotation on that opportunity.

224

- c. Prices quoted by all such potential business partners or subcontractors for that opportunity.
- d. Other documentation that demonstrates to the satisfaction of the City that the ACDBE quotes are excessively costly.

ADMINISTRATIVE RECONSIDERATION

For the purposes of this Agreement, the City has delegated the responsibility for making the determination regarding a Concessionaire's good faith efforts to the Department of Aviation. The determination shall be based upon the Department's review of the documentation that the Concessionaire has timely submitted. Within five days of being informed by the Department that Concessionaire has not documented sufficient good faith efforts, Concessionaire may request administrative reconsideration. The request must be made in writing to the following official:

City of Chicago Department of Aviation 10510 West Zemke Road
Chicago, Illinois 60666 Attention: Commissioner

NOTE: The Commissioner may not have played any role in the original determination that the Concessionaire did not make or timely document sufficient good faith efforts. The Commissioner may appoint a reconsideration officer, who did not play any role in the original determination, to act in his or her stead.

With copies to: City of Chicago
Department of Procurement Services City Hall, Room 806 121 N. LaSalle
Street Chicago, Illinois 60602 Attention: Chief Procurement Officer

City of Chicago Department of Aviation 10510 West Zemke Road
Chicago, Illinois 60666

Attention: Deputy Commissioner for Concessions City of Chicago Department

of Law
Aviation, Environmental, Regulatory and Contracts Division 2 North LaSalle Street,

Suite 540 Chicago, Illinois 60602
Attention: Deputy Corporation Counsel

225

2. As part of this reconsideration, the Concessionaire will have the opportunity to provide written documentation or argument concerning the issue of whether it made adequate good faith efforts. The Concessionaire will have the opportunity to meet in person with the reconsideration officer to discuss whether it did so. The Department will send the Concessionaire a written decision on reconsideration, explaining the basis for finding that the Concessionaire did or did not make adequate good faith efforts.

VII. NON-COMPLIANCE AND DAMAGES

A. NON-COMPLIANCE GENERALLY

Concessionaire's failure to comply with these Special Conditions constitutes a material breach of the Agreement and entitles the City to declare an event of default. If Concessionaire fails to cure the default within the time allowed under the default provisions of the Agreement, the City may exercise those remedies provided for in the Agreement, at law or in equity, including termination of the Agreement. In addition to any remedies specified in the Agreement, at the City's option the term of this Agreement will become month-to-month until the City locates a new Concessionaire. At the City's option, any improvements added by Concessionaire must remain for the new tenant at no cost to the City or the new tenant.

B. NON-COMPLIANCE WITH ACDBE AGREEMENT

If Concessionaire has not complied with the requirements of an ACDBE agreement, the affected ACDBE may seek to recover from Concessionaire damages suffered by the ACDBEs as a result of such non-compliance. Such disputes may impact the quality of concessions at the City's airports and/or the ability of other airport tenants to solicit ACDBE participation. Therefore, Concessionaire consents to have any disputes between Concessionaire and affected ACDBEs resolved by binding arbitration before an independent arbitrator other than the City, with reasonable expenses, including attorneys' fees, being recoverable by the prevailing party in accordance with any applicable regulations. This provision is intended for the benefit of all ACDBEs affected by Concessionaire's failure to comply with ACDBE agreements and grants ACDBEs specific third-party beneficiary rights. In cases deemed appropriate by the City, a dispute may lead to the withholding of sums that the City may owe Concessionaire until the City receives a copy of the final arbitration decision, but in no event will Concessionaire be excused from making any payments due to the City during the pendency of a dispute. Noncompliance or non-cooperation with the City may affect continued eligibility to enter into future contracting arrangements with the City.

12 17 2019

226

EXHIBIT 9

MBE\WBE SPECIAL CONDITIONS AND RELATED FORMS

SPECIAL CONDITIONS REGARDING MINORITY OWNED BUSINESS ENTERPRISE COMMITMENT AND WOMEN OWNED BUSINESS ENTERPRISE COMMITMENT IN CONSTRUCTION CONTRACTS

I. Policy and Terms

As set forth in 2-92-650 et seq. of the Municipal Code of Chicago (MCC) it is the policy of the City of Chicago that businesses certified as Minority Owned Business Enterprises (MBEs) and Women Owned Business Enterprises (WBEs) in accordance with Section 2-92-420 et seq. of the MCC and Regulations Governing Certification of Minority and Women-owned Businesses, and all other Regulations promulgated under the aforementioned sections of the Municipal Code, shall have full and fair opportunities to participate fully in the performance of this contract. Therefore, bidders shall not discriminate against any person or business on the basis of race, color, national origin, or sex, and shall take affirmative actions to ensure that MBEs and WBEs shall have full and fair opportunities to compete for and perform subcontracts for supplies or services.

Failure to carry out the commitments and policies set forth herein shall constitute a material breach of the contract and may result in the termination of the contract or such remedy as the City of Chicago deems appropriate.

Under the City's MBE/WBE Construction Program as set forth in MCC 2-92-650 et seq, the program-wide aspirational goals are 26% Minority Owned Business Enterprise participation and 6% Women Owned Business Enterprise participation. The City has set goals of 26% and 6% on all contracts in line with its overall aspirational goals, unless otherwise specified herein, and is requiring that bidders make a good faith effort in meeting or exceeding these goals.

Contract Specific Goals and Bids

A bid may be rejected as non-responsive if it fails to submit one or more of the following with its bid demonstrating its good faith efforts to meet the Contract Specific Goals by reaching out to MBEs and WBEs to perform work on the contract:

- I. An MBE/WBE compliance plan demonstrating how the bidder plans to meet the Contract Specific Goals (Schedule D); and/or
- II. Documentation of Good Faith Efforts (Schedule H).

If a bidder's compliance plan falls short of the Contract Specific Goals, the bidder must include either a Schedule H demonstrating that it has made Good Faith Efforts to find

MBE and WBE firms to participate or a request for a reduction or waiver of the goals.

Accordingly, the bidder or contractor commits to make good faith efforts to expend at least the following

percentages of the total contract price (inclusive of any and all modifications and amendments), if awarded the contract:

MBE Contract Specific Goal: 26% WBE Contract Specific Goal: 6%

This Contract Specific Goal provision shall supersede any conflicting language or provisions that may be contained in this document.

For purposes of evaluating the bidder's responsiveness, the MBE and WBE Contract Specific Goals shall be percentages of the bidder's total base bid. However, the MBE and WBE Contract Specific Goals shall apply to the total value of this contract, including all amendments and modifications.

Contract Specific Goals and Contract Modifications

I. The MBE and WBE Contract Specific Goals established at the time of contract bid shall also apply to any modifications to the Contract after award. That is, any additional work and/or money added to the Contract must also adhere to these Special Conditions requiring Contractor to (sub) contract with MBEs and WBEs to meet the Contract Specific Goals.

1. Contractor must assist the Construction Manager or user Department in preparing its "proposed contract modification" by evaluating the subject matter of the modification and determining whether there are opportunities for MBE or WBE participation and at what rates.
2. Contractor must produce a statement listing the MBEs/WBEs that will be utilized on any contract modification. The statement must include the percentage of utilization of the firms. If no MBE/WBE participation is available, an explanation of good faith efforts to obtain participation must be included.

II. The Chief Procurement Officer shall review each proposed contract modification and amendment that by itself or aggregated with previous modification/amendment requests, increases the contract value by ten percent (10%) of the initial award, or \$50,000, whichever is less, for opportunities to increase the participation of MBEs or WBEs already involved in the Contract.

II. Definitions

"Area of Specialty" means the description of a MBE's or WBE's activity that has been

determined by the Chief Procurement Officer to be most reflective of the firm's claimed specialty or expertise. Each MBE and WBE letter of certification contains a description of the firm's Area of Specialty. Credit toward the Contract Specific Goals shall be limited to the participation of firms performing within their Area of Specialty. The Department of Procurement Services does not make any representation concerning the ability of any MBE or WBE to perform work within its Area of Specialty. It is the responsibility of the bidder or contractor to determine the capability and capacity of MBEs and WBEs to perform the work proposed.

"B.E.P.D." means an entity certified as a Business enterprise owned or operated by people with disabilities as defined in MCC 2-92-586.

"Broker" means a person or entity that fills orders by purchasing or receiving supplies from a third party supplier rather than out of its own existing inventory and provides no commercially useful function other than acting as a conduit between his or her supplier and his or her customer.

"Chief Procurement Officer" or "CPO" means the chief procurement officer of the City of Chicago or his or her designee.

"Commercially Useful Function" means responsibility for the execution of a distinct element of the work of the contract, which is carried out by actually performing, managing, and supervising the work involved, evidencing the responsibilities and risks of a business owner such as negotiating the terms of (sub)contracts, taking on a financial risk commensurate with the contract or its subcontract, responsibility for acquiring the appropriate lines of credit and/or loans, or fulfilling responsibilities as a joint venture partner as described in the joint venture agreement.

"Construction Contract" means a contract, purchase order or agreement (other than lease of real property) for the construction, repair, or improvement of any building, bridge, roadway, sidewalk, alley, railroad or other structure or infrastructure, awarded by any officer or agency of the City, other than the City Council, and whose cost is to be paid from City funds.

"Contract Specific Goals" means the subcontracting goals for MBE and WBE participation established for a particular contract.

"Contractor" means any person or business entity that has entered into a construction contract with the City, and includes all partners, affiliates and joint ventures of such person or entity.

"Direct Participation" the value of payments made to MBE or WBE firms for work that is done in their Area of Specialty directly related to the performance of the subject

229

matter of the Construction Contract will count as Direct Participation toward the Contract Specific Goals.

"Directory-" means the Directory of Minority Business MBEs and WBEs maintained and published by the Chief Procurement Officer. The Directory identifies firms that have been certified as MBEs and WBEs. and includes the date of their last certifications and the areas of specialty in which they have been certified. Bidders and contractors are responsible for verifying the current certification status of all proposed MBEs and WBEs.

"Executive Director" means the executive director of the Office of Compliance or his or her designee.

"Good Faith Efforts" means actions undertaken by a bidder or contractor to achieve a Contract Specific Goal that, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program's requirements.

"Joint venture" means an association of a MBE or WBE firm and one or more other firms to carry out a single, for-profit business enterprise, for which each joint venture partner contributes property, capital, efforts, skills and knowledge, and in which the MBE or WBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

"Minority Business Enterprise" or "MBE" means a firm certified as a minority-owned business enterprise in accordance with City Ordinances and Regulations.

"Supplier" or "Distributor" refers to a company that owns, operates, or maintains a store, warehouse or other establishment in which materials, supplies, articles or equipment are bought, kept in stock and regularly sold or leased to the public in the usual course of business. A regular distributor or supplier is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials or supplies required for performance of the Contract are bought, kept in stock, and regularly sold to the public in the usual course of business. To be a regular distributor the firm must engage in, as its principal business and in its own name, the purchase and sale of the products in question. A regular distributor in such bulk items as steel, cement, gravel, stone, and petroleum products need not keep such products in stock if it owns or operates distribution equipment.

"Women Business Enterprise" or "WBE" means a firm certified as a women . owned business enterprise in accordance with City Ordinances and Regulations.

Joint Ventures

230

The formation of joint, ventures to provide MBEs and WBEs with capacity and experience at the prime contracting level, and thereby meet Contract Specific Goals (in whole or in part) is encouraged. A joint venture may consist of any combination of MBEs, WBEs, and non-certified firms as long as one member is an MBE or WBE.

- I. The joint venture may be eligible for credit towards the Contract Specific Goals only if:
1. The MBE or WBE joint venture partner's share in the capital contribution, control, management, risks and profits of the joint venture is equal to its ownership interest;
 2. The MBE or WBE joint venture partner is responsible for a distinct, clearly defined portion of the requirements of the contract for which it is at risk;
 3. Each joint venture partner executes the bid to the City; and
 4. The joint venture partners have entered into a written agreement specifying the terms and conditions of the relationship between the partners and their relationship and responsibilities to the contract, and all such terms and conditions are in accordance with the conditions set forth in Items I, 2, and 3 above in this Paragraph A.

II. The Chief Procurement Officer shall evaluate the proposed joint venture agreement, the Schedule B submitted on behalf of the proposed joint venture, and all related documents to determine whether these requirements have been satisfied. The Chief Procurement Officer shall also consider the record of the joint venture partners on other City of Chicago contracts. The decision of the Chief Procurement Officer regarding the eligibility of the joint venture for credit towards meeting the Contract Specific Goals, and the portion of those goals met by the joint venture, shall be final.

The joint venture may receive MBE or WBE credit for work performed by the MBE or WBE joint venture partner(s) equal to the value of work performed by the MBE or WBE with its own forces for a distinct, clearly defined portion of the work.

Additionally, if employees of the joint venture entity itself (as opposed to employees of the MBE or WBE partner) perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture, as described in Schedule B.

231

The Chief Procurement Officer may also count the dollar value of work subcontracted to other MBEs and WBEs. Work performed by the forces of a non-certified joint venture partner shall not be counted toward the Contract Specific Goals.

III. Schedule B: MBE/WBE Affidavit of Joint Venture

Where the bidder's Compliance Plan includes the participation of any MBE or WBE as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. These documents must both clearly evidence that the MBE or WBE joint venture partner(s) will be responsible for a clearly defined portion of the work to be performed, and that the MBE's or WBE's responsibilities and risks are proportionate to its ownership percentage. The proposed joint venture agreement must include specific details related to:

IV. The parties' contributions of capital, personnel, and equipment and share of the costs of insurance and bonding; and/or work to be performed by employees of the newly formed joint venture entity;

1. Work items to be performed under the supervision of the MBE or WBE joint venture partner; and
2. The MBE's or WBE's commitment of management, supervisory, and operative personnel to the performance of the contract.

NOTE: Vague, general descriptions of the responsibilities of the MBE or WBE joint venture partner do not provide any basis for awarding credit. For example, descriptions such as "participate in the budgeting process," "assist with hiring," or "work with managers to improve customer service" do not identify distinct, clearly defined portions of the work. Roles assigned should require activities that are performed on a regular, recurring basis rather than as needed. The roles must also be pertinent to the nature of the business for which credit is being sought. For instance, if the scope of work required by the City entails the delivery of goods or services to various sites in the City, stating that the MBE or WBE joint venture partner will be responsible for the performance of all routine maintenance and all repairs required to the vehicles used to deliver such goods or services is pertinent to the nature of the business for which credit is being sought.

**IV. Counting MBE and WBE Participation Towards the Contract Specific Goals Work items to be performed
by the MBE'Gs or WBE'Ds own forces**

Refer to this section when preparing the MBE/WBE compliance plan and completing Schedule D-1 for guidance on what value of the participation by MBEs and WBEs will

232

be counted toward the stated Contract Specific Goals. The "Percent Amount of Participation" depends on whether and with whom a MBE or WBE subcontracts out any portion of its work and other factors.

Firms that are certified as both MBE and WBE may only be listed on a bidder's compliance plan as either a MBE or a WBE to demonstrate compliance with the Contract Specific Goals. For example, a firm certified as both a MBE and a WBE may only listed on the bidder's compliance plan under one of the categories, but not both. Additionally, a firm that is certified as both a MBE and a WBE could not self-perform 100% of a contract, it would have to show good faith efforts to meet the Contract Specific Goals by including in its compliance plan work to be performed by another MBE or WBE firm, depending on which certification that dual- certified firm chooses to count itself as.

- A. Only expenditures to firms that perform a Commercially Useful Function as defined above may count toward the Contract Specific Goals.
- B. The CPO will determine whether a firm is performing a commercially useful function by evaluating the amount of work subcontracted, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the credit claimed for its performance of the work, industry practices, and other relevant factors.

A. A MBE or WBE does not perform a commercially useful function if its participation is only required to receive payments in order to obtain the appearance of MBE or WBE participation. The CPO may examine similar commercial transactions, particularly those in which MBEs or WBEs do not participate, to determine whether non MBE and non WBE firms perform the same function in the marketplace to make a determination.

- Only the value of the dollars paid to the MBE or WBE firm for work that it performs in its Area of Specialty in which it is certified counts toward the Contract Specific Goals.

Only payments made to MBE and WBE firms that meet BOTH the Commercially Useful Function and Area of Specialty requirements above will be counted toward the Contract Specific Goals.

- If the MBE or WBE performs the work itself:
 - 100% of the value of work actually performed by the MBE's or WBE's own forces shall be counted toward the Contract Specific Goals, including the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces. 0% of the value of work at the project site that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals

233

- If the MBE or WBE is a manufacturer:
 - 100% of expenditures to a MBE or WBE manufacturer for items needed for the Contract shall be counted toward the Contract Specific Goals. A manufacturer is a firm that operates or maintains a factory or establishment that produces on the premises the materials or supplies obtained by the bidder or contractor.
- If the MBE or WBE is a distributor or supplier:
 - 60% of expenditures for materials and supplies purchased from a MBE or WBE that is certified as a regular dealer or supplier shall be counted toward the Contract Specific Goals.
- If the MBE or WBE is a broker:
 - 0% of expenditures paid to brokers will be counted toward the Contract Specific Goals.
 - As defined above. Brokers provide no commercially useful function.
- If the MBE or WBE is a member of the joint venture contractor/bidder:
 - A joint venture may count the portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the MBE or WBE performs with its own forces toward the Contract Specific Goals.
 - OR if employees of this distinct joint venture entity perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture as described in Schedule B.
 - Note: a joint venture may also count the dollar value of work subcontracted to other MBEs and WBEs, however, work subcontracted out to non-certified firms may not be counted.

C. If the MBE or WBE subcontracts out any of its work:

1. 100% of the value of the work subcontracted to other MBEs or WBEs performing work in its Area of Specialty may be counted toward the Contract Specific Goals.
2. 0% of the value of work that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals (except for the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces as allowed by C1. above).
3. The fees or commissions charged for providing a bona fide service, such as professional, technical, consulting or managerial services or for providing bonds or insurance or the procurement of essential personnel, facilities, equipment, materials or supplies required for performance of the Contract, may be counted toward the Contract Specific Goals, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar

234

services.

4. The fees charged for delivery of materials and supplies required on a job site (but not the cost of the materials and supplies themselves) when the hauler, trucker, or delivery service is not also the manufacturer of or a regular dealer in the materials and supplies, provided that the fee is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.
5. The fees or commissions charged for providing any bonds or insurance, but not the cost of the premium itself, specifically required for the performance of the Contract, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees

customarily allowed for similar services.

V. Procedure to Determine Bid Compliance

The following Schedules and requirements govern the bidder's or contractor's MBE/WBE proposal:

- Schedule B: MBE/WBE Affidavit of Joint Venture
 - Where the bidder's Compliance Plan includes the participation of any MBE or WBE as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. See Section III above for detailed requirements.

- Schedule C: MBE/WBE Letter of Intent to Perform as a Subcontractor or Supplier

The bidder must submit the appropriate Schedule C with the bid for each MBE and WBE included on the Schedule D. The City encourages subcontractors to utilize the electronic fillable format Schedule C, which is available at the Department of Procurement Services website, <<http://cityofchicago.org/forms>>. Suppliers must submit the Schedule C for Suppliers, first tier subcontractors must submit a Schedule C for Subcontractors to the Prime Contractor and second or lower tier subcontractors must submit a Schedule C for second tier Subcontractors. Each Schedule C must accurately detail the work to be performed by the MBE or WBE and the agreed upon rates/prices. Each Schedule C must also include a separate sheet as an attachment on which the MBE or WBE fully describes its proposed scope of work, including a description of the commercially useful function being performed by the MBE or WBE in its Area of Specialty. If a facsimile copy of the Schedule C has been submitted with the bid, an executed original Schedule C must be submitted by the bidder for each MBE and WBE included on the Schedule D within five (5) business days after the date of the bid opening.

235

D. Schedule D: Compliance Plan Regarding MBE and WBE Utilization

The bidder must submit a Schedule D with the bid. The City encourages bidders to utilize the electronic fillable format Schedule D, which is available at the Department of Procurement Services website, <<http://cityofchicago.org/forms>>. An approved Compliance Plan is required before a contract may commence.

The Compliance Plan must commit to the utilization of each listed MBE and WBE. The bidder is responsible for calculating the dollar equivalent of the MBE and WBE Contract Specific Goals as percentages of the total base bid. All Compliance Plan commitments must conform to the Schedule Cs.

A bidder or contractor may not modify its Compliance Plan after bid opening except as directed by the Department of Procurement Services to correct minor errors or omissions. Bidders shall not be permitted to add MBEs or WBEs after bid opening to meet the Contract Specific Goals, however, contractors are encouraged to add additional MBE/WBE vendors to their approved compliance plan during the performance of the contract when additional opportunities for participation are identified. Except in cases where substantial, documented justification is provided, the bidder or contractor shall not reduce the dollar commitment made to any MBE or WBE in order to achieve conformity between the Schedule Cs and Schedule D. All terms and conditions for MBE and WBE participation on

the contract must be negotiated and agreed to between the bidder or contractor and the MBE or WBE prior to the submission of the Compliance Plan. If a proposed MBE or WBE ceases to be available after submission of the Compliance Plan, the bidder or contractor must comply with the provisions in Section VII.

E. Letters of Certification

A copy of each proposed MBE's and WBE's Letter of Certification from the City of Chicago must be submitted with the bid.

A Letters of Certification includes a statement of the MBE's or WBE's area(s) of specialty. The MBE's or WBE's scope of work as detailed in the Schedule C must conform to its area(s) of specialty. Where a MBE or WBE is proposed to perform work not covered by its Letter of Certification, the MBE or WBE must request the addition of a new area at least 30 calendar days prior to the bid opening.

F. Schedule F: Report of Subcontractor Solicitations

A Schedule F must be submitted with the bid, documenting all subcontractors and suppliers solicited for participation on the contract by the bidder. Failure to submit the Schedule F may render the bid non-responsive.

236

0

G. Schedule H: Documentation of Good Faith Efforts

1. If a bidder determines that it is unable to meet the Contract Specific Goals, it must document its good faith efforts to do so, including the submission of Attachment C, Log of Contacts.

H. If the bidder's Compliance Plan demonstrates that it has not met the Contract Specific Goals in full or in part, the bidder must submit its Schedule H no later than three business days after notification by the Chief Procurement Officer of its status as the apparent lowest bidder. Failure to submit a complete Schedule H will cause the bid to be rejected as non-responsive.

I. Documentation must include but is not necessarily limited to:

1. A detailed statement of efforts to identify and select portions of work identified in the bid solicitation for subcontracting to MBEs and WBEs;
2. A listing of all MBEs and WBEs contacted for the bid solicitation that includes:

Names, addresses, emails and telephone numbers of firms solicited; Date and time of contact; Person contacted;
Method of contact (letter, telephone call, facsimile, electronic mail, etc.).

3. Evidence of contact, including:
Project identification and location;
Classification/commodity of work items for which quotations were sought;

Date, item, and location for acceptance of subcontractor bids; Detailed statements summarizing direct negotiations with appropriate MBEs and WBEs for specific portions of the work and indicating why agreements were not reached. > Bids received from all subcontractors.

4. Documentation of bidder or contractor contacts with at least one of the minority and women assistance associations on Attachment A.
- Agreements between a bidder or contractor and a MBE or WBE in which the MBE or WBE promises not to provide subcontracting quotations to other bidders or contractors are prohibited.

237

- Prior to award, the bidder agrees to promptly cooperate with the Department of Procurement Services in submitting to interviews, allowing entry to places of business, providing further documentation, or soliciting the cooperation of a proposed MBE or WBE. Failure to cooperate may render the bid non-responsive.
- If the City determines that the Compliance Plan contains minor errors or omissions, the bidder or contractor must submit a revised Compliance Plan within five (5) business days after notification by the City that remedies the minor errors or omissions. Failure to correct all minor errors or omissions may result in the determination that a bid is non-responsive.
- No later than three (3) business days after receipt of the executed contract, the contractor must execute a complete subcontract agreement or purchase order with each MBE and WBE listed in the Compliance Plan. No later than eight (8) business days after receipt of the executed contract, the contractor must provide copies of each signed subcontract, purchase order, or other agreement to the Department of Procurement Services.

VI. Demonstration of Good Faith Efforts

I. In evaluating the Schedule H to determine whether the bidder or contractor has made good faith efforts, the performance of other bidders or contractors in meeting the goals may be considered.

II. The Chief Procurement Officer shall consider, at a minimum, the bidder's efforts to:

1. Solicit through reasonable and available means at least 50% (or at least five when there are more than eleven certified firms in the commodity area) of MBEs and WBEs certified in the anticipated scopes of subcontracting of the contract, as documented by the Schedule H. The bidder or contractor must solicit MBEs and WBEs within seven (7) days prior to the date bids are due. The bidder or contractor must take appropriate steps to follow up initial solicitations with interested MBEs or WBEs.
2. Advertise the contract opportunities in media and other venues oriented toward MBEs and WBEs.
3. Provide interested MBEs or WBEs with adequate information about the plans, specifications, and requirements of the contract, including addenda, in a timely manner to assist them in responding to the solicitation.

4. Negotiate in good faith with interested MBEs or WBEs that have submitted bids. That there may be some additional costs involved in soliciting and using MBEs and WBEs is not a sufficient reason for a bidder's failure to meet the Contract Specific Goals, as long as such costs are reasonable.
5. Not reject MBEs or WBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The MBE's or WBE's standing within its industry, membership in specific groups, organizations, or associations and political or social affiliations are not legitimate causes for rejecting or not soliciting bids to meet the Contract Specific Goals.
6. Make a portion of the work available to MBE or WBE subcontractors and suppliers and selecting those portions of the work or material consistent with -the available MBE or WBE subcontractors and suppliers, so as to facilitate meeting the Contract Specific Goals.
7. Make good faith efforts, despite the ability or desire of a bidder or contractor to perform the work of a contract with its own organization. A bidder or contractor who desires to self-perform the work of a contract must demonstrate good faith efforts unless the Contract Specific Goals have been met.
8. Select portions of the work to be performed by MBEs or WBEs in order to increase the likelihood that the goals will be met. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate MBE or WBE participation, even when the bidder or contractor might otherwise prefer to perform these work items with its own forces.
- J. Make efforts to assist interested MBEs or WBEs in obtaining bonding, lines of credit, or insurance as required by the City or bidder or contractor.
- K. Make efforts to assist interested MBEs or WBEs in obtaining necessary equipment, supplies, materials, or related assistance or services; and
- L. Effectively use the services of the City; minority or women community organizations; minority or women assistance groups; local, state, and federal minority or women business assistance offices; and other organizations to provide assistance in the recruitment and placement of MBEs or WBEs.
 1. If the bidder disagrees with the City's determination that it did not make good faith efforts, the bidder may file a protest pursuant to the Department of Procurement Services Solicitation and Contracting

Process Protest Procedures within 10 business days of a final adverse decision by the Chief Procurement Officer.

VII. Changes to Compliance Plan

- No changes to the Compliance Plan or contractual MBE and WBE commitments or substitution of MBE or WBE subcontractors may be made without the prior written approval of the Chief Procurement Officer. Unauthorized changes or substitutions, including performing the work designated for a subcontractor with the contractor's own forces, shall be a violation of these Special Conditions and a breach of the contract with the City, and may cause termination of the executed Contract for breach, and/or subject the bidder or contractor to contract remedies or other sanctions. The facts supporting the request for changes must not have been known nor reasonably could have been known by the parties prior to entering into the subcontract. Bid shopping is prohibited. The bidder or contractor must negotiate with the subcontractor to resolve the problem. If requested by either party, the Department of Procurement Services shall facilitate such a meeting. Where there has been a mistake or disagreement about the scope of work, the MBE or WBE can be substituted only where an agreement cannot be reached for a reasonable price for the correct scope of work.
- Substitutions of a MBE or WBE subcontractor shall be permitted only on the following basis:
 - Unavailability after receipt of reasonable notice to proceed;
 - Failure of performance;
 - Financial incapacity;
 - Refusal by the subcontractor to honor the bid or proposal price prscope;
 - Mistake of fact or law about the elements of the scope of work of a solicitation where a reasonable price cannot be agreed;
 - Failure of the subcontractor to meet insurance, licensing or bonding requirements;
 - The subcontractor's withdrawal of its bid or proposal; or
 - De-certification of the subcontractor as a MBE or WBE. (Graduation from the MBE/WBE program does not constitute de-certification.)
- If it becomes necessary to substitute a MBE or WBE or otherwise change the Compliance Plan, the procedure will be as follows:
 - M. The bidder or contractor must notify the Chief Procurement Officer in writing of the request to substitute a MBE or WBE or otherwise change the Compliance Plan. The request must state specific reasons for the substitution or change. A letter from the MBE or WBE to be substituted or affected by the change stating that it cannot perform on the contract or that it agrees with the change in its
240
scope of work must be submitted with the request.
 - N. The City will approve or deny a request for substitution or other change within 15 business days of receipt of the request.
 - O. Where the bidder or contractor has established the basis for the substitution to the satisfaction of the Chief Procurement Officer, it must make good faith efforts to meet the Contract Specific Goal by substituting a MBE or WBE subcontractor. Documentation of a replacement MBE or WBE, or of good faith efforts, must meet the requirements in sections V and VI. If the MBE or WBE Contract Specific Goal cannot be reached and good faith efforts have been made, as determined by the Chief Procurement Officer, the bidder or contractor may substitute with a non- MBE or non-WBE.

- P. If a bidder or contractor plans to hire a subcontractor for any scope of work that was not previously disclosed in the Compliance Plan, the bidder or contractor must obtain the approval of the Chief Procurement Officer to modify the Compliance Plan and must make good faith efforts to ensure that MBEs or WBEs have a fair opportunity to bid on the new scope of work.
- Q. A new subcontract must be executed and submitted to the Chief Procurement Officer within five business days of the bidder's or contractor's receipt of City approval for the substitution or other change.
- D. The City shall not be required to approve extra payment for escalated costs incurred by the contractor when a substitution of subcontractors becomes necessary to comply with MBE/WBE contract requirements.

VIII. Renorting and Record Keening

- During the term of the contract, the contractor and its non-certified subcontractors must submit partial and final waivers of lien from MBE and WBE subcontractors that show the accurate cumulative dollar amount of subcontractor payments made to date. Upon acceptance of the Final Quantities from the City of Chicago, FINAL certified waivers of lien from the MBE and WBE subcontractors must be attached to the contractor's acceptance letter and forwarded to the Department of Procurement Services, Attention: Chief Procurement Officer.
- The contractor will be responsible for reporting payments to all subcontractors on a monthly basis in the form of an electronic audit. Upon the first payment issued by the City of Chicago to the contractor for services performed, on the first day of each month and every month thereafter, email and/or fax audit

241

notifications will be sent out to the contractor with instructions to report payments that have been made in the prior month to each MBE and WBE. The reporting of payments to all subcontractors must be entered into the Certification and Compliance Monitoring System (C2), or whatever reporting system is currently in place, on or before the fifteenth (15th) day of each month.

Once the prime contractor has reported payments made to each MBE and WBE, including zero dollar amount payments, the MBE and WBE will receive an email and/or fax notification requesting them to log into the system and confirm payments received. All monthly confirmations must be reported on or before the

: 20th day of each month. Contractor and subcontractor reporting to the C2 system must be completed by the 25th of each month or payments may be withheld.

All subcontract agreements between the contractor and MBE/WBE firms or any first tier non-certified firm and lower tier MBE/WBE firms must contain language requiring the MBE/WBE to respond to email and/or fax notifications from the City of Chicago requiring them to report payments received for the prime or the non-certified firm.

Access to the Certification and Compliance Monitoring System (C2), which is a web based reporting

system, can be found at: <<http://chicago.mwdbe.com>>

- R. The Chief Procurement Officer or any party designated by the, Chief Procurement Officer shall have access to the contractor's books and records, including without limitation payroll records, tax returns and records and books of account, to determine the contractor's compliance with its commitment to MBE and WBE participation and the status of any MBE or WBE performing any portion of the contract. This provision shall be in addition to, and not a substitute for, any other provision allowing inspection of the contractor's records by any officer or official of the City for any purpose.
- S. The contractor shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs, retaining these records for a period of at least five years after final acceptance of the work. Full access to these records shall be granted to City, federal or state authorities or other authorized persons.

IX. Non-Compliance

- Without limitation, the following shall constitute a material breach of this contract and entitle the City to declare a default, terminate the contract, and exercise those remedies provided for in the contract at law or in equity: (1) failure to demonstrate good faith efforts; and (2) disqualification as a MBE or

242

WBE of the contractor or any joint venture partner, subcontractor or supplier if its status as an MBE or WBE was a factor in the award of the contract and such status was misrepresented by the contractor.

- Payments due to the contractor may be withheld until corrective action is taken.
- Pursuant to 2-92-740, remedies or sanctions may include disqualification from contracting or subcontracting on additional City contracts for up to three years, and the amount of the discrepancy between the amount of the commitment in the Compliance Plan, as such amount may be amended through change orders or otherwise over the term of the contract, and the amount paid to MBEs or WBEs. The consequences provided herein shall be in addition to any other criminal or civil liability to which such entities may be subject.
- The contractor shall have the right to protest the final determination of noncompliance and the imposition of any penalty by the Chief Procurement Officer pursuant to 2-92-740 of the Municipal Code of the City of Chicago, within 15 business days of the final determination.

X. Arbitration

If the City determines that a contractor has not made good faith efforts to fulfill its Compliance Plan, the affected MBE or WBE may recover damages from the contractor.

Disputes between the contractor and the MBE or WBE shall be resolved by binding

arbitration before the American Arbitration Association (AAA), with reasonable expenses, including attorney's fees and arbitrator's fees, being recoverable by a prevailing MBE or WBE. Participation in such arbitration is a material provision of the Construction Contract to which these Special Conditions are an Exhibit. This provision is intended for the benefit of any MBE or WBE affected by the contractor's failure to fulfill its Compliance Plan and grants such entity specific third party beneficiary rights. These rights are non-waivable and take precedence over any agreement to the contrary, including but not limited to those contained in a subcontract, suborder, or communicated orally between a contractor and a MBE or WBE. Failure by the Contractor to participate in any such arbitration is a material breach of the Construction Contract.

A MBE or WBE seeking arbitration shall serve written notice upon the contractor and file a demand for arbitration with the AAA in Chicago, IL. The dispute shall be arbitrated in accordance with the Commercial Arbitration Rules of the AAA. All arbitration fees are to be paid pro rata by the parties.

243

The MBE or WBE must copy the City on the Demand for Arbitration within 10 business days after filing with the AAA. The MBE or WBE must copy the City on the arbitrator's decision within 10 business days of receipt of the decision. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

XT-Equal Employment Opportunity

Compliance with MBE and WBE requirements will not diminish or supplant equal employment opportunity and civil rights provisions as required by law related to bidder or contractor and subcontractor obligations.

244

EXHIBIT 10

DESIGN AND CONSTRUCTION STANDARD OPERATING PROCEDURES -
CONCESSIONS

XCDA

CHICAGO DEPARTMENT OF AVIATION JAC

**Design and Construction Standard
Operating Procedures
Concessions Projects (C-SOP)**

O'Hare International Airport Midway International Airport

Chicago Department of Aviation Revised June, 2020



Table of Contents

<u>Definitions</u>	<u>3</u>
<u>Introduction</u>	<u>5</u>
<u>Development and Design Process Overview</u>	<u>5</u>
<u>STEP 1.0: Project Initiation</u>	<u>5</u>
1.1: Concept Proposal and Design Presentation	5
1.2: Project Initiation Letter	6
1.3: Sustainable Airport Manual (SAM™)	7
<u>STEP 2.0: Design Review</u>	<u>7</u>
2.1: Concessionaire and Concessionaire's Consultants' Responsibilities	7
2.2: Design Overview	7
2.3: Design Submittals	8
2.4: Concessionaire and CDA Signage	8
2.5: Review Comments	9
2.6: Response to Comments	9
2.7: Requests for Information	9
2.8: Requests for As-Built Drawings	9
2.9: Requests for CDA Design Standards Variance	9
2.10: 30% Schematic Design (SD) Submittal	10
2.11: CDA Review and Response to 30% SD Submittal	10
2.12: 60% Design Development (DD) Submittal	10
2.13: Additional Submittals	10
2.14: Compliance Overview	I 1
2.15: 90% Construction Document (CD) Submittal	11
<u>STEP 3.0: Final CDA Document Review and Conditional Approval to Construct</u>	<u>11</u>
3.1: Final CDA Document Submittal	11
3.2: Pre-Permitting Drawing Set Review and Response	11
3.3: Applying for Permit with the Chicago Department of Buildings	12
3.4: Self-Certification	12
<u>STEP 4.0: Pre-Construction</u>	<u>12</u>
4.1: Pre-Construction Meeting	12
4.2: Pre-Construction Documentation	13
4.3: Logistics	13



<u>STEP 5.0: Notice to Airport User Form (eForm)</u>	<u>14</u>
5.1: Notice to Airport Users Form (eForm)	14
<u>STEP 6.0: Construction</u>	<u>14</u>
6.1: Site Maintenance / Construction Administration	14
6.2: Building Inspections	14
6.3: Chicago Department of Public Health Inspections and Liquor License	15
6.4: Safety and Security Plan	15
6.5: Demolition	155
6.6: Construction Meetings and Reporting	16
6.7: Non-Compliance and Unauthorized Construction	167
<u>STEP 7.0: Substantial Completion</u>	<u>166</u>
7.1: Substantial Completion Notification	17
7.2: Final Walk Through and Punch List	17
7.3: Business License and Certificate of Insurance	18
7.4: ComEd Verification of Meter(s)	18
7.5: Open for Business	19
<u>STEP 8.0: Project Closeouts</u>	<u>19</u>
8.1: Close Out Documents	19
8.2: Final SAM™ Checklist	20
8.3: Contractor's Warranty	20
8.4: Subcontractor's Manufacturer's and Equipment Warranties	20
8.5: Final Notice to Airport Users Form	20
8.6: Final Closeout Notice and Acceptance	21
<u>STEP 9.0: Compliance Overview</u>	<u>21</u>
9.1: City of Chicago Minority and Women Owned Business Participation Rules	21-
9.2: Required MBE and WBE. Documentation	21
9.3: MBE and WBE Compliance Plans	21
MBE and WBE Good Faith Efforts	22

9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements	22
9.5: Compliance Close Out Documents	23
<u>STEP 10.0: Supplemental Exhibits</u>	<u>23</u>

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)

Page 2 of 23

6/15/2020 - Revised



Definitions

In addition to the terms defined elsewhere, the following words, phrases, when capitalized, have the following meanings:

"Airport", refers to O'Hare International Airport (ORD) and/or Midway International Airport (MDW). "Airport Concession Program Handbook" refers to the manual created by CDA to coordinate operations of the Concession location with the CDA, including inspections, daily operations, and construction. "As-Built Drawings" refers to the drawings that document on-site changes to the original construction documents. The initial plan markups are submitted by the General Contractor to the Architect of Record for submission to CDA. These drawings are required by Chicago Department of Aviation as part of the close out documentation package. "Business Day" refers to a measurement of time that typically is a day in which normal business is conducted Monday through Friday; excluding Saturday, Sunday and City of Chicago holidays for all documentation and design submittals.

"Chicago Department of Aviation" (CDA) refers to the managing entity for the Airports on behalf of the City of Chicago.

"CDA CAD / BIM Standards" refers to the standards created by the Chicago Department of Aviation describing requirements for drawings

"CDA's Coordinating Architect of Design and Construction" refers to the designee appointed by the CDA to oversee the design creation and review process. This entity may also be involved in the review of the construction process to ensure coordination with the design.

"CDA Concessions" (CDA-C) refers to the department within CDA responsible for the oversight of the concessions program or its Concessions Management Representative (CMR)

"CDA Point of Contact" (CDA POC) refers to a designee assigned by CDA to oversee the development of the construction project on behalf of CDA.

"CDA Project Number" refers to the CDA project identification number that is required to be included on all correspondence and applications submitted throughout the design and construction process. "CDA Construction Safety Manual" refers to the manual, as amended from time to time, created by The City of Chicago, to incorporate health and safety regulations as the responsibility of the Contractor working on airport premises. See Exhibit D.5

"CDA Safety" refers to any party working for, or on behalf of, the CDA in regard to safety, security, or similar airport operations.

"Chicago Department of Public Health" (CDPH) refers to the City of Chicago entity responsible for enforcing Chicago Health Codes, by performing inspections and administering permits. "Concessionaire" refers to the leaseholder or tenant in the business of selling products or services to the public at the Airport. "Concessionaire Point of Contact" (Concessionaire POC) refers to any party working on behalf of a concessionaire; which will include architects and their engineers and consultants (POC Architect), and the general contractors and their subcontractors (POC Contractor)

contractors and their subcontractors (i.e. contractor).

"Concessions" refers to non-rental car concession businesses at the Airport selling products or services to the public.

"Concessions Design Guidelines for Midway" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development at Chicago Midway International Airport (MDW).

"Concessions Design Guidelines for O'Hare" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development at Chicago O'Hare International Airport (ORD).

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 3 of 23



CHICAGO DEPARTMENT OF AVIATION

"Concessions Management Representative" (CMR) refers to the entity or entities retained by the CDA to assist in overseeing Concessions, including construction of Improvements at the airport.

"Construction Services" refers to the portion of the project involving construction, including but not limited to trade labor, material purchase, equipment purchase, tool or equipment rentals, support services such as safety monitoring, clean up labor, delivery costs, taxes, etc. that directly results in a code compliant concession location. "Department of Buildings" refers to the City of Chicago entities responsible for enforcing Chicago Building Codes, by performing inspections and administering permits including the Ventilation Department, Electrical Department, Plumbing Department, and New Construction Department.

"Design and Construction Standard Operating Procedures; Concessions Projects" (C-SOP) refers to the guidelines established by CDA and CDA Concessions as the process by which all Concessions projects are reviewed and approved.

"Design Documents" refers to the documents that illustrate and describe the project design by defining scope, relationships, forms, size and appearance of the project with specifications, plans, sections, elevations, perspectives, typical sectional details, diagrams and equipment layouts.

"Liquor License" refers to the City of Chicago entity responsible to enforce the Chicago Liquor Licensure by performing inspections and administering permits.

"Pre-Construction Meeting" refers to the mandatory meeting held prior to project construction.

"Project's Digital Design Coordinator" (DDC) refers to the Concessionaire's architect's and engineer's point of contact for document exchange. Multiple members of the design team may have password access, but only the DDC should contact the CDA POC if follow up coordination is required.

"Project Initiation Letter" (PIL) refers to the concessionaire's formal letter submittal to CDA Design and Construction requesting a CDA Project Number. The Project Initiation Letter should clearly define the project and scope. Please refer to Exhibit A for a list of items to be included in the PIL.

"Professional Services" refers to the portion of the project involving design, coordination, or post-construction work including but not limited to design, code review, project or program coordination, etc. that is associated with, but not necessarily required for the concession location. Note that work performed by an employee of the Concessionaire does not count as Professional Services.

"Retail Management System" (RMS) refers to the CDA's secure concessions portal, AirportWare™ Software Suite, for Capital Program Management, Lease Management, Aviation Statistics, and Facilities Inspection.

"Review Comments Form" refers to the CDA template used to document all reviewing parties' comments regarding the drawing submittal.

"Review and Conditions Letter" refers to the document that is issued by CDA and used at all submittals throughout the drawing

REVIEW AND CONDITIONS LETTER refers to the document that is issued by CDA and used at all submittals throughout the drawing review process as a communication and response tool between review parties and the Concessionaire.

"The Sustainable Airport Manual (SAM™)" refers to the manual created by CDA to incorporate and track sustainability in administrative procedures, planning, design and construction, operations and maintenance, and concessions and tenants with minimal impact to project schedules or budgets.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 4 of 23



Introduction

O'Hare and Midway International Airports are owned by the City of Chicago and operated by the Chicago Department of Aviation (CDA). As a department within the City of Chicago, CDA is responsible for the management of the Airports, including the concessions program, and accordingly CDA reserves the right to review and approve the construction or modification of any Concession on Airport property.

For O'Hare International Airport official addresses and site map refer to:

- Exhibit 1: O'Hare International Airport Official Addresses and Site Map(s)

For Midway International Airport official addresses and site map refer to:

- Exhibit 2: Midway International Airport Official Addresses and Site Map

The procedures, submission requirements, and deadlines set forth in this C-SOP document are mandatory and may only be waived in unique circumstances upon written approval by CDA Concessions. CDA reserves the right to modify the requirements at any time.

The Concessionaire shall provide evidence of professional services throughout all stages of work. All project documentation shall be prepared, signed, and stamped by a licensed design professional. Throughout the design process the Concessionaire is to utilize the most sustainable design practices in the industry with reference to the Sustainable Airport Manual (SAM™) to the extent dictated in the Concessionaire's signed Lease and License Agreement. The CDA, through its Design and Construction Division & CDA Concessions, reviews, oversees, and approves design and work for all new construction, renovation, and remodeling projects at the Airports.

Project oversight varies based on milestones

CDA D&C / Facilities / CDA Concessions

Step 2 • Design Review

Step 3

fe/iCcre! Appofai lo

Consinxi

Step 4 • Pie-Conslnction

Step 5

- Notke to Airport User Form (eForm)

Step 6

- Construction

Step?

- Substantial Completion

Step 8 • Project Closeouts

Step 9

- Compliance Overview

Development and Design Process Overview

The concept development and design process has been established to provide a systematic and organized process by which a concessions concept and design are reviewed and approved by CDA Concessions. It should be noted that field verification is mandatory for all projects.

STEP 1.0: Project Initiation

1.1: Concept Proposal and Design Presentation

In order to begin a remodel project, store renovation or concept change, CDA Concessions must approve the proposed project and/or concept. The Concessionaire's concept design should include spatial relationships or models as necessary to describe the image and function of the project for CDA's review. CDA Concessions will be available to assist with the presentation scheduling.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 5 of 23



The Concessionaire must provide the following items at the Conceptual Design presentation:

- 1) Site Plan
- 2) Concept plan
- 3) Proposed terminal, concourse and requested square footage,
- 4) The existing to remain or newly proposed lease line
- 5) Design perspectives / renderings (illustrative images)
- 6) Design plans / elevations
- 7) Proposed materials / finish board (to be mailed to the address below)
- 8) Preliminary overall project schedule
- 9) Preliminary construction budget
- 10) Sample menu

The concepts documents should be submitted via email to:

O'Hare International Airport Contacts

Midway International Airport Contacts

O'Hare International Airport Contacts

Chicago Department of Aviation Chicago Department of Aviation
Aviation Administration Building
Attn: Deputy Commissioner Concessions
10510 West Zemke Rd. 10510 West Zemke Rd.
Chicago, IL 60666 Chicago, IL 60666
Email: ordretailconstructionofficofchicago.org

Midway International Airport Contacts

Chicago Department of Aviation Chicago Department of Aviation
Aviation Administration Building
Attn: Deputy Commissioner Concessions
10510 West Zemke Rd. 10510 West Zemke Rd.
Chicago, IL 60666 Chicago, IL 60666
Email: [mdwretailconstruction\(Sicityofchicago.org](mailto:mdwretailconstruction(Sicityofchicago.org)

These items will be reviewed by CDA Concessions for completeness. The Concessionaire will be contacted via email or hard copy letter with review results within ten (10) business days of the Concept presentation with comments and direction regarding items that need revisions or enhancements, and that should be addressed before the Concessionaire moves forward to submit a Project Initiation Letter.

1.2: Project Initiation Letter

When CDA Concessions issues written approval for the conceptual design, the Concessionaire shall submit to CDA's Coordinating Architect of Design and Construction, a Project Initiation Letter (PIL) on Concessionaire's or Concessionaire's Architect's letterhead. Within ten (10) business days of receiving the PIL, CDA will send a "Response to Project Initiation Letter" to the Concessionaire with comments and direction regarding the required number of and completion level of design submittals, along with the assigned CDA Project Number which must be included on all future project correspondence and submittals including permits.

CDA's Coordinating Architect of Design and Construction will determine if the scope of work requires a CDA Project Number as well as a full design and construction review. At that time, it is also determined if compliance with the SAM™ is required. Not all projects will be assigned a CDA Project Number or must be SAM™ compliant. Based on the construction scope and duration, some projects may be eligible to proceed through CDA's eForm system (for more information on eForms see Step 5). All Concessionaire questions, concerns, or requests for information or project coordination should be directed to the CDA POC.

For a list of required documentation to include in the PIL refer to: • Exhibit A: Project Initiation Letter Submittal Check List

Please refer to Step 1.1 for where O'Hare and Midway Pre-Construction Submittals should be sent.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 6 of 23



Once the PIL has been received and acknowledged, the project owner and/or representative is responsible and required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

- Project written reports pertaining to all Design Reviews, Pre-Construction, Construction and PostConstruction updates e-mailed to the CDA POC as requested. The project owner and/or representative is to ensure all project meetings be attended by a project representative. Please refer to Step 6.6 for further information.

1.3: Sustainable Airport Manual (SAM™)

The Concessionaire is required to submit a Sustainable Airport Manual (SAM™) Checklist. The Designer will complete and submit a checklist for the SAM™ Terminal Occupants - Design & Construction Chapter (SAM™ TO-DC Credits 1.0 to 6.0) and include all relevant supporting documentation. Be advised that the Terminal Occupants -Operations & Maintenance (CT-OM) checklist is not required for construction projects (all projects would need to submit a checklist). Please refer to link below:

[SAM™ Manual](#)

End of STEP 1

STEP 2.0: Design Review

All projects require review by CDA Concessions. The Concessionaire's design professional shall perform code review to determine what permits are required. If it is determined that the scope of work does not require permit(s), the design professional shall provide this determination in writing to CDA Concessions. Otherwise, building permits are issued by the Department of Buildings. CDA encourages the Concessionaire to allow ample schedule time to acquire the required building permits. Please note that if a sign construction permit is required, it can only be obtained by a licensed sign contractor. All projects are to conform and comply with all applicable CDA standards.

2.1: Concessionaire and Concessionaire's Consultants' Responsibilities

The Concessionaire is ultimately responsible for all work designed, approved and constructed in the Airport by its vendors and consultants.

2.2: Design Overview

The design review process includes design drawing, review, and approval. The project design timeline will vary based on multiple factors, such as scope of work, existing conditions, drawing completeness at time of submittal, and/or as dictated by CDA.

Please note:

- CDA's design review requires a minimum of fifteen (15) business days.
- Concessionaire's design professional is allotted thirty (30) business days after receipt of CDA comments to submit the next drawing package.

30% Design Submittal

100% Construction Document Submittal

Final CDA Document Submittal

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 7 of 23



The Concessionaire will receive a "Review and Conditions Letter" that either approves the submittal with qualifications, "Reviewed as Noted" or a "Revise and Resubmit".

2.3: Design Submittals

The Concessionaire will submit to the CDA's Coordinating Architect of Design and Construction, at the 30%, 60%, 90%, and 100% design completion levels, or other completion level combinations based upon review and completeness of the initial and follow-up submittals. Less complex projects may be approved to deviate from this requirement, which will be addressed in CDA's "Response to Project Initiation Letter".

The Concessionaire is required to prepare and submit architectural and engineering drawings, material samples, specifications, lighting schedule and catalog cuts, display fixture and equipment plans, and other technical data as necessary to create a complete design package. The submittal must be in accordance with General Procedures and as described in the Concession Lease and License Agreement.

- 1) The design drawing documents shall be prepared by design professionals licensed to practice in the State of Illinois.
- 2) Particular attention should be given to the non-combustible classification of the building, related flame spread ratings and smoke

- 2) Particular attention should be given to the non-combustible classification of the building, related flame spread ratings and smoke development classification of materials. Documentation should demonstrate compliance with these requirements.
- 3) Concessionaire documentation for all submissions shall be provided in imperial measurement at the following suggested minimum scales:
 - a) Key plans; 1/32" = 1'-0", with the location of the space clearly identified by the column line designation.
 - b) Floor plans, reflected ceiling plans, merchandising plans, interior elevations, sections and related details; V*n = 1'-0".
 - c) Passenger traffic flow diagrams (queuing) and adjacency plans at 1/8" = 1'-0".
 - d) Storefronts, signage, logos and lettering, in elevation, section or detail; 'A" = 1'-0".
 - e) Sample boards identifying all proposed materials, 11" x 17" panel minimum, include legend.
 - f) Sample boards identifying photos for all proposed furniture and lighting fixtures, 11" x 17" panel minimum, include legend.
 - g) Renderings 11" x 17" or larger for presentation, provide 11" x 17" hand-out copies to be distributed to the attendees.
- 4) All drawings shall be submitted in accordance to CDA CAD / BIM Standards. Electronic submittals will also be accepted in AutoCAD format or the current CDA standard format. A complete set of PDFs is also required as part of each Concessionaire design submission. During design development, at the Concessionaire's request, CDA will make available known as-built files.
- 5) Concessionaire and design team to relay existing condition findings to CDA Facilities for review and approval before submitting the 30% design submittal. An in-person meeting maybe required. The CDA POC will help facilitate a meeting date and time.

2.4: Concessionaire and CDA Signage

Sign design documents must be submitted for review and approval by CDA separate from the phase submittals. Each project must include an illuminated storefront sign. Where it is applicable a blade sign may also be included. Design documents for the signage must express the image, location, specifications, materials, and dimensions. All signage, with or without electrical components, require a sign permit from the Department of Buildings; which can only be obtained by a licensed sign contractor.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)

Page 8 of 23

6/15/2020 - Revised



The Concessionaire must inform the CDA Concessions POC if the project requires airport owned signage removal or modification. A walk through with CDA Concessions will be scheduled to ensure adequate time will be allotted for the required airport owned sign work to occur during the construction phase. Any CDA signage needing to be removed or relocated within the project area must be performed by CDA. If CDA signage is located within the project area, the Concessionaire must include specifications in the construction documents, detailing steps to be taken by the contractor to adequately protect all CDA signage to ensure it is not damaged during construction.

2.5: Review Comments

CDA's Coordinating Architect of Design and Construction will distribute a blank "Review Comments Form" form to the appropriate review team. This document will be distributed as an Excel Workbook file and will only be used by the reviewer for their comments. After all comments have been made, each reviewer will send back their comments to the CDA's Coordinating Architect of Design and Construction.

The designer is to provide written line item responses to all comments in the workbook file. This process will repeat for each review phase, as designated in the CDA's "Response to Project Initiation Letter".

Please refer to:

Exhibit B: Submittal Review Comments Form Concessions 2.6: Response to

Comments

The Concessionaire is required to respond to all review comments listed on the Review Comments Form, as well as any issues identified in the "Review and Conditions Letter". The spreadsheet column titled "Concessionaire Response" must be completed and accompany the preceding design submittal. Failure to do so will affect the design review process timeline. Concessionaire must respond to all review comments, in writing and submit within or no less than three (3) business days prior to the request for a Pre-Construction Meeting.

2.7: Requests for Information

Concessionaire questions, concerns or requests for information or project coordination should be directed to the CDA Concessions POC.

2.8: Requests for As-Built Drawings

The Concessionaire, their architect and/or engineer may submit an as-built drawing request from CDA for use in their design. Use the link below "Document Request Form" and submit it to the CDA for approval. As-built drawings will not be available until the form is signed by CDA. The Concessionaire, their architect and/or engineer will be notified by the CDA if and when the drawings are available. Please refer to:

- **Exhibit B.1: CDA Standard Electronic Document Request Form 2.9: Requests for CDA**

Design Standards Variance

The Concessionaire, their architect and/or engineer may submit a request for a variance to the CDA Design Standards. Use the link below to access the "Designer's Request for CDA Design Standards Variance" form. The variance must be reviewed and approved by CDA Design and Construction. Please refer to:

- **Exhibit B.2: Designer's Request For CDA Design Standards Variance Form**

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 9 of 23



2.10: 30% Schematic Design (SD) Submittal

The 30% SD submittal illustrates further development of the Concessionaire's design concept. The 30% SD should respond to the feedback given during the Concept Design Presentation and include, at a minimum, more definitive spatial relationships, updated perspectives, plans, elevations, sections, and overall dimensions and other illustrative materials critical to describing the development of the project.

Work required outside the Concessionaire's lease/license line should be clearly identified on all drawings and communicated directly to the CDA POC. Designs must also specify affected Airport base building structure or utilities, including but not limited to: advertising space, public telephones, vending devices, internet kiosks, charging stations, AED's, fire extinguishers, signage, public address speakers, mechanical, electrical, plumbing, fire protection equipment, etc.

For a detailed list of 30% SD Submittal refer to:

- **Exhibit C: 30% Schematic Design (SD) Submittal Check List**

2.11: CDA Review and Response to 30% SD Submittal

The CDA will provide a "Review and Conditions Letter" as well as a Review Comments Form (see Steps 2.5 and 2.6), which is used for all submittals throughout the design review process between CDA review parties and the Concessionaire's architect or design professional. The letter will include the following information:

- 1) Identify the project status as "Reviewed as Noted" or "Revise and Resubmit".
- 2) Provide comments and direction regarding the proposed scope of work and design submittals.
- 3) If applicable, display the assigned CDA Project Number.
- 4) Determine if the project will require (SAM™) compliance.

2.12: 60% Design Development (DD) Submittal

The 60% DD drawings further enhance the previous submittals and should include: architectural, structural, mechanical, electrical, plumbing, fire protection, and equipment demolition plans as well as MEP existing conditions, floor and reflected ceiling plans, elevations, sections, details, specifications, system diagrams, and structural load calculations. Additionally, this submittal should include meter locations: water, gas and electrical. The 60% DD drawings should convey the full scope of work and all impacts to the Airport base building and adjacent spaces. The Concessionaire, their architect and/or engineer may also be required to attend coordination meetings with CDA to present and clarify the submittal documents. For a detailed list of 60% DD Submittal refer to:

Exhibit C1: 60% Design Development (DD) Submittal Check List Exhibit C.2: Electrical Submittal Check List •

Exhibit C.3: Mechanical, Fire Protection & Plumbing Submittal Check List

2.13: Additional Submittals

CDA Concessions or CDA Design and Construction may determine that the proposed design is more complex and will require an intermediate design review, page turn with the CDA, or site walkthrough to confirm all concerns and questions are sufficiently resolved. The CDA will identify in the 60% "Review and Conditions Letter" that an additional submittal is required and will list the reasons for the request before continuing to the next major phase.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 10 of 23



The additional submittal(s) must address the issues identified by CDA. The Concessionaire is encouraged to schedule a coordination meeting with CDA to discuss the issues identified. See Step 2.15 for where to send Design submittals via email and hardcopies. All submittals to include the project number and design submittal phase on the email subject line i.e. THXXX. 19-00 Concession's Project Name 60% Submission

2.14: Compliance Overview

All Concessionaires are required to comply with the City of Chicago construction compliance rules, city residency requirement and certified payroll requirements. See Step 9 for more information.

2.15: 90% Construction Document (C D) Submittal

The 90% CD drawings further enhance the previous submittals and should include: specifications, signage details and locations, and additional

The 90% CD drawings shall include the previous submittals and shall include specifications, signage details and locations, and additional mechanical, electrical, fire protection, and plumbing details. With the 90% submittal, comments should include minimal outstanding issues that need to be incorporated into the 100% CDs.

For a detailed list of 90% CD Submittal refer to:

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List

O'Hare International Airport Contacts Midway International Airport Contacts

CDA Aviation Administration Building CDA Aviation Administration Building

Attn: Coordinating Architect, Design and Construction Attn: Coordinating Architect, Design and Construction

10510 West Zemke Rd. 10510 West Zemke Rd. Chicago, IL. 60666

Chicago, IL 60666

cc: ordretailconstruction@cityofchicago.org cc: mdwretailconstruction@cityofchicago.org <<http://mdwretailconstruction@cityofchicago.org>>

End of STEP 2

STEP 3.0: Final CDA Document Review and Conditional Approval to Construct 3.1: Final CDA Document

Submittal

When the documents are 100% complete, the Concessionaire will need to submit the final documents to CDA for review. If approved, CDA will issue a "Review and Conditions Letter" with a "Reviewed as Noted" status to the Concessionaire, and if applicable, a separate letter to the City of Chicago, Department of Buildings, indicating the construction documents have been reviewed and approved, allowing for the start of the permit application process. For a detailed list of 100% CD Submittal refer to:

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List

3.2: Pre-Permitting Drawing Set Review and Response

The Concessionaire is required to respond to all review comments listed on the Review Comments Form throughout all design phases. The Concessionaire is to submit a Pre-Permitting Drawing Set for CDA review and approval prior to applying for the project required permits. If any or all review comments have not been incorporated into the Pre-Permitting Drawing Set, the set will not receive approval and/or no construction activities are able to take place until all review comments are incorporated.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 11 of 23



3.3: Applying for Permit with the Chicago Department of Buildings

Following approval of 100% CDs, the project is bid and construction contracts are awarded. It is necessary for the awarded contractor to apply for the required permits from the City of Chicago's Department of Buildings, and any other applicable state and federal authority. The Concessionaire must coordinate the method, process and schedule for the permit application submittals as well as coordinate conduction of final inspections. It is the Concessionaire's sole responsibility to follow-up on the permit issuance process. Note, the Description of Work on the permit must include the associated terminal (i.e. Terminal 2), the closest gate (i.e. E4), the project name and, if applicable, CDA project number.

A list of required work permits is located on the Department of Buildings website. Please note that when a sign construction permit is required, it can only be obtained by a licensed sign contractor.

All Chicago Department of Buildings permit applications and submittals are fully electronic and available via the City's online system "E-Plan" at the following website: <<https://www.chicago.gov/city/en/depts/bldgs>>

3.4: Self-Certification

The Self-Certification Permit Program simplifies the building permit process for eligible residential, business and mercantile and small assembly projects where the Architect of Record takes full responsibility for code compliance. The Department of Buildings plan reviews are eliminated by allowing the Professional of Record to certify that the permit drawings comply with the Chicago Building Code. The Professional of Record must have prepared and sealed the permit drawings, completed DOB's Self-Certification Training Class, and hold an active Self-Certification registration. Structural work cannot be self-certified.

For more information please visit: [Chicago Dept. of Buildings Self Certification Program](#)

End of STEP 3

STEP 4.0: Pre-Construction 4.1: Pre-Construction

Meeting

The Concessionaire POC shall request a Pre-Construction Meeting through CDA as directed in the final CDA review comments. All Pre-Construction documents must be compiled, and electronic copies sent to the CDA prior to scheduling the Pre-Construction Meeting. The Pre-Construction Meeting can be scheduled no sooner than three (3) business days after the final pre-construction document is received.

CDA or the CDA POC will schedule a Pre-Construction Meeting and notify the Concessionaire of the meeting time and location. At the Pre-Construction Meeting, the Concessionaire and their representatives should be prepared to answer any questions regarding the required documentation and the proposed construction. If applicable, the General Contractor must provide proof that the barricade graphic has been produced and is ready for installation; the barricade and graphic must be installed within (7) seven business days from the start of construction. The Pre-Construction Meeting will NOT take place until MBE/WBE Compliance Plans have been reviewed and accepted by the CDA. Please refer to Step 9 for more information on compliance.

At the conclusion of the pre-construction meeting, CDA will determine if the documentation and Concessionaire's

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 12 of 23



response to any questions are complete and, if so, CDA will issue a letter authorizing construction to start. Note that an eForm must also be submitted and approved before construction can start. Please refer to Step 5 for more information on the eForm.

4.2: Pre-Construction Documentation

It is the Concessionaire's POC's responsibility to compile and submit the required documentation in a timely manner in order to maintain the overall project schedule. The list of required documents can be found in Exhibit D. Allow two (2) to four (4) weeks to acquire badging, vehicle permits, building permits and other necessary pre-construction documentation, identified below. Processes for all required Airport badges and permits must be completed for every employee/worker and vehicle involved in the project before work begins. Construction will NOT begin until all required documentation has been submitted and reviewed by the CDA POC.

Pre-Construction document submittal shall include the following: one (1) full size hard copy set of stamped approved plans by the Department of Buildings, one (1) half size set of stamped approved plans by the Department of Buildings, and one (1) PDF of stamped plans approved by the Department of Buildings.

The Pre-Construction Documentation includes the following: Exhibit D: Pre-Construction Meeting Check List Exhibit D.1a or D.1b: Pre-Construction Meeting Form

Exhibit D.2: FAA Approved 7460 Forms - FAA Letter of Determination Exhibit D.3: Impact to CDA Security and TSA Approval Exhibit D.4: Certificate of Insurance (COI)

Exhibit D.5: General Contractor Safety, CDA Construction Safety Manual & Safety Manager Credentials Exhibit D.6: Safety and Security Plan Exhibit D.7 & D.8: Incident Notification Plan Exhibit D.9: Building Permit (example)

4.3: Logistics

The General Contractor must develop a logistic plan prior to the Pre-Construction Meeting. The logistic plan should identify the following:

- 1) Hours of Construction are 10:00 PM to 5:00 AM, unless approved otherwise by the CDA.
- 2) **Obtain employee/worker and vehicle badging, employer /worker information, authorization form and permits. (See Exhibits D.10 & D.11)**
- 3) **Identify dock location for deliveries / Determine dumpster locations. (See Exhibit D.12 & D.13)**
- 4) **Determine site access / Elevator matrix & maps. (See Exhibits D.14 - D.17)**
- 5) **Vehicle Access Form - Airfield (See Exhibit D.18)**
- 6) **Operations Plan - Material delivery and debris removal. (See Exhibit D.19)**
- 7) Create a detailed project schedule that identifies all work phasing
- 8) Identify, any building systems that will be required to be shutdown
- 9) All material storage and staging areas, should be off site or within the barricaded concession area; and
- 10) Contractors and Sub-Contractors new to the Airport are required to perform an onsite facilities training. The CDA POC will facilitate a meeting date time

Please refer to Step 2.15 for where O'Hare and Midway Pre-Construction Submittals should be sent. 4.4: Pre-Construction

Meeting Attendance

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 13 of 23



The following is a list of required attendees: Concessionaire and/or Owner's representative(s): General Contractor's. Project Manager.

Superintendent, and Safety Manager. Concessionaire's design consultant's attendance is optional. The CDA Concessions POC will notify all Airport stakeholders necessary to attend the meeting.

End of STEP 4

STEP 5.0: Notice to Airport User Form (eForm) 5.1: Notice to Airport Users

Form (eForm)

For all construction projects, the Concessionaire is required to submit a Notice to Airport User Form. The Concessionaire shall register or login to the online Notice to Airport Users Form at <<https://eforms.cirvofchicagatJQ.org/uforms>> and create a project start up form indicating scope, start and completion dates. Additional User Forms required during the course of construction will be discussed at the Pre-Construction Meeting. All User Forms must be submitted at least three (3) business days in advance of the anticipated start of construction to allow adequate time for review. Select the link below to learn more about how to submit a Notice to Airport Users Form for O'Hare International Airport and Midway International Airport. The eForm must be approved by the CDA before the Concessionaire can begin construction.

[ORD Quick Reference Guide MDW Quick Reference Guide](#)

Any work on the fire protection system within the tenant space which requires a fire protection shutdown should have a separate user form submitted and follow the CDA fire shutdown procedures.

Any work on the domestic water service within the tenant space which requires partial domestic water service shutdown should have a separate user form submitted and follow the CDA domestic water service shutdown procedures.

End of STEP 5

STEP 6.0: Construction

6.1: Site Maintenance / Construction Administration

All permits, user forms, emergency contact directory, and construction alerts shall be prominently displayed in a locked glass display cabinet 30" high by 36" wide approved by the CDA. One full size stamped set of drawings and the original permit must be kept on site at all times.

6.2: Building Inspections

Department of Buildings Inspection Bureau will be conducting inspections throughout construction. Contractors must request inspections of ventilation, electrical, plumbing, and new construction on all projects with issued building permits, regardless of scope, for both rough and final inspections. Failure to request these inspections may result in suspension or revocation of the permit, and issuance of citations by the Chicago Department of Buildings for violation

of licensing requirements against the General Contractor and subcontractors.

Chicago Department of Buildings inspections shall be scheduled via the on-line inspection scheduling system at www.cityofchicago.org/buildings <<http://www.cityofchicago.org/buildings>>. All requests for rough and final Chicago Department of Buildings inspections should be requested at least fourteen (14) business days in advance.

If needed, contact the Department of Buildings Inspection Bureaus by phone as listed below:

Ventilation Department - (312) 743-3573 Electrical Department - (312) 743-3622
Plumbing Department-(312) 743-3572 • New Construction Department - (312)
743-3531

In addition, contractors must offer the terminal manager and building engineer an opportunity to perform an inspection at demolition, rough, and final phases. The Concessionaire shall contact the CDA Concessions POC to coordinate these inspections.

6.3: Chicago Department of Public Health Inspections and Liquor License

Food establishments and retail establishments serving food require a health inspection to be conducted by the Chicago Department of Public Health (CDPH). Concessionaires applying for a liquor license require a separate inspection coordinated by the Business Affairs and Consumer Protection Department, in addition to the Department of Buildings inspections. For both inspections, allow one (1) to three (3) weeks to schedule and obtain a final inspection and certificate.

Please note, the construction barricade cannot be removed until applicable licenses and inspections are complete.

- PDF of the Health Inspection Approval and supporting documentation must be supplied and sent to CDA Concessions prior to store opening.

For Chicago Department of Public Health (CDPH) visit their website at: <https://www.cityofchicago.org/city/en/depts/cdph.html> <<http://www.cityofchicago.org/city/en/depts/cdph.html>> or call (312) 747-9884.

For Business Affairs and Consumer Protection Department information visit their website at: <<https://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6249.

6.4: Safety and Security Plan

All contractors and subcontractors and the work they perform are subject to the CDA Construction Safety Manual. Each project requires an onsite full time Safety Manager who is solely responsible to monitor job site safety and security (See Exhibit D.5 for more details).

Please refer to link below:

[CDA Construction Safety Manual](#)

CDA Safety will perform site safety walkthroughs during construction to ensure all work is being performed per the CDA Construction Safety Manual. CDA Safety and the CDA POC have the authority to stop work if unsafe conditions or practices are observed.

6.5: Demolition

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 15 of 23



CHICAGO DEPARTMENT OF AVIATION

Prior to demolition, pre-construction photos must be taken, documenting all of the existing conditions. Failure to provide photo documentation of the existing conditions before construction will result in the contractor and Concessionaire assuming responsibility for all damages and perceived damage to existing base building materials. Damaged materials must be repaired or replaced at the contractor's and/or Concessionaire's expense. Once demolition is complete, the CDA terminal manager, the CDA building engineer, and CDA POC shall perform a site inspection prior to the start of construction.

Core drilling, cutting of floors, walls or roofs may be required for tenants needing plumbing and/or additional mechanical HVAC provisions. Under no circumstances shall the Concessionaire or its contractor(s), at any time be permitted to drill or cut conduit, pipe sleeves, chases or duct equipment openings in the floor, columns, walls or roofs of the structure without prior review and acceptance of the proposed locations and sizes by the CDA's structural consultant. The Concessionaire is required to x-ray or scan the area prior to beginning work utilizing a 3D ground penetrating radar and will provide a copy of x-ray / scan results to CDA. Scan / x-ray to be submitted via eForm three (3) business days prior to performing coring or drilling work.

6.6: Construction Meetings and Reporting

During construction, the General Contractor is required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

- 1) Minutes from a weekly contractor led meeting (in person or via telecom) including the project owner and/or representative and CDA POC, at an agreed location (project site or POC conference room).
- 2) A weekly status summary report describing the progression of the work. The weekly status report must contain at a minimum the following:
 - Project title
 - Project number
 - Forecasted / actual start / completion date(s)
 - What construction occurred since the last weekly report
 - Revised three (3) week "Look Ahead" construction task schedule (CDA Design and Construction / CDA Concessions will determine if applicable to a given project)
 - What issues occurred and / or are projected
 - At least three (3) photos taken daily to document in-progress installation of materials
 - Other items as requested by CDA
- 3) A revised overall schedule when necessary
- 4) All Issued for Construction Drawings (IFC), addenda to the permit drawings, and resolved RFIs as they become available

6.7: Non-Compliance and Unauthorized Construction

Non-compliance or construction that deviates from the approved permit documents without CDA's prior written approval may be just cause for CDA to order work stoppage until corrective measures are taken and compliance is obtained. Any cost or claims due to this work stoppage shall be borne by the Concessionaire and the General Contractor.

End of STEP 6

STEP 7.0: Substantial Completion

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 16 of 23



7.1: Substantial Completion Notification

The General Contractor shall notify the CDA POC a minimum of seven (7) business days prior to the anticipated substantial completion date to request a site inspection project completion walk through. The construction space must be clean and all tools and surplus materials must be removed from the site or the walk through will be canceled. Mandatory attendance at the walk through includes: Concessionaire and/or Owner's Representative(s), and the General Contractor's Project Manager and Superintendent. The CDA POC will notify the CDA terminal manager, the CDA building engineer, the CDA Project Manager, and any other attendees identified during the Pre-Construction meeting or as deemed necessary. The items listed below are required to support the substantial completion walk through process:

- 1) The Concessionaire's architect should compile their punch list items. The Concessionaire or concessionaire's architect will provide a copy of their punch list to CDA for review prior to the walk through.
- 2) The concessionaire will receive final CDPH and Department of Buildings inspector's approval before the substantial completion walk through.

(3) The substantial completion walk through must occur 5-10 business days prior to concessions opening.

7.2: Final Walk Through and Punch List

At the substantial completion walk through, the General Contractor will conduct a brief meeting to distribute and discuss the punch list items that they have identified and the proposed date of substantial completion. The General Contractor and Concessionaire must show proof of all final Department of Buildings and CDPH inspections, Certificate of Occupancy, Business and Liquor licenses and Certificate of Insurance. If a Certificate of Occupancy is required as determined by the Department of Buildings, it will need to be submitted to the CDA prior to any occupancy of the renovated or newly constructed space. It is the Tenant's responsibility to arrange for inspection by the Department of Buildings for the Certificate of Occupancy. The Concessionaire should identify meter locations to be properly labeled and provide the meter number and the room name of meter location(s).

After all attendees have completed the walk through, the parties will reassemble to discuss their punch list items with the Concessionaire and General Contractor. CDA Concessions will review the Concessionaire's architect's punch list and relay any additional items identified during the substantial completion walk through on a separate punch list. Any punch list items that are noted as critical and thus require immediate correction will be identified during the substantial completion walk through. The concessions location cannot open until these critical punch list items have been corrected. /

Within five (5) business days after the substantial completion walk through, the Concessionaire, Concessionaire's architect, and/or the contractors will consolidate all agreed upon punch list items and issue via e-mail, a composite formal punch list. This list will be distributed to all parties invited from the substantial completion walk through. The Concessionaire's architect will also submit their substantial completion letter to the CDA.

Depending on issues presented, CDA will determine which option below is acceptable.

For Retail Concessions:

- (1) Concessionaire may proceed to stock, train, and open their concession, while non-critical punch list repairs continue.
- (2) Concessionaire may stock and train for their concession but cannot open until the identified critical punch list items are corrected.



(3) Concessionaire may NOT stock, or train for, or open their concession until the identified critical punch list items are corrected.

For Food and Beverage Concessions:

- 1) Concessionaire may proceed to train, furnish, and prep their food and beverage, while noncritical punch list repairs continue.
- 2) Concessionaire may proceed to train, furnish, and prep their food and beverage but cannot open until the identified critical punch list items are corrected.
- 3) The Concessionaire may NOT furnish, prep, or train for their facility until the identified critical punch list items are corrected.

CDA Concessions will review and then issue a response/acceptance letter back to the Concessionaire or Concessionaire's architect after receipt of the substantial completion letter. The concession location cannot open until they have received CDA Concession's notice to open.

The Concessionaire will track the completion of the punch list and periodically send CDA the list of completed and outstanding punch list items (with reason for incomplete items and lead times for materials not immediately available).

Please note, the construction barricade may not be removed without written approval from CDA Concessions.

The General Contractor is to complete the punch list items within thirty (30) business days of the initial walk through or as dictated in the Concessionaire's signed Lease and License Agreement.

If after thirty (30) business days, the punch list items remain incomplete CDA may elect to:

- Impose a fine of \$200 per item, per day, until the work is finished.

If after sixty (60) business days, the punch list items remain incomplete CDA may elect to:

- Hire contractors to complete the work at the Concessionaire's expense.

The punch list completion tracking document will be sent to CDA Concessions for review within the thirty (30) business day period after the substantial completion walk through takes place. All punch list items should be resolved to the satisfaction of CDA or include an agreed upon completion schedule.

7.3: Business License and Certificate of Insurance

Prior to opening, the Concessionaire must obtain a Business License from the City of Chicago Business Affairs & Consumer Protection Department (BACP) City Hall, Room 805, 121 N. LaSalle St, 60602.

Concessionaire is also responsible for providing a current Certificate of Insurance per the Concessionaire's signed Lease and License Agreement.

- PDF of the Business License must be sent to CDA Concessions prior to store opening.

For Business License and Certificate of Insurance information visit their website at:

<<https://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6060.

7.4: ComEd Verification of IVIeter(s)

Prior to opening, the Concessionaire must reference the meter #, and provide its tax ID and billing mailing address. For more information call (877) 426-6331.



7.5: Open for Business

After written approval has been obtained from CDA Concessions, the construction barricade may be removed no earlier than the evening prior to the concession's opening.

- Please refer to the 'Airport Concession Program Handbook' for other operational procedures as dictated in the Concessionaire's signed Lease and License Agreement.

End of STEP 7

STEP 8.0: Project Closeouts 8.1: Close Out

Documents

The Concessionaire^ architect and engineer of record must transmit to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement all architectural and engineering "As-Built Documents". If no time period is specified, then the "As-Built Documents" must be submitted within thirty (30) business days. The items listed below are required to support maintenance of accurate facility records and future construction. The Concessionaire must submit two (2) copies of the below documents on CD and (T) full size hard copy:

- 1) One (1) full size hard copy As-Built Documents, including the General Contractor's redline markups and clouding construction changes
- 2) One (1) CD / DVD of CAD files either in AutoCAD and/or BIM format - all CAD files to be submitted per CDA BIM standards
- 3) One (1) CD/ DVD of all image files in PDF format
- 4) If applicable, one (1) PDF of the finalized SAM™ Construction Checklist
- 5) If applicable, one (1) PDF of all Operating and Maintenance Manuals (O&M Manual) for equipment being maintained by the CDA
- 6) One (1) PDF of the General Contractor's, and if applicable, subcontractor's, manufacturer's, and equipment warranties
- 7) One (1) PDF of all the specifications
- 8) One (1) PDF of the Building Permit (both sides) with all required rough and final inspection signoffs
- 9) If applicable, PDFs of the preventative maintenance schedules listing:
 - a) the systems and equipment that require preventative maintenance
 - b) scope of maintenance to be performed
 - c) frequency
 - d) clarification on which entity is responsible for maintenance

Closeout and Warranty documents should be both emailed and one (1) full size hard copy sent to O'Hare or Midway Airport, see address below:

O'Hare International Airport Contacts

CDA Aviation Administration Building
Attn: Coordinating Architect, Design and Construction
10510 West Zemke Rd.
Chicago, IL 60666

Midway International Airport Contacts

CDA Aviation Administration Building
Attn: Coordinating Architect, Design and Construction
10510 West Zemke Rd.
Chicago, IL 60666

cc: ordretailconstruction@cityofchicago.org <<http://ordretailconstruction@cityofchicago.org>>

cc: md\retailconstruction@cityofchicago.org



In addition, the following close out documents must be transmitted to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement. If no time period is specified, then the documents must be submitted within sixty (60) business days

- 1) PDFs containing the Concessionaire's Sworn Statement of Improvement Costs, and all final lien waivers, including change orders.
- 2) PDFs containing the General Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.
- 3) PDFs containing the Professional Services Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.

8.2: Final SAM™ Checklist

If applicable, the Concessionaire must submit a final construction SAM™ Checklist that incorporates information on final quantities, contractor submittals, and other SAM™ related data that is incorporated during the construction phase. The Sustainable Review Panel (SRP) will evaluate the final SAM™ checklist and as recognition for participation in the SAM™ Checklist, a Green Airplane Certification will be awarded to the Concessionaire.

8.3: Contractor's Warranty

The General Contractor must warrant to the City of Chicago and CDA that the work, materials, and equipment furnished and installed under the contract are of good quality and new, and that the work conforms to the requirements of the contract documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. The Contractor's warranty shall exclude remedy for damage or defect caused by abuse, modifications, improper or insufficient maintenance and operation, or normal wear and tear, and normal usage, not executed by the contractor.

8.4: Subcontractor's Manufacturer's and Equipment Warranties

The General Contractor must ensure that all required subcontractor's, manufacturer's, and equipment warranties are passed on to the CDA. The warranties must include the name of the project as designated in the contract documents, project reference number and must be signed by an officer of the company having authority to provide the warranty. Include wording such as "this document serves as a (list duration of the warranty) written guarantee for the work performed, and the material and equipment installed on the above referenced project. This warranty incorporates all provisions of the contract documents that refer or relate to the guarantee. This warranty will commence on the date of the Store opening."

During the warranty period, the Contractor must repair and replace at its own expense, all materials or equipment that may develop defects whether these defects may be inherent in the equipment or materials, in the functioning of the piece of equipment, or in the functioning and operation of pieces of equipment operating together as a functional unit. Any equipment or material that is repaired or replaced will have the warranty period extended for a period of one additional year from the date of the last repair.

8.5: Final Notice to Airport Users Form

After the punch list is complete, the General Contractor shall close out the Notice to Airport Users Form by, electronically attaching a PDF of the all permits, front and back sides showing the inspector sign-offs. Enter the last day the punch list was completed, and the anticipated submittal date of

the General Contractor redlined drawings.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 20 of 23



8.6: Final Closeout Notice and Acceptance

After all the close out documentation has been reviewed and verified complete, CDA will issue a response/acceptance letter.

End of STEP 8

STEP 9.0: Compliance Overview

Throughout the Design and Construction process, the Concessionaire will be responsible for complying with various City of Chicago participation requirements. The Concessionaire will also be responsible for tracking their participation and providing verifying documents to CDA for review.

9.1: City of Chicago Minority and Women Owned Business Participation Rules

In accordance with the Municipal Code of Chicago 2-92-650, or as dictated in the Lease and License Agreement, the City's Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts has set goals of MBE participation and WBE participation on all contracts.

Please refer to link below for additional information pertaining to this Compliance Rule:

- **Exhibit E.1: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Professional Services**
- **Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts**

MBE and WBE participation shall be separately documented for Construction Services and Professional Services. 9.2: Required MBE and WBE

Documentation

Required compliance documentation will be submitted through the web-based Retail Management System ("RMS") which is the City of Chicago, Department of Aviation's, secure concession's portal. All compliance reporting must be submitted electronically using RMS.

The Concessionaire and General Contractors are required to enter the Compliance Plans, Certified Payroll and Sworn Statements into RMS. Once the Concessionaire selects a Professional Service Contractor and General Contractor, the designated Concessionaire POCs will be provided with RMS log in information. The RMS links and User Guide are listed below. The individual Exhibits E.1 - E.12 listed below should be used as reference only; all required documents must be submitted electronically using RMS.

- **RMS Portal:** <<https://www.airportware.com/rms> prod/App forms/General/Login.aspx>

- Exhibit E.3: RMS Construction Compliance User Guide

9.3: MBE and WBE Compliance Plans

Once the Final or 100% Construction Document Submittal is approved by CDA (see Step 3.0), and the Concessionaire has selected a General Contractor, then the Concessionaire is required to submit, via RMS, the Concessions'

Compliance Plans: Affidavit of Concessionaire, Affidavit of Prime Contractor for Construction and Affidavit of Prime

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 21 of 23



Contractor for Professional Services. Exhibits E.4-E.7, which includes a selection of MBE, WBE and Non-Minority Sub-Contractors.

- Exhibit E.4: Concession's Compliance Plan - Affidavit of Concessionaire
- Exhibit E.5: Concession's Compliance Plan - Affidavit of Professional Services
- Exhibit E.6: Concession's Compliance Plan - Affidavit of Prime Contractor

PLEASE NOTE:

If at any point during the construction phase of the project, there is a change in VIBE or WBE participation, the CDA POC must be immediately notified.

Resource:

To aid in outreach efforts to meet or exceed the City of Chicago's Construction and Professional Services Program goals, a list of City of Chicago certified MBE and WBE firms may be found at:

- https://www.cityofchicago.org/city/en/depts/dps/supp_info/process_improvements.html
- <http://www.idot.illinois.gov/doing-business/certifications/disadvantaged-business-enterprise->certification/ilucp->

MBE and WBE Good Faith Efforts

If the Concessionaires' and Prime Contractors' Compliance Plans fall short of the MBE or WBE Construction Program goals, a Good Faith Efforts form must be included with the submitted Compliance Plans. Good Faith Efforts are achieved by actively soliciting MBE and WBE firms to perform work on the contract in accordance with Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts. The Good Faith Efforts form must contain contact information for not less than five (5) MBEs and/or WBEs.

Exhibit E.7: Good Faith Efforts Form

A Compliance Plan may be rejected as non-responsive if the Concessionaire and/or General Contractor fail to submit one or more of the documents (Exhibits E.4 - E.7) with the response.

PLEASE NOTE:

If a Concessionaire's and/or General Contractor's Compliance Plan fails to meet the Construction Program goals for MBE and WBE participation, the project will be delayed and not move toward a Pre-Construction Meeting until either the goal is satisfied or Good Faith Efforts have been demonstrated and approved.

9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements

In accordance with the Municipal Code of Chicago 2-92-330 and Article 5 of the Concession Lease and License Agreement, at least 50% of the total construction worker hours worked by persons on the site of the Work must be performed by actual residents of the City and at least 7.5% by project area residents. The Airport will identify the project area for the purposes of calculating project area residents.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 22 of 23



The Concessionaire will provide each general contractor bidding on the project with a Compliance Plan (Exhibit E.5) and the "City Resident Construction Worker Employment Requirement" (Exhibit E.8) for use in the bid preparation process.

Once a project has been approved by CDA and construction has commenced, the General Contractor must submit on a weekly basis, the following Certified Payroll Report for all contractors and subcontractors:

- Exhibit E.8: City Resident Construction Worker Employment & Certified Payroll Requirements
- Exhibit E.9: Excel Certified Payroll Worksheet (example)

9.5: Compliance Close Out Documents

Within sixty (60) business days of substantial completion, the Concessionaire, the General Contractor and the Professional Services Contractor are required to submit the following documents, along with final lien waivers.

- Exhibit E.10: Concession's Sworn Statement - Affidavit of Concessionaire
- Exhibit E.11: Concession's Sworn Statement - Affidavit of Prime Contractor for Professional Services
- Exhibit E.12: Concession's Sworn Statement - Affidavit of Prime Contractor for Construction Services

End of STEP 9

STEP 10.0: Supplemental Exhibits

These Guidelines should be read in conjunction with the Design and Construction Standard Operating Procedures Concessions Projects Exhibits (C-SOP Exhibits) and referenced with the Concessionaire Design Guidelines. Please refer to links below:!

[Concession Projects \(C-SOP Exhibits\) ORD Concessionaire Design Guidelines MDW Concessionaire Design Guidelines](#)

End of STEP 10

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 23 of 23



EXHIBIT 11

ECONOMIC DISCLOSURE STATEMENTS AND AFFIDAVITS

MRG CHICAGO

LLC

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. M the Applicant

OR

- 2. a legal entity currently holding, or anticipated to hold within six months after City action on
- 2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the
- 2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal
- 2. name:

OR

- 3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1))
- State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 31 Cl 6 \i StVMfH \%P.(sA h

Us Viyu fQI

C. Telephone: iQI ~S2 33Fax: U \ f Email: f wvLftA ^fiWirvMIK-Ki \ ej&f

D. Name of contact person: fo4gWi>£ WXC-DwO-fj

E. Federal Employer Identification No. (if you have one): \$Qy-|0| |||°|2-

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

carter. |(W*a\xm| YhvptJ-^ .-rtfxviW|s °S- ' T 7~ ~*

G. Which City agency or department is requesting this EDS?Ch (Cfl^O Q£ply^WX^ ci fVi #Ab{}

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ^ \ ^ and Contract # N) | IrV

Ver.2018-1

Page 1 of 15

I

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party: j

- Person Limited liability company ■
- Publicly registered business corporation Limited liability partnership
- Privately held business corporation Joint venture ;
- Sole proprietorship Not-for-profit corporation J
- General partnership (Is the not-for-profit corporation also a 501(c)(3))?
- Limited partnership Yes No '

Trust

Other (please specify) j

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity? ■

Yes

No

Organized in Illinois ■

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

j

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant. !

NOTE: Each legal entity listed below must submit an EDS on its own behalf. !

Name	Title
------	-------

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

I

Ver.2018-1

Page 2 of 15

j I

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
------	------------------	--------------------------------------

<u>CK&jj.Ul</u>	<u>n3 m M.r\oHrh 4Vva Cj^c^o_tTL KPhip^T-</u>	<u>176%.</u>
---------------------	---	--------------

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [] Yes ^\$<fNo

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [] Yes ^fNo

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Mjn

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? [] Yes f^No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner (s) and describe the financial interest(s).

and des

NtfV

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

|

<u>Name (indicate whether retained or anticipated to be retained)</u>	<u>Business Relationship to Disclosing Party Address (subcontractor, attorney, lobbyist, etc.)</u>	<u>Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.</u>
ftVWML.		

(Add sheets if necessary) i

Check here if the Disclosing Party has not retained, nor expects to retain, any! such persons or entities.

I

SECTION V -- CERTIFICATIONS '

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE !

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

I

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement? !

Yes No

i

B. FURTHER CERTIFICATIONS

!

1. [This paragraph 1 applies only if the Matter is a contract being handled by the^City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

I

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

I

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded

from any transactions by any federal, state or local unit of government;

- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
 - c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
 - d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
 - e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).
5. Certifications (5), (6) and (7) concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such

Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery 'or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity; .
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or !
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

I

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions iList maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

i

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").¹

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

ii

I

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

|

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary): i

Mlft

!

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No ¹

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

i

Does the Matter involve a City Property Sale? ¹

Yes No ¹

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address.	Nature of Financial Interest
------	-------------------	------------------------------

i

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee. i

Ver.2018-1

Page 8 of 15'

!

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

g__1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding. .

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party

with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

i

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above. !

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986: or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations. !

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No !

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

~ ,me of Disclosing Party)

(Print or type name of person signing)

ym"Mo-|- |ccv

(Print or, type title of person signing)

Signed and sworn to before me on (date) rVpvi I '\17-022 at'County,KlpA/firirL> (state).

Commission expires: ^|2-6

Page12of15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

**I
BUILDING CODE SCOFFLA W/PROBLEM LANDLORD CERTIFICATION**

i

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416? J

Yes ^No j

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416? '

Yes [] No ^ The Applicant is not publicly traded on any exchange.

I

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply. j

Ver.2018-1

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked "no" to the above, please explain.

Page 15 of 15

MRG CHICAGO, LLC - ECONOMIC DISCLOSURE STATEMENT SECTION II - BI.

Name	Title
Toby Keir	
David Charles	
Roula Heleiwa	
Marshall Retail Group, LLC	
ChiBoys, LLC	
Chief Executive Officer	
President and Chief Operating Officer	
Secretary and Chief Financial Officer	
Member	
Member	
Pastorelle Marketing Group, Inc. Member	

**MRG CHICAGO, LLC - ECONOMIC DISCLOSURE STATEMENT
SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES**

Retained Party: Midway Fresh MRG, LLC

Business Address: 1724 Annapolis Drive Glenview, IL 60026

Relationship to
Disclosing Party: Midway Fresh MRG, LLC is a subtenant to Applicant that will operate a food & beverage location in ORD Terminal 5

JV Ownership

Percentage Structure: Midway Restaurant Development Ltd. (40% owner of Midway Fresh MRG, LLC) 1724 Annapolis Drive
Glenview, IL 60026

Fresh Creations, LLC (40% owner of Midway Fresh MRG, LLC) 1724 Annapolis Drive
Glenview, IL 60026

The Marshall Retail Group, LLC (20% owner of Midway Fresh MRG, LLC) 3755 West Sunset Road
Suite A

Las Vegas, NV 89118

j |

i |

|

!

ii

| |
]

i

ChiBoys LLC

02022-1215 Exhibit A-

2

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: *ffl^b (Y\|mfID, LLC*

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: *H?) ^i Vv A/cHI flrVt>*

C. Telephone: *^1^1 p- W2-Fax: ft\Pr*

Email: *^WMA-rYlfffC^W^Urr,*

D. Name of contact person: *ViTh/ft-VrO flflU.rV*j*

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Uan^tfVf^i'MviV -for off^-WiVi (tM\||4vo<{ tei/e^y- wuk\^

G. Which City agency or department is requesting this EDS? *Ln\Mjn VC^r4VYUnT m)4T)lY*

If the Matter is a contract being handled by the City's Department of Procurement Services, please

complete the following:

Specification # ft|rV and Contract # QjA
Ver.2018-1 Paget of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person Limited liability company ;
- Publicly registered business corporation Limited liability partnership j
- Privately held business corporation Joint venture
- Sole proprietorship Not-for-profit corporation j
- General partnership (Is the not-for-profit corporation also a 501(c)(3))?
- Limited partnership Yes No
- Trust Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

T\itND*

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity? J

- Yes No Organized in Illinois I

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf. j

Name	,	Title .	j\
------	---	---------	----

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess

or 1.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Ver.2018-1

Page 2 of 15

i

i

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
------	------------------	--------------------------------------

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

NIA

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

MjA-

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing

Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether Business Relationship to Disclosing Party retained or anticipated Address (subcontractor, attorney, lobbyist, etc.) to be retained) Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary) !

f\$ Check here if the Disclosing Party has not retained, nor expects to retain, any Isuch persons or entities.

SECTION V - CERTIFICATIONS i

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE j

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[] Yes f^Q No [] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[] Yes [] No

! ■
i

B. FURTHER CERTIFICATIONS ■

i

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or-entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as

help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

j

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or

ownership; identity or interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

!

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

!

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity; !
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23,

Article I (for applicability and defined terms) of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Nil ft :

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

:

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold pursuant to a process of competitive bidding, or otherwise permitted, by the City (collectively "City Property Sold").

by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is Federally Funded, complete this Section VI. If the Matter is not Federally Funded, skip this

NOTE: If the Matter is federally funded, complete this section. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations:

negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact

Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

CHIBOYS, LLC

(Print or type exact legal name of Disclosing Party)

(Print or type name of person signing) OWNER

(Print or type title of person signing)

at

Signed and sworn to before me on (date) County,
Commission expires

IL

TANYA RUIZ | OFFICIAL SEAL | Noioiy Public. Stat* Ot Illinois f My Commiision £kp>«8»
April 70. 2022

Page 12 of IS

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial -relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more

limited liability company, (2) any principal officers of the Disclosing Party, and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This

I/We are not an Applicant that is a contractor as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

**PASTORELLE
MARKETING
GROUP, INC.**

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

*"Whl^Uff. (YWI^4-1A^ Crynup, \OC**

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: *Cflftfir MCj^Q, LiC-*

OR ³

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1))

State the legal name of the entity in which the Disclosing Party holds a right of control:

State the legal name of the entity in which the Disclosing Party holds a right or interest.

B. Business address of the Disclosing Party: *-f fl- A^tA CL fl d

C. Telephone: |p?ty (plp-1Ufl-!*! Fax: L?3Q - Tfl^Zlg^QEmaihTM^■&^Qtfff\|ttNH|a&|ty.uw)

D. Name of contact person: Tfr\y\ Pfl.fcj-prg.Mg <http://Pfl.fcj-prg.Mg>

E. Federal Employer Identification No. (if you have one): ,

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

G. Which City agency or department is requesting this EDS? Ch 1 CAfj Q Vt f^r-\r^gr-\ \ tty}kTi(yi

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification# Hi ft and Contract # A \ fV

Ver.2018-1 Paget of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

-] Person
] Publicly registered business corporation] Privately held business corporation] Sole proprietorship] General partnership] Limited partnership] Trust
[] Limited liability company
[] Limited liability partnership
[] Joint venture
[] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[] Yes [] No [] Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

lUm

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[] Yes [] No [] Organized in Illinois

Yes

No

Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a	

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
•xonyi PAfetollg	ten n.fldyl/md-fW.	top•/>

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

ected official during the 12-month period following the date of this EDS: [] Yes [y] No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Ni A

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? [] Yes [y] No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

Mh

:

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether Business retained or anticipated Address to be retained)
Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)
Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

J^j Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrears?

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrears on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

state or local) terminated for cause or default, and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage).

5. Violated the provisions referenced in MCC Subsection 2-72-020(a)(1)(Contracts Requiring a Base Wage), (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

^IrV

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none")

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

m

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection With the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities." as that term is

defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in. and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Pastorelle Marketing Group, Inc.

(Print or type exact legal name of Disclosing Party)

(Siantiei Tonia Pastorelle

(Print or type name of person signing)

President

11

(Print or type title of person signing)

Signed and sworn to before me on (date) Q^j

ffi/^/^GWty, ILLf J (state)

Notary i

Commission expires: 1 (//ffi \ \$0'& ^

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the

Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes fyj No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No p<TThe Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385,1 hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A -I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

**THE MARSHALL
RETAIL GROUP, LLC**

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

~Vflt (YVikcKail fe-fai I (mmpt LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. *ly] a legal entity currently holding, or anticipated to hold within six months after City action on*
2. *the contract, transaction or other undertaking to which this EDS pertains (referred to below as the*
2. *"Matter"). a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal*

2. name: (HCJM 'O , LL-C
OR

3. [] a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: "HYif? W illf\Cft- fay], £u <"(€. fir

C. Telephone: IOT^fo^ 35 Fax: Nj rr Email: Xti\ixmfi@Wtf&ft\ IYftfo'^W- \$

D. Name of contact person: fa^g-V \C\C (Y) ^./Win

E. Federal Employer Identification No. (if you have one): _

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

G. Which City agency or department is requesting this EDS? MIGfl^fl D^lr4)QY>/)f ^fh..^W\

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ^\^ and Contract # ^ I ^

Ver.2018-1

Paget of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person Limited liability company
- Publicly registered business corporation Limited liability partnership
- Privately held business corporation Joint venture
- Sole proprietorship Not-for-profit corporation
- General partnership (Is the not-for-profit corporation also a 501(c)(3))?
- Limited partnership Yes No
- Trust Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

rxldvwrfr

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in

the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

•f^b- fo[dfoai Corp. 4c>l& fC<L^b£-r

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

<i>Name</i>	<i>Business Address</i>	<i>Percentage Interest in the Applicant</i>
<i>(flflfr rWtejC iV p. ?%S tt! • -W*- rW Ut VtfSj M foil ft \OP/'</i>		

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes

Does the Disclosing Party reasonably expect to provide any income or compensation to any City

elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

^ijt

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)	NOTE: "hourly rate" or "t.b.d." is not an acceptable response. CfcpVfalfr^foH-ihj fwf l^VojC,-/^ ^3,500 /<rvor>fh/tj
'V^IU'i -W nftfif-r hfi'Mfl w»H<VJ				

f-hhk&ML, -E L U>052- |

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No ^| No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal,

state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage);

(a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

NIA

:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

m

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N4:

—

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

Nlft

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1- The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal

Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Toby Keir

(Print or type title of person signing)

at C\ CUrk> County, ^vWfiirft (state).

Commission expires:

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating

officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No (M The Applicant is not publicly traded on any exchange.)

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked "no" to the above, please explain.

Page 15 of 15

MRG HOLDINGS CORP.

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. *a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: fIVg.(y ChtUlft) HC*

OR ^J

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1))
State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party:

C. Telephone: H} V jto -5233 Fax: I^tY

Email: VTAU>Mft g

I \{\$M\ftf

D. Name of contact person:

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

G. Which City agency or department is requesting this EDS?(jMCMD \L^fW£.VT\ [V4fyfl:hbfi

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification# _____ and Contract # _

Ver.2018-1

Page 1 of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input type="checkbox"/> Limited liability company |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Other (please specify) |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

%Uwfire,

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee,

executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
------	------------------	--------------------------------------

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [] Yes [] No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [] Yes [] No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

 1U :

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable

inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Ver.2018-1

Page 3 of 15

Name (indicate whether Business retained or anticipated Address to be retained)
Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)
Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).
5. Certifications (5), (6) and (7) concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials,

agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

-m

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

J±|&

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of

the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether

procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

MRG Holdings Corp.

Toby Keir

(Print or type title of person signing)

Signed and sworn to before me on (date)

at C^fX^U- County, fsA&/flrdfX (state).

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from

current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

MARSHALL RETAIL GROUP HOLDING

CO., INC.

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: L\\(Mti ilU>
OR J

3. [] a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party:

\\M xl'A^CV %W-X f %,\\L IfV
UK VlyS, ftV Xtf\\h

C. Telephone: ^/ ^2%Fax: ^ |&

Email: f ^im ^S ^MW ^f

D. Name of contact person: fjAtYiC^ D\\^A.()

E. Federal Employer Identification No. (if you have one): . _ . _ .

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

\\m^MW\\ Hn^VtYvM^ HM6. riCi f * . . K/1

G. Which City agency or department is requesting this EDS? {M(Aftf) U'piTOnr i}f-lh/ ^TILy/

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1 Page 1 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS A. NATURE OF THE DISCLOSING PARTY

- Person
 - Publicly registered business corporation [X] Privately held business corporation
 - Sole proprietorship
 - General partnership
 - Limited partnership
 - Trust
 - Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name . Title

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
------	------------------	--------------------------------------

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

MI : -

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

<u>Name (indicate whether retained or anticipated to be retained)</u>	<u>Business Address</u>	<u>Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)</u>	<u>Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.</u>
---	-------------------------	---	--

Ulfc

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified

in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any

Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe

has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

m

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

 A ft

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is yfa is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

U\fv :

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired

by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any

person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee Ver.2018-1 Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at [www.cityofchicago.org <http://www.cityofchicago.org> g/Ethics](http://www.cityofchicago.org/Ethics). and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15
CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Toby Keir

MARSHALL RETAIL GROUP Holding Co Inc. (Print or type exact-legal name of Disclosing Party)

(Print or type title of person signing)

Signed and sworn to before me on (date)

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which

has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other

of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

WH SMITH

**USA
HOLDINGS,
INC.**

02022-1215

Exhibit A-2

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

M SmHh USft foldings Inc~.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [] the Applicant

OR

2. [] a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name: IY\£6- fJhlCAqO , tl6

OR *

3. [] a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: \^>_ Vfou A c\Sco{ j -\-c H

C. Telephone: 4 M~2,6 -!*Vax: V>1 \ f\ Email: \flf\ Wo\j^htiv1 ^g.h_M/4i Jnra« S. Jarobi

D. Name of contact person: rVuu^KTpn B^m^TM^ ^ (410)727-4433 ijocubs@jlaw.com <mailto:ijocubs@jlaw.com>

E. Federal Employer Identification No. (if you have one) . .

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

G. Which City agency or department is requesting this EDS? Chi kvjtj. VjVrrttyftd' Of-

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ^ | ^\ and Contract # \v| j f\

Ver.2018-1

Paget of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

5 1 1

- Person
 - Publicly registered business corporation h<[Privately held business corporation
 - Sole proprietorship
 - General partnership
 - Limited partnership
 - Trust
 - Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
- Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

VI fartt

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes t^No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name ,, , (Title

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
vrW	v_ tm\ticVtfA^ _t_.	ioq-J.

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)
Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A, COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No [/ ^ No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

Plift

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

m

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the

loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

/he Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at [www.cityofchicago.org <http://www.cityofchicago.org> g/Ethics](http://www.cityofchicago.org/Ethics), and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

CERTIFICATION

Under penalty of perjury, the person signing below; (1) warrants that he/she is authorized to execute this CDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this CDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

(Print or

By:...

(Sign here)

Robert Moorhead

WH Smfrh USA Holdings Inc

iflctJc^al nun.

ct^lc^al name of Disc losing Party) a

(Print or type name of person signing)

CEO

(Print or type title of person signing)

Signed and svvprfTo before mc on (date)

at yb>J*f&OiTU<l County. i-OHC**/ (stale).

■V;

5*m ti tIA. 0* TMfc

SiA_: S€Uti

Commission expires:

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This

certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no"

to the above, please explain.

Page 15 of 15

**ATTACHMENT TO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

WH SMITH USA HOLDINGS INC.

SECTION II, ITEM BI

00090106.1.00-13 52

WH SMITH US RETAIL HOLDINGS, LTD.

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name:

Vf&Cr Ch\ CAKD j UUL,
"or j

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: \ 3 tfauAcl UIITth

C. Telephone: M-IOV %V \W\Fax: M | A

Email: h^\on_ loKfrWrk.Cfl.l'fc-

D. Name of contact person:

*

2800 Qunrry Luke, Drive, #110
Bnlllmore, Mnrylonil 21209
<_ (410)727-4433

E. Federal Employer Identification No. (if you have one): Nfi

jj<<<i>@)di1w.ci>iii

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

G. Which City agency or department is requesting this EDS? UMf>vj D V,j>A'^V\fc4'rr ft- TWqUy^

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # pi) |ft
Ver.2018-1

and Contract # Ml rr
Paget of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person
 - Publicly registered business corporation
 - Privately held business corporation
 - Sole proprietorship
 - General partnership
 - Limited partnership
 - Trust
 - Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
 Yes No
 Other (please specify).

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

And IWS

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes
- No
- Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name _____, Title _____

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a

partnership or joint venture, interest ora member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
------	------------------	--------------------------------------

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner (s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing

Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or

continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity

means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their

subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

-J*1£ :

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a , complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

Njr\

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

Mk

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
 Yes No
2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
 Yes No Reports not required
3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
 Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. *The certifications, disclosures, and acknowledgments contained in this EDS will become part of] contract or other agreement between the Applicant and the City in connection with the Matter, whet! procurement, City assistance, or other City action, and are material inducements to the City's executio^^^^of any contract or taking other action with respect to the Matter. The Disclosing Party understands trf^^^^it must comply with all statutes, ordinances, and regulations on which this EDS is based. ':%&B8S\$I&*

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full tex^^^^ of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and im^^ also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610j|ji|pr - (312) 744-9660. The Disclosing Party must comply fully with this ordinance. . "*:|fflp-'

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly

request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

WH Smith US Retail Holdings Ltd

/(Sphere) x

Robert Moorhead

(Print or type name of person signing)

CEO

(Print or type title of person signing)

<Lon (date) l^flfo*-ountv. L*#»*"/ (state).

Commission expires:

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

**ATTACHMENT TO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
WH SMITH US RETAIL HOLDINGS LTD.**

SECTION II, ITEM BI

00C907U | <*>.jJ52

WH SMITH US GROUP HOLDINGS, LTD.

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: fW(r rh\ LA>> Q f

or ^

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: ^Wft^feM'fch

C. Telephone: ^10y^\\W Fax: ti\ fV Email:\m .rwqVrtMS KKCM'rth-ta.uk
<http://-ta.uk>.

D. Name of contact person: ~£f* T^WlfrirO/^

"roQ<nrryL<i<<Jorive, <Zo
BoHlmore, Mniy lind 21209
(410) 727.4433
jTM^TM.TM

E. Federal Employer Identification No. (if you have one):

Name _____, Title _____
Set

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of IS

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
,\Wr*h	WaW -toYy ua. m fatrvfe di-Vh,	Urytif inn' / •

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

J

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether Business retained or anticipated Address to be retained)
Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)
Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5 year period preceding the date of this EDS, neither the Disclosing Party nor

procurement services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that directly or indirectly controls the Disclosing

- any Affiliated Entity (meaning a person or entity that, directly or indirectly, controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving

admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

OF THIS MATTER.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

 Y 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

is the Disclosing Party the Applicant:

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this F.DS. and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this FDS. and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

WH Smith US Group Holdings Ltd

(Sign here)

Robert Moorhead

(Print or type name of person signing)

CEO

(Print or type title of person signing)

on (date) Z¹ fflftu L.o*6**S (state).

fistic \$«.<<. rtA TWG

Commission expires:

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

F I X --

F I X --

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes

No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes

No

The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This

certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no"

to the above, please explain.

Page 15 of 15

ATTACHMENT TO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

WH SMITH US GROUP HOLDINGS LTD.

SECTION II, ITEM BI

00350700 | W IJH

WH SMITH RETAIL HOLDINGS LTD.

02022-1215

Exhibit A-2

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Check ONE of the

following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: WtfV ChU^OiUX

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1))
State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party:

C. Telephone: ^-^03-^j- i W Fax: M j ft

Email: X^K^MtyX % tOtodK U?. n£

D. Name of contact person: jfln WoV'Qhtl}^

b»° Z'""_Ori** . mo

E. Federal Employer Identification No. (if you have one): U\h

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):'

G. Which City agency or department is requesting this EDS? CmQVp ^Af-W^T pf -fMj/mbyQ

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N|r\ and Contract # MI ft

Ver.2018-1

Page 1 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input type="checkbox"/> Limited liability company |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | hd Other (please specify) , |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes DO No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name . Title

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

<u>Name</u>	<u>Business Address</u>	<u>Percentage Interest in the Applicant</u>
<u>frVSmrVh ""i</u>	<u>\33^onM^HcH,Uy*Io a gc3ft IBX/UkL</u>	<u>\DO'-</u>

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

Nift

(Add sheets if necessary)

r^] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No [y] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Department Services.] In the 5 paragraphs preceding the 1st of this FDS, with the Disclosing Party's

procurement services.] in the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that directly or indirectly controls the Disclosing

- any Affiliated Entity (meaning a person or entity that, directly or indirectly, controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or pled under supervision for, any criminal offense involving

admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

um

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

jm

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)
 is C)Q is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

Jim :

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes YJ No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning

taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Y N

Y N

Yes

NO

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes

No

Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes

No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this HDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

WH Srah Retail Holdings Ltd

i to

mc on (date) Comity. U*/0»a/ (state).

(Print or type title of person signing) Signed and y

at

e~cwo rWJfi

Sift & \SMK

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

person has a familial relationship, and (+) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com' <<http://www.amlegal.com>'>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

**ATTACHMENT TO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

WH SMITH RETAIL HOLDINGS LTD.

SECTION II, ITEM BI

00090706 1:00-1)52

PA/vJ.^ /Mum&F*. • 52.02.036

1

WH Smith PLC

Annual Report and Accounts 2021

About us

We are a leading global retailer

WH Smith PLC is a leading global Travel retailer for news, books, convenience and tech accessories with a smaller business on the UK High Street. At the heart of both our businesses are our people and our customers. We aim to deliver our goals through our strategic priorities and initiatives by: constantly innovating, expanding globally, improving our profitability and delivering sustainable returns.

Find out more about WHSmith at whsmithplc.co.uk <<http://whsmithplc.co.uk>>
WHSmith Travel is a world-leading travel retailer with a presence in over

30 countries

across the globe, mainly in airports

Travel is in a wide range of locations including
**airports, hospitals, railway stations and
motorway service areas**

Pi (5>whsmithofficial

^0 <S>whsmilh

^9 youtube.com/WHSmithDirect

<http://youtube.com/WHSmithDirect>03

linkedin.com/company/whsmith

<http://linkedin.com/company/whsmith>

Disclaimer

This Annual report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or to whom it may come and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual report should be construed as a profit forecast.

WHSmith High Street is present on most of the significant high streets and shopping centres in the UK, mainly in **prime locations**

As WHSmith continues on its journey to be a better business, we have a strong commitment to the principles of **sustainability**

In this report

WHSmith employs approximately

11,000 colleagues

_02 05

07 08 10 _K J6 20 21 28 29 JJ637

Corporate governance

WH Smith PLC is listed on the London Stock Exchange (SMWH) and is included in the

FTSE 250 Index

41 _48

49 _54 _56 _58 _85

88

WHSmith has a growing

online presence

and reaches customers online via:

- whsmith.co.uk <<http://whsmith.co.uk>>
- funkypigeon.com <<http://funkypigeon.com>>
- cultpens.com <<http://cultpens.com>>
- treeofhearts.co.uk <<http://treeofhearts.co.uk>>
- dottyaboutpaper.co.uk <<http://dottyaboutpaper.co.uk>>

89 98 99 100 101 102 103 150 150 151

154 163

WH Smith PLC Annual Report and Accounts 2021

Strategic report

Group at a glance

WH Smith PLC is a leading travel retailer with a smaller high street business

Travel

WHSmith Travel is a global travel retailer with a strong presence in UK travel locations and an increasing portfolio of stores around the world, including our fast-growing North American businesses. Marshall Retail Group (MRG) for speciality retail, and InMotion, the market-leading global technology retailer in travel locations.

WHSmith Travel sells a range of products serving customers in travel locations or in need of a convenience offer.

As at 31 August 2021, the business operated from 1,166 units (2020: 1,174 units), in airports, hospitals, railway stations and motorway service areas. 595 of these units (2020: 584 units) are outside the UK across 30 countries and mainly in airports.

During the year, the business has continued to be impacted by the Covid-19 pandemic with a significant number of stores temporarily closed across the globe. Further to the easing of government restrictions around the world, we have been encouraged by the improving trends in each of our channels, and we are well positioned to benefit from the opportunities that exist as our markets recover.

Our goal

to be the leading retailer in travel essentials for the world's travelling customer.

Highlights

Operating in

1,166 units

(2020 1,174)

30 countries

Revenue

0101m

(2020: E553m)

WH Smith PLC Annual Report and Accounts 2021

High Street

High Street sells a wide range of Stationery Books, Newspapers, Magazines and Impulse products.

As at 31 August 2021, the business operated from 544 WHSmith High Street stores¹(2020: 568 stores'), located on most of the UK's significant high streets and shopping centres. We operate over 200 Post Offices from within our High Street stores, further cementing our position on the high street and at the heart of the communities we serve.

Our online digital business operates through five websites: funkypigeon.com <<http://funkypigeon.com>>, whsmith.co.uk <<http://whsmith.co.uk>>, cultpens.com <<http://cultpens.com>>, treeofhearts.co.uk <<http://treeofhearts.co.uk>> and dottyaboutpaper.co.uk <<http://dottyaboutpaper.co.uk>>.

During the year, High Street was impacted by reduced footfall as a result of the Covid-19 pandemic. In line with government guidance, we kept the vast majority of our High Street stores open throughout the lockdown periods in order to provide access to essential products and services, including Post Offices.

Our goal

to be Britain's most popular high street stationer, bookseller and newsagent.

Highlights

WHSmith Stores'

[2020 568] Revenue

£485m

(2020: £468m)

¹ Excludes one Cardmarket store 12020:3 Cardmarket stores).

WH Smith PLC Annual Report and Accounts 2021

Strategic report

Our business model and strategy to create value

WHSmith is a global travel retailer with a smaller business based on UK high streets. Our business model and strategy seeks to create value for all stakeholders through improving our profitability and cash flow to deliver sustainable returns.

Our business model

Driving like-for-like sales in existing stores through increasing average transaction value and expanding the range and number of categories we sell
Investment in store environments and layouts

A forensic store by store focus on space and category management

Winning new space and retaining existing space

Developing new formats

Expanding profitability outside of the UK

- North America
- Building critical mass in our emerging hubs
- Utilising the same space management and operational disciplines as we have in the UK

Growing InMotion. now the leading global retailer of technology stores in travel locations

Investing in digital solutions to enhance the customer experience

High Street

V!

'Our goal

To be Britain's most popular stationer. - i' bookseller and newsagent

Adopting a forensic store by store focus on space management to optimise the returns from our core categories, particularly Stationery

Driving margin growth through category mix management

Reducing our cost base to reflect our changing sales profile and productivity initiatives

Building online propositions complementary to our stores and categories: funkypigeon.com, cultpens.com and whsmith.co.uk <<http://co.uk>>

Focused use of cash

: V :

,Our goal

Disciplined approach to cash generation and capital allocation¹

Investing in the business where returns are greater than our cost of capital

Value accretive acquisitions in attractive markets with good growth prospects

Return surplus cash to shareholders through a progressive dividend policy and share buybacks

Operating responsibly

You can read more about our approach to Environmental, Social and Corporate Governance (ESG) on pages 29 to 36.

Right people and skills

You can read more about our values, employees and diversity on pages 32 to 34.

Our customers

You can read more about our markets on pages 5 and 6

Our markets

Travel

Travel sells a range of products serving customers in travel locations and in need of a convenience offer. Travel's typical customer has less time to browse and is more-interested in purchasing convenience and impulse products such as food, drink and confectionery, travel and tech accessories and souvenirs, as well as reading materials for a journey.

Travel units are typically located in high footfall locations with higher operating and occupation costs with rents paid as a percentage of sales (often subject to minimum guarantees). Travel is less affected by the Christmas trading period than high street retailers. Increased passenger traffic during the summer holiday season, particularly in airports, contributes to a summer peak in sales. Most passengers are travelling for leisure purposes.

Our main markets are in the UK (air, hospitals and rail) and in North America (air and resorts in Las Vegas). All our markets have been impacted by government actions following the outbreak of Covid-19. The rate at which passengers return to travel locations will have the biggest impact on our markets. As restrictions have eased, we have seen a return to travelling led first by domestic travel and then short-haul. Long-haul travel will be the last to recover. Most industry forecasts, for example, Airports Council International (ACI) expect passenger numbers to return to 2019 levels by 2024.

In the UK, air passenger numbers have been significantly impacted. However, as restrictions have eased, we have seen a recovery in passenger numbers. According to ACI, UK passenger numbers were down 49 per cent in October 2021 compared to 2019. This compares to down 80 per cent in October 2020 compared to October 2019. Rail passenger numbers have also been significantly impacted by government restrictions and have recovered as restrictions have eased. Concourse data from Network Rail suggests that rail passengers were down 34 per cent in October 2021 compared to October 2019. This has improved from down 65 to 70 per cent in October 2020. Hospitals are impacted by changes in the number of visitors and elective surgeries. The UK Government continues to invest in the National Health Service and in building new and extended hospitals.

In North America, due to the domestic nature of the market, airport passenger numbers have recovered quickly. Based on TSA data, passenger numbers had recovered to 84 per cent of 2019 by the end of October 2021. In Las Vegas, visitor numbers have also recovered with occupancy levels at 85 per cent of 2019 levels in September 2021.

The speed of the recovery in each market in which we operate will depend on the successful roll-out of vaccines around the world, the emergence of new variants and their response to vaccines, and the way governments choose to relax or impose restrictions in the face of these changes. Over the longer term, Travel will be impacted by macroeconomic trends and other factors which influence the number and nationality of travelling customers. These include levels of employment and investment, the cost of travelling, specific category trends such as the growth of consumable products and tech accessories, and policy intervention to tackle climate change.

WH Smith PLC Annual Report and Accounts 2021 05

Strategic report

Our markets continued

High Street

High Street sells a wide range of products in the following categories: Stationery (including greetings cards, general stationery, art and craft, and gifting), News and Impulse (including newspapers, magazines, confectionery and drinks) and Books. High Street's trading is seasonal, peaking at Christmas and in August/September for 'Back to School'.

We also have a number of online businesses:

- funkypigeon.com <<http://funkypigeon.com>> - our personalised cards and gifts site.
- whsmith.co.uk <<http://whsmith.co.uk>> - which sells a range of Stationery. Books, Magazines and Gifts.
- cultpens.com <<http://cultpens.com>> - our specialist pen site.
- treeofhearts.co.uk and dottyaboutpaper.co.uk <<http://dottyaboutpaper.co.uk>> - our specialist wedding stationery sites

These websites complement our core in-store and stationery offers and have accelerated during the Covid-19 pandemic.

High Street's performance is dependent upon overall growth in consumer spending and the levels of footfall on the UK high street. Since Covid-19, we have seen further declines in the level of footfall on UK high streets. There is a wide discrepancy in store performance depending on the location, with smaller market towns and more affluent catchments performing better than city centre locations, reflecting the level of government restrictions imposed due to Covid-19. Going forward, further lockdowns or restrictions in the UK would impact the performance of our High Street stores.

Funkypigeon.com <<http://Funkypigeon.com>> is our online personalised greeting card and gifting website. The market for greetings cards in the UK is substantial and estimated at £1.6bn' with online penetration estimated at c.15 per cent' with OC&C forecasting online growth of single cards over the next three years, taking penetration to c.20 per cent' of the card market by 2024. The UK greetings card market has been stable with a culture of sending greetings cards in the UK. with adults sending on average 20 greetings cards per person each year.

¹ Company intimates/OC&C 2019

Chairman's statement

it
We are now in a strong position to capitalise on the growth opportunities that exist in our markets."

Henry Staunton
Chairman

Despite the ongoing uncertainty throughout the financial year, the Group has delivered a robust performance. We have taken decisive actions to secure the financial position of the Group and we are now in a strong position to capitalise on the growth opportunities that exist in our markets. Within Travel, despite the significant impact on passenger numbers in the year, we have won strategically important business in the UK, with 30 technology stores won² across UK airports.

This is a significant step forward for the Group as we introduce our market-leading technology business in travel locations in the US. InMotion. to the UK. making it the largest, global technology retailer in travel locations

In addition, the growth opportunities in the North American travel market are substantial During the year, we have won some significant new business at major US airports and we are in a strong position as the market recovers.

While the easing of government-imposed restrictions had a positive impact on the Group's performance in the second half of the financial year, the Group has continued to be significantly impacted by the Covid-19 pandemic. Across our global travel business, passenger numbers have been significantly impacted. In our High Street business, we have seen a structural shift in consumer behaviour accelerated by the pandemic, resulting in reduced high street footfall. Despite these challenges, our teams have acted fast and responded to the evolving trading environment by focusing on initiatives within our control that support us in the short term and put us in a better position to emerge operationally stronger as our markets recover.

Once again, I feel immense pride for how our colleagues have responded to the pandemic and the resulting challenges. During the year, we committed to playing our part in the communities we serve to provide access to vital postal and banking services from our High Street stores with Post Offices. Similarly we kept the majority of our stores open in hospitals in order to support frontline NHS workers This would not have been possible without the extraordinary commitment of our store colleagues and I remain grateful for their outstanding contribution.

2 As at 10 November 2021

Looking ahead, value creation remains central to our plans and we will continue to invest for the longer term where we see attractive opportunities for profitable growth.

Corporate governance

Corporate governance remains an important area of focus for the Board and underpins the sustainability of our business and the achievement of our strategy. A more detailed explanation of our approach to corporate governance can be found in our Corporate governance report on pages 41 to 88. /

Sustainability

We are committed to adopting a market-leading position on responsible business practices, and seek to make a positive _ impact on the planet, the lives of our people and the communities in which we operate. This year, we met our target to reach carbon neutrality for our UK operations by 2021. We continued our work to reduce plastic packaging and ensure no deforestation from the manufacture of our stationery products. In addition, we extended our programme to provide books and reading support to disadvantaged children, continuing our work with the National Literacy Trust and others.

Further information on all aspects of our sustainability programmes can be found on pages 29 to 36.

People

It has been another challenging year for our colleagues across-the Group and I am sincerely grateful for their ongoing contribution. We have a very strong team at WHSmith and this year has proven that despite the many challenges we have faced, we have outstanding talent to lead our business.

Outlook

While we remain cautious in our approach, we are a resilient and versatile business. We are financially strong and are well placed to benefit in due course from further opportunities as our markets recover. We remain very disciplined with our capital allocation and going forward remain committed to delivering value for our shareholders

Henry Staunton
Chairman

11 November 2021

WH Smith PLC Annual Report and Accounts 2021
Strategic report

Chief Executive's review

kk

We are a financially strong Group in a robust position to emerge operationally stronger."

Carl Cowling
Group Chief Executive

Covid-19 continues to have a significant impact on the performance of the Group. Over the last year, we have worked hard throughout the world to navigate our way through the changing government restrictions in each country. The imposition and subsequent easing of lockdowns and restrictions has meant we have developed a flexible and dynamic approach to operating our stores, opening up when we had sufficient customer traffic to generate incremental cash or, in line with government guidelines, remaining open to provide essential products and services to our customers.

As at 31 October 2021, we had 1,540 stores open around the world out of a total portfolio of 1,711 stores.

Our overriding priority during the year has been the health and wellbeing of all our colleagues and customers. All stores, distribution centres and head offices had appropriate safety measures in place in line with the relevant government guidance at any one time, including social distancing measures, PPE for colleagues' use, protective screens and guidelines to limit the number of customers in store. In addition, all head office staff, having initially worked at home, are now operating a hybrid model, combining home and office working.

Group overview

Throughout the year, the trading environment remained impacted by Covid-19 with extensive restrictions in place. We focused on initiatives within our control that have supported us in the immediate term and put us in a good position to emerge operationally stronger as our markets continue to recover. These key areas of focus are:

- Securing our financial position through the new banking arrangements and convertible bond issuance announced in April 2021. This gives us a strong balance sheet, extends maturity dates to 2025 and increases our revolving credit facility to £250m.
- Driving average transaction value and sales per passenger

¹ iKfluidity is defined as cash on deposit plus undrawn facilities

² Equivalent month in 2019

- Extending our categories and ranges to reflect the specific needs of our customers in each location where we operate. For example, health and beauty products across our Travel stores and working from home and electrical accessories ranges across our High Street stores.
- Working with landlords and building on our strong relationships to create opportunities for winning new business, extending key contracts and improving the quality and location of the space where we operate. The expansion of InMotion into the UK through the winning of every technology store in UK airports is a good example of this in practice, reflecting the combination of our core travel retail expertise, strong brand and landlord relationships, and builds on the learnings from operating InMotion in the US.
- Investing capex in strategically important projects which set us up well for the future, such as our refitted stores at London Heathrow Terminal 5 and our stores at the new terminal at Manchester Airport.
- Building our internet proposition by extending ranges, investing in the websites, marketing, fulfilment and distribution and building customer engagement through social media.
- Forensic focus on costs and cash, minimising discretionary spend and managing our cash burn resulting in cash on deposit of £107m and access to £357m of liquidity¹ as at the end of October 2021.

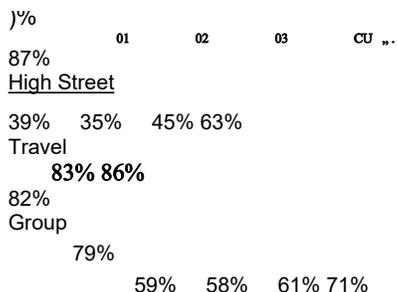
Total Group revenue as a percentage of 2019 total revenue has been

Percentage of 2019 Revenue²

FY 2021

FY 2022

9wecksto



30 October 2021

Covid-19 continued to have a significant impact on the Group. Total Group revenue at £886m (2020: £1,021m) was down 13 per cent compared to last year (which included six months pre-pandemic) and was 62 per cent of 2019³. Travel remained impacted by the government enforced travel restrictions throughout the year. However, we saw an improved performance

The Group adopted IFRS 16 Leases with effect from 1 September 2019. The Group continues to monitor performance and allocate resources based on pre-IFRS 16 (applying the principles of IAS 17) information, and therefore the results for the years ended 31 August 2021 and 31 August 2020 have been presented on both an IFRS 16 and a pre-IFRS 16 basis. Measures described as 'Headline' are presented pre-IFRS 16. For the purposes of narrative commentary on the Group's performance and financial position, both pre-IFRS 16 and IFRS 16 measures are provided. Reconciliations from pre-IFRS 16 measures to IFRS 16 measures are provided in the Glossary on page 156. Group revenue was not affected by the adoption of IFRS 16, and therefore all references to and discussion of revenue, and like-for-like revenue are based on statutory measures.

WH Smith PLC Annual Report and Accounts 2021

across all channels in the second half as restrictions were eased in most countries where we operate and which has continued into Q1 of the current financial year. We saw a consistently robust performance in High Street throughout the year, despite footfall declines, with the important December trading period at 92 per cent of 2019. Our internet businesses have continued to perform strongly.

The Headline Group loss from trading operations³ for the year was £20m (2020: loss of £43m) with Headline Group loss before tax and non-underlying items³ at £55m (2020: loss of £69m). This includes a second half performance over £110m better than the prior year. Including non-underlying items, the Headline Group loss before tax³ was £104m (2020: loss of £226m).

The Group loss before tax, after non-underlying items and including IFRS 16, was £116m (2020: loss of £280m).

On 28 April 2021, the Group announced new financing arrangements which included a £250m Revolving Credit Facility (RCF) (increased from £200m) with maturity extended to 2025. At the same time, the Group launched an offering of convertible bonds which mature in 2026. The bonds raised £327m, of which £50m was retained by the Group to fund new and existing growth opportunities, including the InMotion stores won in the UK and the further 100 stores won and yet to open in Travel. The remaining £267m was used to pay down a significant proportion of the Group's term debt with its commercial banks, which now stands at £133m with a maturity in 2025.

The Group had the following cash, committed facilities and drawn debt as at 31 August 2021 ^{31 August 2021 Maturity}

Cash and cash equivalents £130m

Facility	Amount	Maturity
Revolving Credit Facility	£250m	April 2025
Term Loan	£133m	April 2025
Convertible Bond	£327m	April 2026

As at 31 August 2021, Headline net debt³ was £291 m (2020: £301 m). We continued to focus on cash. Group free cash flow³ was an inflow of £14m (2020: outflow of £41m).

As at 30 October 2021, access to liquidity was £357m being cash on deposit of £107m and the undrawn RCF.

The Board has announced that it will not be paying a dividend in respect of the financial year ending 31 August 2021.

The Group's approach to capital allocation remains unchanged.

- investing in our existing business and in new opportunities where we see attractive rates of return ahead of the cost of capital;
- re-establishing a dividend for our shareholders;
- undertaking attractive value-creating acquisitions in strong and growing markets; and
- returning surplus capital to shareholders by way of share buybacks.

In normalised conditions, we have a leverage target of between 0.75x and 1.25x EBITDA.

³ Alternative Performance Measure defined and explained in the Glossary on page 156. £ Undrawn as at 10 November 2021

Travel performance

Covid-19 continued to significantly impact the business across our UK, North America and Rest of the World markets. This has resulted in a total Headline trading loss³ of £39m (2020: loss of £33m) in the year which is comprised of a loss of £32m in the UK (2020: loss of £1m), a profit of £6m (2020: loss of £18m) in North America and a loss of £13m (2020: loss of £0m) in the Rest of the World. Total revenue was £401 m (2020: £553m), down 27 per cent compared to last year.

In Travel, we have focused on initiatives within our control, that have supported us in the immediate term, and positioned us well to emerge operationally stronger as our markets recover. As restrictions have eased, we have seen a return to travelling, led first by domestic travel and then short-haul. Long-haul travel will be the last to recover. Most industry forecasts including Airports Council International (ACI) expect passenger numbers to return to 2019 levels by 2024.

We continue to invest in the business where we see attractive opportunities for profitable growth.

High Street performance

We have managed this business very tightly throughout the year given the uncertain trading environment, with an ongoing focus on cost control and cash generation High Street delivered a resilient performance with a full year Headline trading profit³ of £19m (2020: loss of £10m). Total revenue was up four per cent. Cost savings of £30m were delivered in the year. An additional E45m of cost savings have been identified over the next three years, of which £35m are planned for 2021/22

Environmental, Social and Corporate Governance ('ESG')

During the first half of the financial year, we launched our new sustainability strategy. Our journey to a better business', and we have continued to focus on our ESG performance.

During the year, we have met our target to reach carbon neutrality for our UK operations, reducing our energy consumption by over 60 per cent since 2007. switching to 100 per cent renewable electricity and investing in tree planting projects to neutralise residual emissions.

Over the next few years, we intend to extend this approach to our international operations and encourage our supply chain to join us on the pathway to net zero. We will be seeking independent assessment and approval of our carbon targets from the Science Based Target Initiative in the next year.

We continue to focus on more environmentally responsible sourcing practices and we have removed plastic glitter from all our own-brand ranges. This is in addition to our work to redesign and remove plastic packaging from our seasonal ranges wherever possible.

One of the greatest impacts of the pandemic has been the increasing gap in children's literacy levels We are therefore proud to continue our partnership with the National Literacy Trust at such an important time.

We are committed to continuing to play our part to address some of the key challenges facing society and the environment over the years ahead

WH Smith PLC Annual Report and Accounts 2021
Strategic report

Review of operations

Total Travel

Highlights

Revenue

£401 m

(2020: E553m] Headline trading loss'

£(39)m

(2020: £(33)m

Total revenue

(27)%

[2020:132)%

Retail selling space [sq ft 000s] and Number of stores²

kk

In Travel, we have focused on initiatives within our control that have supported us in the

9% revenue in air was 17 per cent, our hospital channel was 76 per cent, and rail was 32 per cent. This resulted in a headline trading loss of £32m (2020 loss of £1m).

While first half trading in Travel UK was impacted by lockdown restrictions, quarantine measures, and resultant reduced passengers on public transport, we saw encouraging signs of recovery across all our channels in the second half as restrictions were progressively eased. This improved performance has continued into the new financial year Revenue in September 2021 was 60 per cent. In October 2021, revenue was 71 per cent of 2019 revenue, with air at 59 per cent, hospitals at 92 percent and rail at 74 per cent.

In air, we saw a significant improvement in passenger numbers in the second half as restrictions eased and more countries were added to the UK Government's green list. We saw an improvement in our hospital performance, with higher levels of visitors, as hospitals returned to more general medical care with more elective surgeries. Similarly, we saw an improved performance in our rail business as restrictions eased over the summer months and commuter traffic increased. Since the beginning of the new financial year, we have seen a notable shift in rail passenger numbers with strong performances particularly over the weekends and an improving weekday performance, albeit still below pre-pandemic levels.

We have worked hard across all our channels to deliver against our plan, focusing on key priorities within our control. All three channels saw a double digit increase in ATV during the year.

As at 31 August 2021, Travel UK operated from 571 stores of which 518 were open as at 31 October 2021. Over the next three years, we expect to open an additional ten to 15 stores each year.

Air

In Air, where leisure passengers have been the most important customer segment before and during the pandemic, we have continued to build on our strong position in this channel, including successfully winning all the technology stores across UK airports, including London Heathrow, London Gatwick and London Stansted airports. These business wins comprise 30 stores and will trade under the InMotion brand. Combining the learnings and expertise from our InMotion stores in the US, these stores will provide a first-class customer service experience and showcase a range of premium brands, such as Apple, Bose and Samsung, as well as an extensive range of tech accessories.

As at 31 October 2021, we have eight InMotion stores trading in UK airports. These include a combined WHSmith and InMotion store at London Stansted airport which forms part of a format trial, combining under one roof a news, books and convenience offer by WHSmith with a technology range from InMotion. Similar to our flagship store at London Heathrow Terminal 2, this store boasts a large digital fascia which complements further digital signage in store, creating an attractive look and feel while promoting key offers and products. While it is still early days, there is scope to further develop this new combined format across our existing large airport stores going forward. In addition, we will launch a new reserve and collect service later this year in our new InMotion stores to provide our customers with another quick and convenient way to shop.

Technology and accessories is a strong growth market and in a fully recovered travel market we would anticipate that these stores will deliver c.£80m of incremental sales per year. Investment in capex and working capital relating to these stores in the year will be c.£18m. We expect most of the remaining stores to open by the end of the first half of the current financial year.

We have also continued to invest in our stores, develop new formats and win new business in this channel. This has included: major refits across London Heathrow Terminal 5 to our store of the future' format, the opening of three stores in the new terminal at Manchester airport in October 2021, our first shared space store with M&S Food at Liverpool Airport, the opening of a new standalone Bookshop at London Heathrow Terminal 2, and, under a franchise agreement, new Costa Coffee stores in Aberdeen and Southampton airports.

Our ongoing investment in format development puts us in a stronger position to win more new business while benefiting from higher levels of customer penetration, delivering a greater return on our space. Going forward, we expect more space to become available.

Category development remains a key part of the strategy and we have made good progress in the year, extending our ranges into new categories such as health and beauty, tech accessories, premium souvenirs and premium food trials. The premium food trials include YO! Sushi and Crush which have delivered a 25 per cent increase in ATV and have been rolled out to further stores.

As expected, we have seen a faster return of leisure passengers over the period. We saw another step change in sales over the half-term holiday in October, with sales at 70 per cent of the comparable period in 2019.

During the year, we have also successfully extended a number of key contracts.

WH Smith PLC Annual Report and Accounts 2021

Strategic report

Review of operations continued

Hospitals

The Hospitals channel is an important channel for us and it is our second largest channel by revenue in Travel UK. While sales were clearly impacted in the first half of the financial year, with no hospital visitors and elective surgeries cancelled, we saw an improvement in the second half as restrictions eased and these stores performed well. This strength in performance has extended to the new financial year with sales in October at 92 percent of 2019 levels.

The hospital market continues to grow with additional government investment and we are well placed to service the increased demand for retail services in hospitals resulting from extended operating times to compensate for department backlogs. In addition, there are considerable space opportunities for us to improve the retail offer across UK hospitals.

As at 31 August 2021 we operated from 138 stores in 100 hospitals and we believe there is scope for around 300 hospitals in the UK that are able to support at least one of

our three store formats (WHSmith, M&S Food and Costa Coffee).

This channel is a good example of how we continue to innovate with a strong proposition tailored to each location, and a broad suite of formats and brands; including most recently, our first WHSmith store with a Post Office in Travel.

As at 31 August 2021 we operated 49 M&S standalone or shared space stores across hospitals, including a recently opened M&S Cafe at St Thomas' hospital in London.

Looking ahead, we would expect to return to opening on average circa ten new stores each year in this channel over the medium term

Rail

Rail remains an attractive channel. According to the Department for Transport, pre-pandemic, rail had approximately 1.7bn passenger journeys with leisure passengers accounting for around 40 per cent of these journeys

During the year, we have seen a gradual improvement in sales as restrictions have eased Concourse data for October suggested passenger numbers in October were 66 per cent of 2019 levels. Revenue in rail in October was at 74 percent of 2019 levels.

As we have done across all our channels, we continue to focus on driving ATV and we have seen some good results with a c.25 per cent increase from expanding categories (such as premium food as we have in air) and changing store layouts.

We also continue to invest and develop new formats in this channel. We have recently opened our first shared space store ■ in rail with M&S Food at Bristol Templemeads Station. While it is still early days, both customer and landlord feedback has been positive.

In addition, we will be launching a new 'blended essentials' store at Euston Station in London later this month. This store will combine our traditional news, books and convenience offer with electrical accessories, health and beauty products and a pharmacy.

North America

We saw a strong performance from North America, where there was a steady recovery in passenger numbers and also visitors to Las Vegas over the spring and summer months. Total revenue for the year in North America was £166m (2020: £116m), with a Headline trading profit¹ of £6m (2020 loss of £18m). The Headline trading profit¹ of £6m¹ reflects the recovery in passenger numbers and tight cost control including the benefits from merging the MRG and InMotion head offices into Las Vegas.

The growth opportunities in North America are substantial. The US is the largest travel retail market in the world with annual sales, pre-pandemic, at \$3.2bn. Approximately 85 per cent of passengers are domestic, with leisure passengers the biggest segment. TSA (Transportation Security Administration) data continues to show the gradual recovery in passenger numbers week on week, with passenger numbers at the end of October 2021 at 84 per cent of 2019 levels.

MRG has a strong track record of winning new business and we have 58 new stores (including InMotion) won and due to open in North America over the next three years with 17 stores won this financial year, including significant wins at major US airports. During the year, MRG opened eight airport stores, including stores at La Guardia and San Francisco airports InMotion has an excellent store portfolio with 117 stores located across 41 airports in North America and three stores in Resorts During the year. InMotion opened seven stores, including three InMotion stores in Resort locations.

Differentiated from its competitors by its strategy of developing highly customised retail experiences tailored to local customers and landlords, which we also now use in tenders around the world, MRG has a highly successful and proven business model. The combination of WHSmith, MRG and InMotion now enables the Group to participate in the entire North American airport specialty retail market. We expect a substantial amount of retail space to be offered for tender over the next ten years

Outside of the airport business, the Resorts channel continues to be resilient. MRG are a leading player in this channel in Las Vegas and other resorts with very longstanding relationships and a significant amount of expertise The Resorts channel has similar dynamics to our Travel business with a high number of short-stay visitors who tend to stay around the Las Vegas Strip and Fremont Street areas, where most of our stores are located. This market has proven resilient as a leisure location over the summer with occupancy levels according to the Las Vegas Convention and Visitors Authority at 87 per cent of 2019 over July and August Whilst many people drive to Las Vegas, we are also seeing an increase in passenger numbers at McCarran International Airport.

¹ Alternative Performance Measure defined and explained in the Glossary on page 154

² Excludes one-off integration costs See Note 5

³ Includes proforma MRG for 2019

WH Smith PLC Annual Report and Accounts 2021

Our sales performance has reflected these trends with overall sales in North America at 90 per cent³ of 2019 levels in October. We are currently trading from 264 stores (151 MRG and 113 InMotion)

We continue to invest in digital technology to enhance the customer experience in our stores, and we will be opening our first frictionless, check-out free store in the coming weeks. The WHSmith branded store will provide US customers with a quick and easy way to shop using Amazon's Just Walk Out¹ technology

Rest of the World

Total revenue for the year in ROW was £40m (2020: £93m), down 57 per cent versus the previous year. The Headline trading loss¹ for the year was £13m (2020: loss of £14m). The ROW has seen broadly similar trends to the UK, with passenger numbers significantly down year on year. The pace of recovery has varied by geography, as expected, with Europe and the Middle East the best performing regions in the second half As we have done in Travel UK, we remain focused on areas within our control, including increasing ATV.

As this market recovers, we expect to see more space become available. Our very low market share of the News Books and Convenience market outside of the UK and NA means there is significant opportunity to grow this business further. We also see good opportunities to win new business in the technology market under our InMotion brand. We are delighted to have been awarded preferred bidder status for two InMotion stores at Dublin Airport. This win in a significant European airport will bring the total number of InMotion stores in the Rest of the World to ten

As at 31 October 2021, we had 214 stores trading (c.70 per cent of the total)

During the year we opened 17 new stores In addition, we won 21 new stores, including significant tenders at Adelaide Airport. Australia, Melbourne Airport Terminal 1 and Bali.

In total, as at 31 August 2021, we operated 304 stores (2020 307). 40 per cent are directly run, 52 per cent are franchised with the balance being joint ventures We will continue to use these three economic models flexibly in order to create value and win new business.

Strategic report

Review of operations continued

High Street

Highlights

Revenue

£485m

[2020: £468m]

Headline trading profit / (loss)¹

£19m

[2020: loss£10)m] Total revenue

+4%

[2020:

Retail selling space (sq ft 000s) and Number of stores²

During the year, we have acted quickly and taken a number of actions which means the cashflow and profits of this business are robust and sustainable."

¹ Alternative Performance Measure defined and explained in the Glossary on page 154

2 Excluding 1 Canmarket store that has not yet closed 12020:3 Cardmarkcl stores] and including branches et Guernsey and the Isle of Man

Performance review 2020/21

Our High Street business comprises our store portfolio on UK high streets and includes our websites whsmith.co.uk <<http://co.uk>>, cultpens.com and our personalised greeting cards and gifts business, <<http://funky-pigeon.com>> <<http://funky-pigeon.com>>. During the year, High Street delivered a resilient performance with Headline trading profit¹ of £19m (2020: loss of £10m) on revenue of £485m, four per cent higher than 2020. Trading profit¹ Including IFRS 16) was £36m (2020: loss of £4m). We managed the business tightly in an uncertain trading environment, keeping focused on costs and cash generation.

The market has changed significantly during the pandemic, resulting in a shift in consumer behaviour over the past 18 months. High street footfall is down 25 per cent versus 2019 levels with internet retailing growing. The speed of this change has accelerated during the pandemic. As a consequence, we have acted quickly to this changing market in a number of ways-

- We have reviewed our categories and extended them where appropriate to ensure we have greater relevance in this market and where competitors have closed. New categories include working from home ranges and tech accessories, and we have increased our ranges of cards where competition has weakened.
- We have invested in our whsmith.co.uk, funky-pigeon.com <<http://funky-pigeon.com>> and cultpens.com <<http://cultpens.com>> websites where we are seeing significant growth
- We restructured the cost base to reduce costs and also to increase the level of flexibility in our business model, for example labour costs in stores, head offices and the distribution centres, and in occupancy costs reducing rent and keeping leases short and flexible.
- We closed 24 stores over the last 12 months where leases had become uneconomic and now have a closure process where the costs of closure are largely cash neutral. While closing stores is not an easy decision to make for our colleagues or the communities we serve, it is vital we retain a strong and cash-generative high street portfolio going forward.

The strategy we have in place in our High Street business remains as relevant today as it has ever been, focusing on space and category management, increasing margins and reducing costs. Our stores are well located with 95 per cent in prime pitch locations.

We consider retail space as a strategic asset and we utilise our space to maximise return in the current year in ways that are sustainable for future years. We have extensive and detailed space and range elasticity data for every store, built up over many years and we utilise our space to maximise the return on every metre drop of display space in every store. This approach remains as appropriate today.

Driving efficiencies remains a core part of our strategy and we continue to focus on all areas of cost in the business. We achieved cost savings of £30m in the year. These savings come from right across the business, including rent savings at lease renewal (on average over 50 per cent), which continue to be a significant proportion, government business rates holiday, marketing efficiencies and productivity gains from our distribution centres.

WH Smith PLC Annual Report and Accounts 2021

An additional £45m of cost savings have been identified over the next three years of which £35m are planned for 2022

Over the years, we have actively looked to put as much flexibility into our store leases as we can, and this leaves us well positioned in the current environment. The average lease length in our High Street business, including where we are currently holding over at lease end, is under two and a half years. We only renew a lease where we are confident of delivering economic value over the life of that lease. We have c 430 leases due for renewal over the next three years, including 150 where we are holding over and in negotiation with our landlord.

As at 31 August 2021, the High Street business operated from 544 WHSmith stores² (2020: 568) which occupy 2.6m square feet (2020: 2.7m square feet). 24 WHSmith stores were closed in the year (2020: eight).

Specialist websites

During the year, we have increased our investment and focus on whsmith.co.uk <<http://co.uk>> and have seen rapid growth through investing in the site. This has included improving customer conversion and product presentation, broadening our approach to marketing; and investing in fulfilment using our Swindon Distribution Centre. This enables us to have a credible multi-channel offer which is complementary for our customers.

Our specialist pen website, cultpens.com <<http://cultpens.com>>, has continued to perform well. During the year, we have invested further in the site, adding international functionality to build on our existing international sales, and we have extended our fulfilment centre to meet demand. In addition, we have continued to focus on our luxury pen ranges with increased marketing investment in ranges such as Montblanc.

funky-pigeon.com <<http://funky-pigeon.com>> delivered a record performance in the year. Total revenue was £54m with EBITDA¹ of £14m for the year.

The market for greetings cards in the UK is substantial and estimated at £16bn³ with online penetration estimated at c.15 per cent³ with OC&C forecasting online growth of single cards over the next three years, taking penetration to c.20 per cent³ of the card market by 2024. The UK greetings card market has been stable with adults sending on average 20³ greetings cards per person each year. We therefore see significant growth opportunities with funky-pigeon.com <<http://funky-pigeon.com>>.

We continue to invest in the site. During the year, we have developed the funky-pigeon.com app to improve customer conversion, and invested in platform enhancements, including improving our customer relationship management capability. We have further extended the fulfilment capability to meet demand, supporting the significant increase in new customers over the past 18 months, with a new production facility in Swindon and leveraging the Group's existing assets. In addition, we have strengthened the management team with a new Managing Director.

We have also recently launched a new next-day delivery service, operational seven days a week, to further enhance our customer proposition. Orders placed before 9:30pm will be fulfilled the following day. This has received very positive customer feedback.

Whilst the current year will see a lower sales and EBITDA as we anniversary the lockdown periods, we believe there are substantial opportunities to grow the platform further and significantly grow sales and profits.

Outlook

The Group has responded quickly to the changing trading environment despite the challenges and uncertainties faced during the year. We have

managed our cash position well, refinanced our debt, and have sufficient liquidity to capitalise on the significant growth opportunities that have become available as a result of the pandemic

We continue to make good progress in winning new space in Travel both in the UK, North America and the Rest of the World. In UK air, we have now won 30 technology stores. These stores will trade under the brand InMotion, further strengthening our presence in this category in Travel. As well as the 117 stores in North America, these 30 InMotion stores in the UK, including at London Heathrow, London Gatwick and London Stansted airports, will make InMotion the leading technology retailer in travel locations. In addition, we are delighted to have been awarded preferred bidder status for a further two InMotion stores at Dublin Airport.

We have also made good progress investing in our existing stores, opening new formats and winning new business. We anticipate further growth opportunities across all our markets. All this puts us in a robust position to continue to recover and emerge operationally stronger from the pandemic

We are financially strong and are an important retail partner for our travel landlords. As a result, we are well positioned to benefit from further opportunities, including extending our user clauses to drive spend per passenger.

Our High Street business has delivered a robust performance and is well placed to continue to generate cash from its portfolio of well-located stores and growing internet businesses. Across our digital channels over the medium-term, we expect to see strong growth, particularly from funkypigeon.com and we are well positioned to grow this platform further.

Subject to uncertainties in our markets, which continue to be impacted by government actions, we are optimistic that we will be able to achieve 2019 sales levels in the current financial year*

Carl Cowling

Group Chief Executive

11 November 2021

3 Company eslima.es/0C4C <<http://eslima.es/0C4C>> 2019

4 Includes acquisitions and new wins

WH Smith PLC Annual Report and Accounts 2021

Strategic report

Financial review

kk

While we will continue to plan cautiously, we expect to continue to see improving trends across all our key channels."

Robert Moorhead

Chief Financial Officer and Chief Operating Officer

Group

The Group generated a Headline loss before tax and non-underlying items' of £55m (2020- £69m) and, after non-underlying items and IFRS 16, a Group loss before tax of £116m (2020: £280m) During the year, the Group received a total of £11m from the UK Government's Job Retention Scheme and similar schemes in other countries. The Group also benefited from (the business rates holiday implemented by the UK Government which was worth £40m in the year

	IFRS		Headline' pre-IFRS It	
Travel trading loss'	(29)	(1)	(32))
North America trading profit/(loss)'	2	U)	6	(18)
Total Travel trading loss'				
Rest of the World trading loss' 'High Street trading profit/(loss)'	p)	[12]	(13)	u)

High Street trading profit/loss:

(4)
 36
 19
 144) (27) (391) (33)
Group loss from trading operations'
 Unallocated costs'
18)
 (19)
131)
 117)
(20)
 (19)
 (10)

(43)
Group operating loss

Net finance costs

(27)
 124)
(39)
 (16)
148)
 120)
 117)

(60)
Group loss before tax

Non-underlying items

(51) (68) (55) (69)
 (65) (212) 149] (157)

The cash spend relating to non-underlying items in the 2021 financial year was £38m and mainly related to activity announced in 2020.

Headline* IFRS pre-IFRS 1t

See reconciliation of Headline net debt' on page 18 for the cash spend in the year ended 31 August 2021 in relation to non-underlying items.

Income statement

Headline* IFRS pre-IFRS 16

Income statement

18 5

6 9

55 13

15 25 12

135 n/a

15 25 n/a

Costs directly attributable to Covid-19

42

Impairment ID¹
 Onerous leases (2),
 Stock provisions, write-offs
 and other costs (3)
 Restructuring (4)
 Other property costs (2)
 Costs associated with
 refinancing activity (5)_

11
 9 3

14

11 9 3

14

Other non-underlying costs

Transaction costs ;

Integration costs 16) 2

Amortisation	(7) 3
157	
49 212	
Pensions past service cost (8)	65
Group loss before tax	
(116) 12801	(104) 12261

Non-underlying items'

Items which are not considered part of the normal operating costs of the business, are non-recurring and are exceptional because of their size, nature and incidence, are treated as non-underlying items and disclosed separately. As in 2020, most non-underlying items are directly attributable to Covid-19, and are detailed in the following table. Most do not impact cash.

Items 1 -5 in the above table have arisen as a direct consequence of Covid-19, and reflect the impact of lost revenues as a result of store closures, and downward revisions to budgeted revenues based on expectations of the rate of return to pre-pandemic levels of footfall and passenger numbers.

(1) Impairment of property, plant and equipment and right-of-use assets

The impact on the Group's operations of Covid-19 is expected to continue during the next year and beyond. As a result, the Group has carried out a review for potential impairment across the entire store portfolio. The impairment review compared the value-in-use of individual store cash-generating units, based on managements' assumptions regarding likely future trading performance taking into account the effect of Covid-19 to the carrying values at 31 August 2021. Following this review, a charge

1 Alternative Performance Measure defined and explained in the Glossary on page 154

WH Smith PLC Annual Report and Accounts 2021

of £ 18m (2020: £55m) was recorded for impairment of retail store assets on a pre-IFRS 16 basis, and £42m (2020: £135m) on an IFRS 16 basis which includes an impairment of right-of-use assets of £27m (2020: £95m).

(2) Onerous leases and other property costs

As a result of the impact of Covid-19, the Group has carried out a review of leases where the obligations of those leases exceed the potential economic benefits expected to be received under them. This resulted in a charge for the year of £5m (2020: £13m). This concept relates to pre-IFRS 16 numbers only and does not exist under IFRS 16.

Other property costs of £12m in the prior year relate to reinstatement liabilities for stores where the long-term viability has been impacted by Covid-19. Under IFRS 16 these costs are included in right-of-use assets and are therefore included within the impairment figure.

13) Stock provisions, write-offs and other

During the year, non-underlying provisions of £5m have been recorded against inventory, in addition to underlying provisions of £13m, and relates to dated and perishable stock and stock subject to obsolescence where the sell through rate has significantly reduced due to store closures and lower footfall. Other costs relate to international franchisees, and under IFRS 16 only, the derecognition of lease liabilities relating to the disposal of WHSmith France.

14) Restructuring costs

The charge of £9m (2020: £25m) is principally attributable to redundancies and restructuring costs following a review of store operations across our High Street business, as a result of the impact of Covid-19 on footfall on the UK high street. These costs are presented as a non-underlying item as they are part of a Board-agreed restructuring programme, and are considered material and one-off in nature.

5) Costs associated with refinancing activity

Costs associated with refinancing include £1m of non-cash charges relating to unamortised fees connected with extinguished liabilities. £3m of fees incurred in relation to amendment and extension of the Group's previous financing arrangements incurred in March 2021 prior to the issuance of the convertible bond, and £2m of professional fees relating to refinancing and debt structuring activity required as a result of Covid-19. Other fees incurred relating to refinancing activity have been recognised in underlying finance costs or recognised as a deduction from the value of liabilities recognised, and will be amortised over the period of the arrangement through underlying finance costs.

6) Integration costs

During the year, the Group incurred further costs of £2m in relation to the integration of MRG into the Group, and the merging of the InMotion and MRG corporate offices into Las Vegas, which has now been completed. In the prior year, transaction and integration costs of £20m were incurred in relation to the acquisition of MRG.

17) Amortisation of acquired intangible assets

Amortisation of acquired intangible assets primarily relates to the MRG and InMotion brands, which are recognised separately from goodwill. This amortisation is not considered to be part of the underlying operating costs of the business and has no associated cash flows.

(8) Pension past service cost

Past service cost of £14m was recognised in the prior year. This related to the equalisation of pension benefits between men and women for the period from 1 April 1992 to 29 July 1993 ('Barber equalisation').

A tax credit of £12m (2020: £25m) has been recognised in relation to the above items (£9m pre-IFRS 16 (2020: £18m)).

Net finance costs

Interest payable on bank loans and overdrafts 10

Interest on convertible bonds 4 Unwind of discount on onerous lease provisions

Interest on lease liabilities 10

24
20
16

10 4

Net finance costs

Net finance costs for the year were £ 16m (2020: £9m) with the year on year increase reflecting the refinancing activity during the year.

The interest on the convertible bonds includes the accrued coupon and c £2m on the non-cash accretion charge. Looking forward, in the current financial year ending 31 August 2022, net finance costs will include the coupon on the convertible bonds and c.£8m of non-cash debt accretion charges

The £2m non-cash unwind of discount on onerous lease provisions relates to onerous lease provisions recognised in the current and prior year as a result of Covid-19 This relates to pre-IFRS 16 only and does not exist under IFRS 16.

Lease interest of £10m arises on lease liabilities recognised under IFRS 16, bringing the total net finance costs under IFRS 16 to £24m (2020: £20m).

We expect finance costs on a pre-IFRS 16 basis to be approximately £25m in the current year, with cash finance costs approximately £10m lower than this These costs are considerably lower than had the April refinancing not occurred

Tax

The effective tax rate¹ was 47 per cent on the loss before non-underlying items made in the year [2020: 23 per cent). The effective tax rate is higher than the prior year rate due to the profile of losses incurred in the UK and overseas, and includes a credit of £8m arising on the substantive enactment of a change in UK tax rate from 19 to 25 per cent. This new law was substantively enacted on 24 May 2021.

The tax rate on the IFRS 16 Group statutory loss was 31 per cent (2020:15 per cent).

WH Smith PLC Annual Report and Accounts 2021
Strategic report

Financial review continued

During the year, the Group received a corporation tax refund of £10m following the carry back of 2020 losses against prior year profits.

Fixed Charges Cover'

	pre-IFRS 16	2020
219 169)		
167 (55)		
Headline net finance charges' , 16 9		
Net operating lease rentals (pre-IFRS 16) ' 151	151	210_

112

Total fixed charges Headline loss before tax'

150

0.7x

0.7x

Headline profit before tax and fixed changes'

Fixed charges cover - times

Net corporation tax refunded in the year was E10m (2020: E5m) following the carry back of 2020 losses against prior year profits.

34 17 14 14

Capital expenditure was £44m (2020: £79m). We continue to invest in strategically important projects, such as London Heathrow Airport Terminal 5 and the new terminal at Manchester Airport, as well as opening stores around the world. We expect capex spend for the current financial year to be around £400m.

17 17

9; 1

Cm

2021 2020

New stores and store development

Refurbished stores

Systems

79

44

Other
Total capital expenditure

Fixed charges, comprising property operating lease rentals and net finance charges, were covered 0.7 times (2020: 0.7 times) by Headline profit before tax and fixed charges.

Loss per share

Headline loss per share, before non-underlying items' was 23.7p (2020:44.2p) reflecting the reduction in the loss year on year. Loss per share, after non-underlying items and including IFRS 16. was 62.6p (2020:199.2p).

Cash flow

Free cash flow' reconciliation

Cm 2021 2020

Reconciliation of Headline net debt¹

Headline net debt' is presented on a pre-IFRS 16 basis

See Note 19 of the Financial statements for the impact of IFRS 16 on net debt¹.

As at 31 August 2021, the Group had Headline net debt' of £291 m comprising convertible bonds of £283m, term loans of £132m [net of fees]. £6m of finance lease liabilities (pre-IFRS 16) and net cash³ of £130m [2020: net debt of £301m, comprising term loan of £400m relating to the acquisition of InMotion and MRG, £9m of finance lease liabilities and net cash of £108m).

Headline*
pre-IFRS 16

(39)

50 8

Headline Group operating loss before non-underlying items'

19

Depreciation, amortisation and impairment (pre-IFRS 16)¹ Non-cash items

(44) 37 10 18)

Operating cash flow ³

Capital expenditure

Working capital (pre-IFRS 16)'

Net tax refunded

Net interest paid (pre-IFRS 16)

14

Other

Free cash flow

The free cash inflow' for the year was £14m. The operating cash inflow was £19m [2020 £3m] driven by a good trading performance from High Street. We continued to focus on managing our working capital, making appropriate buying decisions for stores we have open, and generated an inflow of £37m in the year, which also includes the working capital benefit from the improved trading over the summer.

Opening net debt Movement in year . Free cash flow Dividends Pensions

Non-underlying items

Net purchase of own shares for employee share schemes

Acquisition of businesses, net of cash acquired - MRG/InMotion

Net proceeds from placings

Equity component of convertible bond

Other

Closing net debt

Cash

Term loans (net of fees) Convertible bond Finance leases

1301)

(3) (381

121

||

i

4r (3)

(291)					
					130 (132) (283) (6)
(291)					
(180)					
					(41) (47) (3) (20)
12)					
(316) 312					
					(4)
1301)					
108 (400)					
					(9)
(3011					

- 1 Alternative Performance Measure defined and explained in the Glossary on page 15-4
- 2 Excludes cash flow impact of non-underlying items
- 3 Headline Group operating loss/profit before depreciation, amortisation and impairment (pre-IFRS Hi and other non-cash items)

18 WH Smith PLC Annual Report and Accounts 2021

In addition to the free cash flow, the Group paid defined benefit pension funding of £3m (see Note 5 on pensions); and £38m of non-underlying items which mainly relate to restructuring costs following the review of store and head office operations, as previously reported and charged to the income statement in the prior year

As part of the Group's refinancing in April 2021, the Group issued convertible bonds maturing in 2026. The convertible bonds raised £327m which was used to partially pay down the existing £400m of term loans from both the Marshall Retail Group (MRG) and InMotion acquisitions. The convertible bond is a compound instrument, which includes an equity option. As a consequence, the debt is bifurcated into an equity component, reported in equity, and a debt component. The debt component accretes up to par over the life of the bond, so for each 12 month period we will have c.£8m non-cash debt accretion in finance costs. In addition, the Group increased the RCF from £200m to £250m and extended its tenor to April 2025.

On an IFRS 16 basis, net debt was £755m, which includes an additional £464m of lease liabilities.

Balance sheet

	Headline ¹ pre-IFRS U			
	2020			
Goodwill and other intangible assets	473	493,		474 495
Property, plant and equipment	174,	192		167 190
Right-of-use assets	328	413 ¹		
687				
Investments in joint ventures	2	2	2	2
	977	1,100	643	
Inventories	135	150	135	150
<u>Working capital</u>				
(76)				
Payables less receivables	1214)	1183)	(237)	(226)
	179)	(33)	(102)	

The Group had Headline net assets of £268m before pension liabilities and associated deferred tax assets, £32m lower than last year end reflecting the lower level of capex and the impact of impairment reviews as a result of Covid-19. Headline net assets after the pension liability and associated deferred tax asset were £266m compared to £297m at 31 August 2020. Under IFRS 16 the Group had net assets of £183m

Pensions

The latest actuarial revaluation of the main defined benefit pension scheme, the WHSmith Pension Trust, was at 31 March 2020 at which point the deficit was £9m (31 March 2017 actuarial revaluation deficit of £11m). The Group has agreed a continuation of the annual funding schedule with the Trustees from March 2020 for the next five years, which includes the deficit recovery contributions and other running costs, of just under £3m per annum. During the year ended 31 August 2021, the Group made a contribution of £3m to the scheme.

The scheme has been closed to new members since 1996 and closed to defined benefit service accrual since 2007. The Liability Driven Investment

(LDI) policy adopted by the scheme continues to perform well with 100 per cent of the inflation and interest rate risks hedged.

As at 31 August 2021, the Group has an IFRIC 14 minimum funding requirement in respect of the WHSmith Pension Trust of £2m (2020: £3m) and an associated deferred tax asset of £1m (2020: £1m) based on the latest schedule of contributions agreed with the Trustees. As at 31 August 2021, the scheme had an IAS 19 surplus of £284m (2020 surplus of £268m) which the Group has continued not to recognise. There is an actuarial deficit due to the different assumptions and calculation methodologies used compared to those under IAS 19.

The IAS 19 pension deficit on the relatively small UNS defined benefit pension scheme was £1m [2020: £1m].

Net current and deferred tax ' asset	56	28	i	46	17	
940 1.081 , (7551 (851)						
559 (291)						
601 (301)						
Provisions	'	(14)	14 '	(28)	(27)	
Operating assets employed						
						230! (4)
"						1 i
						185 (3)
						1:
						268, (3)
						1
300 (4)						
1_						
297						
Net debt						
Net assets excluding pension liability						
183						
2271 266'						
Pension liability						
Deferred tax asset on pension liability						
Total net assets						

Robert Moorhead

Chief Financial Officer and Chief Operating Officer 11 November 202

Key performance indicators

Revenue (£m)

Total revenue including retail sales, wholesale sales to franchisees, and commission and fee income on concession and franchise arrangements.

Total Travel

£401 m

[2020: £553m]

High Street

£485m

[2020: £468m]

Group

£886m

[2020: £1.02m]

Headline (loss)/profit¹ (£m)

The below profit/loss measures are stated on a pre-IFRS 16 basis

Travel Headline trading loss¹

£(39)m

[2020: £133m]

High Street Headline trading profit/loss¹

£19m

[2020: £110m]

Headline Group (loss)/profit before tax and non-underlying items¹

£155)m

[2020: £169)m]

Headline Group loss per share before non-underlying items¹ (p)

Diluted and stated on a pre-IFRS 16 basis.

123.7)p

[2020: (44.2)p]

Free cash flow¹ (£m)

Free cash flow is defined as net cash inflow from operating activities before the cash flow effect of non-underlying items and pension funding, less capital expenditure. See reconciliation of free cash flow on page 18

£14m

[2020: £141 m]

Dividend per share (p)

Total dividend per share.

Nil

12020: Nil]

1 Alternative Performance Measure defined and explained in the Glossary on page ISA

20 WH Smith PLC Annual Report and Accounts 2021

Principal risks and uncertainties

Risk management framework

Our risk management framework is designed so that material business risks throughout the Group can be identified, assessed and effectively managed. This framework incorporates the following core elements-

Identify

- Risk mapping to identify emerging issues:
- Risk registers are compiled by each business function,

Assess

-Evaluating the potential impact and determining the likelihood of risk occurrence:

Mitigate - Agreeing actions to manage the identified risks and ensuring appropriate controls are in place.

Monitor - Maintaining continued oversight and tracking the effectiveness of the controls.

All principal business functions compile risk registers and summary risk maps to identify key risks, assess them in terms of their likelihood and potential impact, and determine appropriate control strategies to mitigate the impact of these risks, taking account of risk appetite. The ongoing monitoring of this framework is overseen by the respective Business Risk Committees and the Group Audit Committee.

During the year, the Board reviewed the effectiveness of the Group's risk management and internal controls systems. This review included the discussion and review of the risk registers and the internal controls across all business functions, as part of an annual exercise facilitated by the Internal Audit team. During the year, the Board also received presentations from management on specific risk areas such as the impact and actions taken in relation to Covid-19, cyber risk, international expansion, the ongoing risk monitoring processes and appropriate mitigating controls.

Board review of principal risks and uncertainties

The Board has undertaken a robust assessment of the emerging and principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Those emerging and principal risks are described on the following pages, along with explanations of how they are managed and mitigated. The Group recognises that the profile of risks constantly changes and additional risks not presently known, or that may be currently deemed immaterial, may also impact the Group's business objectives and performance. Our risk management framework is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives, and, as such, can only provide reasonable and not absolute assurance against these principal uncertainties impacting on business performance.

Changes in principal risks compared to last year

The following section summarises the principal risks and uncertainties agreed by the Board. These incorporate further information relating to the movement in the level of these risk exposures during the year, to highlight whether, in our view, exposure to each of the principal risks is increasing, decreasing or remains broadly the same. Where the consequences of the Covid-19 pandemic may impact the business, we have incorporated these considerations into our assessment in relation to each of these principal risk headings, in addition to the specific commentary provided overleaf.

WH Smith PLC Annual Report and Accounts 2021

Strategic report

Principal risks and uncertainties continued

Overriding risk impact from Covid-19

WH Smith PLC Annual Report and Accounts 2021

Changes to the risk profile due to Covid-19

The grid below explains where the potential risk implications of the pandemic link with, and impact upon, our other principal risks that are further summarised on the pages that follow.

Strategic report

Principal risks and uncertainties continued

The table below summarises our other continuing Principal risks and uncertainties. Key: Change in risk level (J) higher no change (J) lower

Piste/description Mitigation

Economic, political, competitive and market risks

The Group operates in highly competitive markets and in the event of failing to compete effectively with travel, convenience and other similar product category retailers, this may affect revenues obtained through our stores. Failure to keep abreast of market developments, including the use of new technology, could threaten our competitive position.

Factors such as the economic climate, levels of household disposable income, seasonality of sales, changing demographics, customer shopping patterns and raw material costs could impact on profit performance.

The Group may also be impacted by political developments both in the UK and Internationally such as from the UK's exit from the European Union, regulatory and tax changes, increasing scrutiny by competition authorities and other changes in the general condition of retail and travel markets. The Group's performance is dependent on the levels of consumer confidence and upon effectively predicting and quickly responding to changing consumer demands, both in the UK and Internationally. The Group conducts customer research to understand current demands and preferences in order to help translate market trends into saleable merchandise and store formats.

The Group continues to monitor the implications arising from the UK's exit from the European Union and is a member of a number of key industry bodies which provide insight and updates on this process.

Uncertainties relating to ongoing effects of Covid-19 on store trading, footfall travel restrictions and consumer confidence and shopping habits.

Brand and reputation

The WHSmith brand is an important asset and failure to protect it from unfavourable publicity could materially damage its standing and the wider reputation of the business, adversely affecting revenues. As the Group continues to expand its convenience food offer in travel locations, associated risks include compliance with food hygiene and health and safety procedures, product and service quality, environmental and ethical sourcing, and associated legislative and regulatory requirements.

The Group monitors the Company's reputation, brand standards and key service and compliance measures to ensure the maintenance of operating standards and regulatory compliance across all our operations. We undertake regular customer engagement to understand and adapt our product, offer and store environment. We operate a framework for monitoring compliance with all regulatory, hygiene and safety standards, encompassing supplier and store audits and clearly defined sourcing policies and procedures. Our corporate responsibility programme monitors our performance in respect of our key themes of the Marketplace: Workplace, Environment and impact on the Community.

' Key suppliers and supply chain management

The Group has agreements with key suppliers in the UK, Europe and the Far East and other countries in which it operates. The interruption or loss of supply of core category products from these suppliers to our stores may affect our ability to trade. Quality of supply issues may also impact the Group's reputation and impact our ability to trade.

The Group conducts risk assessments of all its key suppliers to identify alternatives and develop contingency plans in the event that any of these key suppliers fail. Suppliers are required to comply with the conditions laid out in our Supplier Code of Conduct that covers areas such as production methods, employee working conditions and quality control.

The Group has contractual and other arrangements with numerous third parties in support of its business activities. None of these arrangements alone are individually considered to be essential to the business of the Group.

Uncertainties relating to sourcing from Far East locations and distribution into our key markets.

WH Smith PLC Annual Report and Accounts 2021

Change in risk level

Store portfolio

The quality and location of the Group's store portfolio are key contributors to the Group's strategy. Retailing from a portfolio of good quality real estate in prime retail areas and key travel hubs at commercially reasonable rates remains critical to the performance of the Group.

All of High Street's stores are held under operating leases, and consequently the Group is exposed, to the extent that any store becomes unviable as a result of rental costs. Most Travel stores are held under concession agreements, on average for five to ten years, although there is no guarantee that concessions will be renewed or that Travel will be able to bid successfully for new contracts.

The Group undertakes research of key markets and demographics to ensure that we continue to occupy prime sites and identify appropriate locations to acquire new space. We maintain regular dialogue and good relationships with all our key landlords. The Group also conducts extensive customer research and analysis to gather feedback on changing consumer requirements, which is shared with landlords as part of this ongoing relationship management programme.

Business interruption

An act of terrorism or war or an outbreak of a pandemic disease, could reduce the number of customers visiting WHSmith outlets, causing a decline in revenue and profit. In the past, our Travel business has been particularly impacted by geopolitical events such as major terrorist attacks, which have led to reductions in customer traffic. Closure of travel routes both planned and unplanned, such as the disruption caused by natural disasters or weather-related events, may also have a material effect on business. The Group operates from three distribution centres and the closure of any one of them may cause disruption to the business.

In common with most retail businesses, the Group also relies on a number of important IT systems, where any system performance problems, cyber risks, or other breaches in data security could affect our ability to trade.

The Group has a framework of operational procedures and business continuity plans that are regularly reviewed, updated and tested. The Group also has a comprehensive insurance programme covering our global assets, providing cover ranging from property damage and product and public liability, to business interruption and terrorism. Back-up facilities and contingency plans are in place and are reviewed and tested regularly to ensure that business interruptions are minimised.

The Group's IT systems receive ongoing investment to ensure that they are able to respond to the needs of the business. Back-up facilities and contingency plans are in place and are tested regularly to ensure that data is protected from corruption or unauthorised use.

(?)

Interruptions occurring due to the ongoing effect of Covid-19, causing temporary closure of offices and stores.

Reliance on key personnel

The performance of the Group depends on its ability to continue to attract, motivate and retain key head office and store staff. The retail sector is very competitive and the Group's personnel are frequently targeted by other companies for recruitment.

The Group reviews key roles and succession plans. The Remuneration Committee monitors the levels and structure of remuneration for directors and senior management and seeks to ensure that they are designed to attract, retain and motivate the key personnel to run the Group successfully.

International expansion

The Group continues to expand internationally. In each country in which the Group operates, the Group may be impacted by political or regulatory developments, or changes in the economic climate or the general condition of the travel market.

The Group utilises three business models to manage risk in our overseas locations: directly run, joint venture and franchise.

The Group uses external consultants to advise on compliance with international legislative and regulatory requirements, to monitor developments that may impact our operations in overseas territories and to conduct reputational due diligence on potential new business partners. Our geographical spread of activity mitigates against the material concentration of risk in any one area.

Continued growth of international operations.

WH Smith PLC Annual Report and Accounts 2021

Strategic report

Principal risks and uncertainties continued

Change in risk level

. Cyber risk and data security

The Group is subject to the risk of systems breach or data loss from various sources including external hackers or the infiltration of computer viruses. Theft or loss of Company or customer data or potential damage to any systems from viruses, ransomware or other malware, or non-compliance with data protection legislation, could result in fines and reputational damage to the business that could negatively impact our sales. The Group employs a framework of IT controls to protect against unauthorised access to our systems and data, including monitoring developments in cyber security. This control framework encompasses the maintenance of firewalls and intruder detection, encryption of data, regular penetration testing conducted by our appointed external quality assurance providers and engagement with third party specialists, where appropriate. We have a Steering Group overseeing our approach and response to cyber risk, and monitoring our programme of ongoing compliance with the Payment Card Industry Data Security Standard and the GDPR.

Continuing increase in number of externally reported cyber attacks.

; Treasury, financial and credit risk management

The Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk are analysed further in Note 22 on page 137 of the financial statements.

The Group also has credit risk in relation to its trade and other receivables and sale or return contracts with suppliers. The Group's Treasury function seeks to reduce exposures to interest rates, foreign exchange and other financial risks, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The value of any deposit that can be placed with any approved counterparty is based on short-term and long-term credit ratings and, in accordance with the Group's treasury policy it is limited to a maximum of £75m for each approved counterparty. The Group's Treasury policies and procedures are periodically reviewed and approved by the Audit Committee and are subject to Group Internal Audit review. The Group announced a refinancing in April, where the Group issued £327m of convertible bonds. The proceeds were used to pay £267m of term debt. Heaving E133m of term debt remaining, £10m was used to pay the costs associated with the refinancing and the residual £50m was retained by the Group to fund the opening of over 100 new Travel stores won and yet to open over the next three years and new growth opportunities. As part of the refinancing, the Group also increased its committed multi-currency revolving credit facility to £250m (previously £200m), provided by an expanded syndicate of lending banks, which is due to mature in April 2025. This facility is currently undrawn.

Environment and sustainability

Our investors, customers and colleagues expect us to conduct our business in a responsible and sustainable way. Climate change is now recognised as a global emergency. Failure to deliver our stated sustainability commitments could damage our reputation, introduce higher costs and impact our ability to meet strategic objectives.

Our sustainability strategy, a Journey to a Better Business, sets out policies, objectives and action plans to address our key issues. It is overseen by Board and Executive level committees. We are taking action across the business to increase our climate resilience, have reduced carbon emissions for our UK estate to zero and have targets in place to decarbonise our international estate and supply chain. We continue to focus on more environmentally sourcing practices, reducing and redesigning packaging where possible and ensuring traceability for forestry products.

WH Smith PLC Annual Report and Accounts 2021

Assessing the impact of our principal risks on our strategic priorities

Store portfolio, Business Interruption, Reliance on key personnel, International expansion, Economic, political, competitive and market risks, Covid-19 pandemic, Treasury, financial and credit risk management, Key supplier? and supply and chain reputation management, Environment and data security, and sustainability

The table below maps our strategic priorities with our principal risks, to demonstrate where these risks may impact the ongoing achievement of these strategic priorities.

Economic, political, competitive and market risks, Covid-19 pandemic, Key supplier? and supply and chain reputation management

S S S S S

S

S

S

S

S

S

/

S

WH Smith PLC Annual Report and Accounts 2021

Strategic report

Principal risks and uncertainties continued

Viability statement

In accordance with the UK Corporate Governance Code 2018, the directors are required to issue a viability statement' declaring whether we believe the Company is able to continue to operate and meet its liabilities over a period greater than 12 months, taking into account its current position and principal risks.

The Group's strategy is highlighted on page 4. The key factors are

In Travel.

- driving like-for-like sales in existing stores through increasing average transaction value, expanding the range, and number of categories we sell.
- investing in store environments and layouts;
- a forensic store by store focus on space and category management;
- winning new space and retaining existing space;
- developing new formats;
- expanding profitably outside of the UK;
- growing InMotion. the leading global technology retailer in travel locations, and
- investing in digital solutions to enhance the customer experience.

In High Street:

- adopting a forensic store by store focus on space management to optimise the returns from our core categories, particularly stationary;
- driving margin growth through category mix management:
- reducing our cost base to reflect our changing sales profile and productivity initiatives, and
- building online propositions complementary to our stores and categories: funkypigeon.com. cultpens.com <<http://cultpens.com>> and whsmith.co.uk <<http://co.uk>>

The Strategic report incorporates plans at both the Group and operating division level The plans consider the Group's cash flows, committed funding liquidity positions, forecast future funding and key financial metrics.

A three-year period is considered the appropriate timeframe to assess the Group's prospects as it will cover the impact of the current Covid-19 pandemic and it is consistent with the Group's strategic planning and review period.

Following the Group's refinancing, announced on 28 April 2021. the balance sheet has been significantly strengthened. The refinancing arrangements included a £250m multi

-currency revolving credit facility (RCF) (increased from £200m) with an extended maturity from December 2023 to April 2025. As at 31 October 2021. the Group had not drawn down on the RCF and has £107m cash on deposit.

As part of the refinancing, the Group also raised E327m from the issue of convertible bonds, of which £50m was retained by the Group to fund the opening of over 100 new Travel stores won and yet to open over the next three years, including thirty new InMotion stores in Travel UK. The remainder of the proceeds, net of costs, was used to partially pay down the term loans from both the MRG and InMotion acquisitions, leaving the Group with a term loan of £133m. The maturity of the term loan has been extended from 2023 to 2025. in line with the RCF.

The directors have assessed the prospects of the Group over the three year period, taking into account its recent historical performance, forecasts, a robust assessment of the emerging and principal risks facing the Group and mitigating factors, all of which consider the impact of Covid-19 given its impact on the Group's trading. In assessing viability, the directors considered the position presented in the budget and three year plan recently approved by the Board (the base case') These plans include management's forecast of the financial impact of the current pandemic over the next three years.

In the context of the current challenging environment, we also used the same severe but plausible assumptions modelled as part of the going concern assessment (refer to page 103) with a return to the base case in the three year viability assessment period. Under both these scenarios the Group would continue to have sufficient liquidity headroom on its existing facilities and would meet its covenant tests

In order to understand the impact of an extreme stress test we modelled the impact of an additional ten per cent sales decline across the strategic growth areas of our business; Travel UK and North America, following the lockdown modelled within the severe but plausible scenario and without further mitigating actions. Under these extreme circumstances, whilst liquidity headroom on the existing facility exists, mitigating action would be required in order to meet the covenant tests. We consider this scenario to be highly unlikely and are confident in the Group's ability to apply mitigating actions some of which would include a reduction in capital expenditure, further restructuring and a reduction in other discretionary spend

As disclosed in the Strategic report on pages 21 to 28, the Board has undertaken a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The process of mitigating and managing these risks is described on pages 21 to 28 of the Strategic report. -

Taking account of the above matters, and the Group's current position and principal risks, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 August 2024.

WH Smith PLC Annual Report and Accounts 2021

Our journey to a better business

Our strategy

Our customers and wider stakeholders expect us to be a responsible, sustainable business. We believe we can make a meaningful contribution to a better society and a cleaner environment. We have been serving customers for nearly 230 years and, to maintain their trust, we need to adapt to shifting patterns in sustainable production and consumption and to changes in the global environment in which we operate.

WHSmith has a long-standing commitment to high standards of environmental, social and corporate governance. Our approach has played an important role in risk management, business development and delivering the expectations of our stakeholders.

Communities

Education and literacy

Supporting local causes

People

Diversity and inclusion

Human rights in our supply chain

Safety and wellbeing

Our sustainability strategy concentrates on those areas that our stakeholders have told us are important and where we believe we can make a meaningful difference. The three areas of planet, people and communities provide the framework for our activities and reporting, underpinned by a strong foundation of responsible business principles and practices. We have defined a series of objectives for each of these areas that will drive our activities at least until 2025.

Planet Climate change

Packaging and waste

Forests

Principles and responsible practice

This year, the Board has taken the decision to set up a subcommittee to monitor our ESG activities and performance. It will oversee the work of our Environmental, Social and Corporate Governance (ESG) Steering Group, chaired by our Group Chief Executive, which meets monthly to monitor progress of our sustainability activities. More detailed information, including governance, performance data and future targets, is available on our website and in our full Sustainability Report at whsmithplc.co.uk/sustainability/ <<http://whsmithplc.co.uk/sustainability/>>.

Planet

Urgent and sustained action is needed to address the threat to the health of our planet. The impacts of climate change are being felt around the world and long-term business success is dependent on a healthy and sustainable environment. Our Environmental Policy, available on our website at whsmithplc.co.uk/sustainability/ <<http://whsmithplc.co.uk/sustainability/>>, sets out our commitments to minimise our business impacts on the planet, including those relating to climate change, waste management and resource use. We regularly review progress against our objectives and targets and aim for continual improvement year on year.

Climate change

Climate change remains one of the most pressing, challenging issues facing our world and we acknowledge we need to play our part. We have a long-standing commitment to reduce carbon emissions from our operations and have been improving energy efficiency and minimising fuel use for over a decade.

We are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and continue to integrate them into our reporting. The following section also fulfils our reporting obligations in relation to 'Streamlined Energy and Carbon Reporting' (SECR).

Strategy and risk management

The Group will be required to report under the TCFD framework for the year ending 31 August 2022. In line with the TCFD's recommendations, as part of our progress towards adoption of the framework we have performed a qualitative scenario analysis of the risks and opportunities that our business may face in 2030, using two climate scenarios: a scenario where the world introduces the changes that are needed to limit global warming to below two degrees, and a scenario where policy and regulatory interventions are limited, and global warming exceeds four degrees. Our quantitative assessment is ongoing, and based on our qualitative assessment do not anticipate the impact of climate change in the short-term to be material.

Under the below two-degree scenario, there would be widespread interventions to limit global warming, including the implementation of a global carbon price at a level which results in universal change, a rapid shift in energy sector mix from fossil fuels to renewables and a reversal of global deforestation. Afforestation and a rapid growth in biofuels may lead to pressure on land for other uses. In the transport sector, electric vehicles would be widely adopted, there would be systemic improvements in operations and logistics and international fiscal and regulatory support would be increased for the use of alternative fuels for road freight and aviation.

WH Smith PLC Annual Report and Accounts 2021/22

Strategic report

Our journey to a better business continued

Our initial qualitative assessment of the main potential risks to WHSmith under a below two-degree scenario include increased operational costs from higher electricity and fuel prices caused by a higher carbon price. There could be higher trading costs for certain products because of more expensive raw materials caused by land use pressures, together with policy disincentives for carbon-intensive or unsustainable materials such as single-use plastics. Changes in consumer behaviour such as reductions in business travel could lead to lower footfall in some of our stores. A switch to lower-carbon products could lead to reduced sales of some of our current lines.

Under the four-degree scenario, the world fails to address climate change, leading to global temperatures continuing to rise to four degrees or more by the end of the century. There would be no new policy or regulatory interventions and the physical impacts of climate change would be much greater under this scenario. Winters would generally be warmer and wetter in the Northern Hemisphere and there would be more frequent extreme weather events such as heavy rainfall and heatwaves. Water scarcity would be exacerbated in many regions and many coastal cities would be inundated because of rising sea levels.

Under a qualitative assessment of a four-degree scenario, incidences of major flooding or extreme heat could have a significant impact on our warehouses, stores or distribution networks. Changes in precipitation patterns could exacerbate water scarcity, leading to shortages in key raw materials for products such as bottled drinks or paper, causing supply disruption and the potential for higher costs. There could also be higher costs to pay for renewable energy if demand outstrips supply. The pressure from customers and other stakeholders for businesses to do more are also likely to be greater.

Our initial qualitative assessment shows that both scenarios present potential financial and operational risks to WHSmith by 2030, predominantly due to increased costs. However, while these risks would need to be managed, we would not have to materially change our business model. We are taking action to manage climate-related risk by:

- investing in energy efficiency to reduce consumption, and switching to renewable sources of electricity;
- optimising route planning and logistics operations to minimise fuel consumption,
- reviewing our risk management processes to ensure they include the climate-risks identified in our scenario analysis;
- ensuring business continuity plans include any disruption from major weather events, such as flooding and extreme heat.
- factoring the impact of higher carbon prices into decisionmaking for long-term projects; and
- continuing to diversify products and packaging away from carbon-intensive single-use and hard to recycle plastic materials.

Energy management

We have taken a number of measures to improve energy efficiency in our buildings. We continue to upgrade building management systems across our estate to monitor energy consumption and to optimise energy settings for lighting, heating and air conditioning to reduce consumption, whilst maintaining a welcoming and comfortable environment for all. We are replacing our current LED lights which are coming to the end of their life with new equipment, investing in newer more efficient refrigerators and introducing aerofoils (on the front of our refrigeration units to minimise additional energy consumption to deal with cold air losses. This year, we have switched our electricity consumption in the UK to 100 per cent renewable electricity.

Climate change governance

Climate change is an important component of WHSmith's sustainability programme which includes carbon emission reduction targets for our own operations and our wider value chain. Our ESG Steering Group is responsible for climate change related issues and for monitoring performance against objectives and targets. Climate change forms part of a bi-annual update report to the Board on our sustainability activities. In addition, climate-related risks and opportunities are integrated into the management processes and reporting frameworks which feed into the Group Risk report to the Audit Committee as described on page 52. This year, the Board introduced a new ESG sub-committee, and oversight of climate change strategy will be part of its remit.

Management of climate-related risks

Identification, assessment and management of the risks from climate change follow our established risk management process, as described on page 21. Emerging climate change risks are part of the Brand and reputation principal risk on page 24 and the Business interruption principal risk on page 25. These principal risks are monitored by the Audit Committee to ensure effective management and risk mitigation through appropriate policies, processes and performance improvements.

Metrics and targets

WHSmith has a long history of reducing Scope 1 and 2 emissions in line with the trajectory needed to limit global warming to 1.5 degrees. Since 2007, we have reduced location-based Scope 1 and 2 emissions by over 60 per cent.

Last year we set a target to reduce Scope 1 and 2 emissions from our UK buildings to net zero by the end of 2021 and from our international buildings by the end of 2025. Our target included emissions reductions from energy efficiency, investment in energy saving equipment and a switch to renewable electricity. Only once all these measures had been taken, would we use investment in third party carbon removal schemes, such as afforestation, to neutralise any residual emissions. We achieved the target for our UK operations for this year (see overleaf).

Going forwards, we are amending our use of terminology to reflect the latest guidance from international standards organisations such as the Science Based Target Initiative (SBTI). Our approach is in line with a 1.5 degree reduction pathway and we will be seeking SBTi approval for our targets during the next financial year.

WH Smith PLC Annual Report and Accounts 2021

Our Scope 1 and 2 market-based carbon emissions decreased this year to 6,684 tonnes (2020: 29,695 tonnes) of CO₂e as a result of:

- a reduction in energy consumption because of store closures due to Covid-19;
- energy reduction measures such as investment in more efficient lighting and cooling systems,
- a switch to 100 per cent renewable electricity contracts for all sites where we purchase the power, and
- investment in renewable electricity certificates to negate any emissions from sites where landlords control the power supply. All certificates were provided under the Renewable Guarantees of Origin scheme, which is a UK and European regulated initiative to provide transparency to consumers about the proportion of electricity that suppliers source from renewable generation. The certificates were retired on our behalf to avoid double-counting.

Emissions from our UK operations were 2,688 tonnes (2020: 24,382 tonnes) of CO₂e. These residual emissions arise from the combustion of natural gas and to date, we have been unable to remove them completely as alternative technologies appropriate for our buildings do not yet exist. In order to neutralise these residual emissions and reduce net emissions from our UK buildings to zero, we purchased carbon reduction certificates from a Verified Carbon Standard afforestation scheme which is acting as a carbon sink for an equivalent amount of emissions to the residual emissions from our gas supply.

The largest proportion of our overall carbon footprint lies within our Scope 3 emissions and principally from the production of goods and services which we procure from our suppliers. We undertook analysis to estimate these emissions in 2019, when sales were at pre-pandemic levels and emissions were therefore higher than they have been this year. These Scope 3 emissions are more than 15 times greater than our Scope 1 and 2 emissions across our worldwide Group and a major part of our overall carbon footprint. We have set a target that by 2025, we will engage with suppliers covering 50 per cent of our carbon footprint from purchased goods and services to encourage them to have plans in place to decarbonise in line with a 1.5 degree pathway and ultimately reach net zero by 2040.

In addition to emissions from purchased goods and services, we also measure and track Scope 3 emissions from other material sources, including from the combustion of fuel for the transport of products from distribution centres to stores and from business travel.

Further information on climate change metrics and our approach is available in our Sustainability Report 2021 available on our

websitewhsmithplc.co.uk/sustainability <http://websitewhsmithplc.co.uk/sustainability>

Global greenhouse gas emissions (tonnes of CO₂e)

	2021	2020	2019
Scope 1 emissions			
Combustion of gas to heat and cool WHSmith stores, offices and distribution centres.	2,688	6,025	2,653
Percentage of emissions from UK-based operations.	100%	100%	100%
Scope 2 emissions > (market-based)			
From electricity purchased to power WHSmith stores, offices and distribution centres.	3,996	23,670	28,098
Percentage of emissions from UK-based operations	0%	78%	73%
Total Scope land 2 emissions (market-based)	6,684	29,695	30,751
Percentage of emissions from UK-based operations.	40%	82%	76%
Carbon intensity metric (tonnes CO ₂ e per £m revenue)	7.5	29.1	22.0
Total Scope land 2 emissions (market-based) after neutralisation via carbon removal certificates	3,996	29,695	30,751
Scope 2 emissions (location-based)	14,481	17,629	22,192
Scope 3 emissions [selected]			
Indirect emissions from the combustion of fuel for the transport of products from distribution centres to stores and from business travel (UK only).	3,351	4,687	6,940
Percentage of emissions from UK-based operations (UK only).	100%	100%	100%
Total	10,035	34,382	37,691

We engaged Corporate Citizenship to provide independent limited assurance of the greenhouse gas emissions data in the table above in accordance with assurance standards ISAE 3000 and 3410 Corporate Citizeships (full assurance standard is available in our Sustainability Report 2021). Emissions have been calculated using the methodology defined in the GHG Protocol Corporate Standard. We use the market-based method for calculating Scope 2 emissions for our total emissions to account for our purchasing of low-carbon energy. In previous years, we have reported Scope 2 location-based emissions and they are provided here for disclosure only. 2020 Scope 2 emissions have been restated to remove US stores which are run as franchises or joint ventures in line with the rest of our reporting. Our reporting boundary includes our operations in the UK and our directly-run international businesses where we have operational control, consistent with those included in our consolidated financial statements. Selected Scope 3 emissions are for UK only and have been calculated in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Further data and full details of the scope and methodology for reporting carbon emissions are available in our Sustainability Report 2021.

Energy consumption (MWh)

	2021	2020	2019
UK	64,737	86,782	77,619
Non-UK	7,855	9,849	12,695
Total	72,592	96,631	90,314

1 Figures for 2020 have been restated to remove US stores which are run as franchises or joint ventures in line with the rest of our reporting

Strategic report

Our journey to a better business continued

Waste management

Waste is not only damaging to the environment but adds additional cost to our business, so we are focused on reducing excess materials and maximising recycling wherever we can. In our High Street stores, we operate a recycling system which enables us to recycle most forms of waste, including cardboard, paper, plastics and metals. Waste is also segregated in our distribution centres and offices. Overall, 93 per cent of our waste was diverted from landfill during this financial year (2020- 88 per cent).

The number of food lines that we sell is growing, and we are working hard to eliminate food waste. One of the main sources of food waste is from

unsold sandwiches which have reached their use-by date. We have implemented a number of initiatives, including stock control systems to improve forecasting of chilled food sales, so that we only stock food that we expect to sell, reducing waste volumes. We operate a discounting strategy in all our stores, engaging store colleagues to reduce the price of any sandwiches that are approaching but have not yet exceeded their use-by date.

Packaging materials are designed to protect items to maintain quality and enhance product shelf life. However, excessive packaging can negatively impact the environment, because energy and raw materials such as forestry products or oil are used in the manufacturing process. Inappropriate disposal of packaging can also impact the air, land and marine environments when it is no longer needed.

We regularly review the type and quantities of packaging we use, including primary packaging of our own-brand products and the secondary packaging used to protect goods during transit and distribution. We seek to identify opportunities to minimise packaging where possible and use more environmentally-sustainable solutions such as cardboard for products, and re-usable skips for internal transfer of stock.

This year, we have redesigned the packaging for our seasonal ranges, including Christmas and Back to School, removing unnecessary packaging where possible, and switching from mixed plastics to paper, card or easier-to-recycle plastic where packaging is needed. In our own-brand products, we have also moved away from the use of loose plastic glitter that could make its way into the water or land environments. We are continuing discussions with our suppliers to look for further opportunities to reduce the quantity of materials we use.

All plain, bottled water ranges are now contained in 100 percent recycled plastic and we have introduced a much wider range of refillable water bottles into our stores. A number of our London Heathrow Airport Terminal stores now host water refilling stations, where customers can refill their re-usable water bottles free of charge.

Sustainable forestry

Paper-based products are a core part of WHSmith's business and we are committed to minimising the environmental impacts from paper sourcing for our own-brand products. We will only use recycled material or virgin (i.e. non-recycled) material from known, legal, well-managed and credibly-certified forests.

As part of our work towards this objective, and in line with the requirements of national and international timber regulations, we carry out an in-depth and rigorous assessment of supplier timber-sourcing systems. We have set recycled or certified timber materials as a minimum standard, which gives additional assurance that materials originate from low risk sources. A copy of our Sustainable Forests Policy is available on our website at whsmithplc.co.uk/sustainability <<http://whsmithplc.co.uk/sustainability>>.

Our sourcing teams work with our suppliers to help them understand our requirements and how the data they provide is needed to demonstrate that any paper, card or wood used in a WHSmith product is sourced from a certified or recycled source. We can now demonstrate through certification that 99.3 per cent of our stationery products contain materials originating from certified and recycled material, and we are aiming for 100 percent by next year.

People

Our employees and those who work for us in our supply chain and for our business partners are vital to our success. They make our business and are critical to our customers' experiences and perceptions of WHSmith. We want to attract, motivate and retain the best people to deliver great customer service and help our business to grow.

The Group employs approximately 11,000 people, primarily in the UK, and is proud of its long history of being regarded as a responsible and respected employer. We have a full suite of employee policies and further information is produced below and in our Code of Business Conduct available on our website at whsmithplc.co.uk/sustainability <<http://whsmithplc.co.uk/sustainability>>

Diversity and inclusion

WHSmith recognises that talented people are core to the success of our business, whatever their age, race, religion, gender, sexual orientation or physical ability. We are committed to promoting a culture of equality and diversity through our policies, procedures and working practices. We want to ensure that all our employees receive equal and fair treatment, and this applies to recruitment and selection, terms and conditions of employment, promotion, training, development opportunities and employment benefits. We believe in creating a culture throughout the Company that is free from discrimination and harassment and will not permit or tolerate discrimination in any form.

We have developed a new diversity and inclusion action plan to deliver our goal of creating an environment where everybody is welcome, can thrive, and is valued for their contribution. It is focused on data and systems, communication and engagement, and partnership and collaboration. We have improved the quality of data and information that we hold in relation to employee diversity and developed our internal communication processes with greater use of relatable, personal stories to cultivate a shared understanding of different perspectives.

We have signed several industry charters, committing to making progress on improving diversity and inclusion in our business. This year we became one of eight founding members of a collaboration community called Diversity in Retail, which is dedicated to increasing diversity and inclusion at all levels within organisations in the retail sector. We are also signatories to the British Retail Consortium's Diversity and Inclusion Charter.

We have a range of activities designed to promote more women into senior positions, including a balanced succession planning process. Mentoring plays a critical role in the development of our talent pipeline at all levels, providing targeted one-to-one support from a more senior role model. We

continue to work with Everywoman' who provide a host of personal development tools aimed at women, including monthly webinars, workbooks and relevant career development articles. The partnership also provides our employees with links to an external network of professional women in other organisations so that contact, connections and relationships can be made easily.

We are continuing to build our understanding of diversity and inclusion and to look at ways to increase ethnic diversity at senior levels in our organisation. We have signed the Race at Work Charter and have established a Diversity Forum, chaired by our Group Chief Executive, where employees are encouraged to provide feedback, commentary and suggestions for improving diversity and inclusion in WHSmith.

We benchmark our diversity profile versus our peers and the national average to ensure that our employee profile and that of our management team reflect our commitment to diversity. Our latest gender pay gap report can be found on our website.

In terms of equal opportunities, the Company gives full and fair consideration to applications for employment when these are received from disabled people. Should an employee become disabled when working for the Company, we will endeavour to adapt the work environment and provide retraining if appropriate so that they may continue their employment. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability.

Learning and development

Our learning and development programmes are designed to support our employees as they develop their careers. We provide a range of learning opportunities and initiatives that are designed to help our employees develop their skills and experience. These include online courses, workshops, mentoring and coaching. We review and develop these activities to ensure that they continue to meet the requirements of our business and the learning and development needs for our employees.

Individuals have regular career conversations with their managers during the year, with more formal performance reviews taking place annually. In addition to monitoring performance, we also use a model of employee potential to help us to identify, develop and retain our talent within the business.

To ensure the safety of employees and customers during the Covid-19 outbreak, we rolled out online training for all store colleagues to ensure they were fully aware of the operational changes and health and safety precautions introduced in response to the pandemic. All employees in store-based roles were required to complete and pass the training course prior to returning to work.

Employee share ownership

The Company operates an HM Revenue & Customs Approved Save-As-You-Earn share option scheme ('Sharesave Scheme') which provides employees with the opportunity to acquire shares in the Company. Approximately 660 employees participate in the scheme.

Our employees: key information

The tables below show a breakdown of the composition of the Board as at year end, and gender diversity statistics for different cohorts including all employees, both UK and non-UK based.

Gender diversity for the Board (year end headcount)

Tenure	Male/Female		
0-1 year	Male	5	63%
1-3 years	Female	3	37%
3-6 years		0	
6-9 years			
10+ years	Executive	2	25%
	Non-executive		67.5%
Group Executive Committee Members¹	Male	7	78%
	Female	2	22%
Senior managers²	Male	46	68%
	Female	22	32%
Managers³	Male	315	48%
	Female	345	52%
All employees	Male	4,052	35%
	Female	7,688	65%

1 Group Executive Committee Members are those who have responsibility for planning, directing or controlling the activities of the Company

2 Includes Group Executive Committee Members and colleagues graded at levels one and two below

3 Includes head office colleagues graded at the level below 1 plus Store Managers, Cluster Managers and Post Office Managers

Our journey to a better business continued

Safety and wellbeing

We are committed to maintaining high standards of health and safety. The management team monitors key safety performance indicators; and an Annual report detailing trends, performance and recommendations is presented to the Board. The business has a Health and Safety Committee that comprises employee representatives and professional health and safety advisers. We provide an ongoing programme for staff in stores, consisting of safety training tailored to specific roles within store that focus on key issues such as fire safety, manual handling and slips, trips and falls. A copy of our Health and Safety at Work Policy is available on our website at whsmithplc.co.uk/sustainability and is the basis for our health and safety management system which sets out our procedures and processes.

We believe that supporting the mental wellbeing of our employees is just as important as looking after their physical health and safety. Our strategy to promote mental wellbeing has three main objectives: to improve awareness and reduce stigma, to raise the level of mental health support across the business; and develop a culture which promotes good mental health.

We work in partnership with accredited organisations, such as Time to Change, and mental health charities including MQ, the mental health research charity; Place2Be, the leading national children's mental health charity, and CALM, a movement against male suicide.

We worked closely with Mental Health First Aid (MHFA) England to create a tailored approach to training and over 1,100 line managers have received a half-day MHFA awareness course. We have an equal number of mental and physical health first aiders.

This year, we also launched a new scheme in association with Salary Finance, through which employees can access free financial education and loans at lower interest rates than those offered by traditional lenders. Employees pay down their existing debts by replacing them with a single, low-interest employee loan which enables them to build a positive credit history.

Human rights

We are committed to ensuring full respect for the human rights of anyone working for us in any capacity and we are committed to ensuring there is fair and safe work for all employees throughout our supply chain. We have developed a due diligence process to make sure we are identifying and assessing any potential and actual risks, and that we are providing appropriate risk control, mitigation and remedy where needed. Our approach to human rights is laid out in our Human Rights Policy (available at whsmithplc.co.uk/sustainability) which provides further information on our due diligence processes and the minimum requirements that everyone working for and on behalf of WHSmith must meet.

We have identified six priority areas for protecting human rights in our supply chain: health and safety; freedom of association and collective bargaining, access to grievance mechanisms; working hours and overtime, preventing modern slavery and gender equality. We work with suppliers and other third parties to develop and progress targets and action plans for improvements across these areas.

We take a zero-tolerance approach to modern slavery. Our Modern Slavery Statement (available at whsmithplc.co.uk/sustainability) sets out the steps we have taken to prevent modern slavery in our own operations and supply chain.

Sourcing responsibly

One of our key social risks is the need for us to source products sustainably, ensuring that workers in our supply chain are treated well, and that their human rights are respected. WHSmith is a member of the Ethical Trading Initiative, an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our Responsible Sourcing Standards are based on the ETI Base Code and underpin our strategy and sustainable sourcing activities. We will only place orders with suppliers who are committed to working towards compliance with these standards, and we endeavour to bring about continual improvement through a programme of factory audits and ongoing engagement.

Our in-house audit and engagement team conducts audits of our own-brand suppliers at least every two years, assessing compliance with our Code of Conduct and grading suppliers Gold, Silver, Bronze and Unacceptable. We use a mix of announced and unannounced audits and a factory must be graded Bronze or above if we are to work with them. The Board reviews our responsible sourcing strategy annually, looking at our audit and engagement programmes, emerging trends and risks, targets and performance.

To supplement the information we gain from supplier audits, our team also spends a significant part of its time engaging with suppliers on an ongoing basis to build stronger and more transparent relationships. The team's engagement focuses on resolving specific issues identified during audits and on delivering wider projects to help suppliers deliver on key areas such as worker representation or health and safety. We have an independent hotline for workers to report issues they are concerned about, which we then investigate and follow up with suppliers to ensure they are addressed.

Communities

WHSmith is at the heart of communities across the UK and we are committed to making a positive impact wherever we operate. As a major retailer of books and stationery we are particularly passionate about literacy and life-long learning. We are a long-term advocate for the development of reading and writing skills and we have provided help over many years to children and young people who need additional support.

We have a long-term partnership with the National Literacy Trust, and this year we continued our support for their Young Readers' Programme, providing books and other materials for schools in socio-economically disadvantaged areas of the country. In addition, the WHSmith Group Charitable Trust provided financial support for the programme, supported by donations from WHSmith customers and employees.

This year we joined forces with the National Literacy Trust, Macmillan Children's Books and Marcus Rashford, MBE, to donate books and provide financial support to help those children most in need to develop their reading and writing skills. For every copy of Marcus's book, 'You Are a Champion: How to Be the Best You Can Be', that we sold, we agreed to gift a copy for distribution to those most unlikely to own a book of their own. We also provided an opportunity for customers to donate to help the work of the National Literacy Trust through our till points and website. The campaign has raised over 30,000 books and £40,000 in the space of a few months. We also gifted a further 1,500 books to school libraries as part of the campaign.

WHSmith continues to take a leading role in the delivery of the World Book Day initiative, which is the biggest annual celebration of books and reading in the UK. World Book Day took place this year under the continuing impact of Covid-19. Normally our stores run special events such as competitions, fancy dress and author signing sessions, but many of these had to be curtailed this year. We were still able to redeem 244,000 book vouchers enabling children to choose one of the special World Book Day books or offset the cost against any of our children's ranges of books. We also partnered with the WHSmith Trust to donate WHSmith vouchers to schools across the UK for them to choose books to increase their school library resources. Over 250 schools were helped in this way with £25,000 of vouchers being donated.

This year, through our charity partnerships, colleague and customer fundraising and in-kind donations we have donated nearly £1 million to charities and other good causes. The full extent of our community investment activity, measured in alignment with the B4SI (formerly the London Benchmarking Group) reporting model, is outlined in our Sustainability Report 2021.

Principles and responsible practice

We aim to always act with integrity, making the right decisions and demonstrating the appropriate behaviours to earn the respect of our customers and all those with whom we do business. Our Code of Business Conduct available on our website sets out how our business operates, and what is expected of every person who works for and on behalf of WHSmith. Our Code includes our policies relating to individual conduct, including anti-bribery and anti-corruption measures, conflicts of interest and data protection, as well as those relating to how we work together, including diversity and inclusion, anti-harassment and bullying and health and safety. It also sets out our business standards in relation to fair trading practices, such as pricing and marketing, quality and product safety, trade controls, competition and supply chain practices.

Anti-bribery and anti-corruption

WHSmith prides itself on its values and commitment to acting with integrity throughout the organisation and we will not tolerate bribery, corruption or extortion in any form, either within our own operations or in those businesses working on our behalf. Our Code of Business Conduct sets out in detail how those working for us should behave and what they should do if they are confronted with bribery or corruption. We require all employees and anyone working for us in any capacity to comply with the UK Bribery Act, in addition to any local anti-bribery and anti-corruption laws. Our Code states that employees or others working on our behalf must never offer or accept any kind of bribe, and that our subcontractors, consultants, agents and others we work with must have similar anti-bribery and corruption measures in place.

All employees are required to confirm that they have read and accept our Code of Business Conduct on an annual basis and are encouraged to report any suspected breaches using our confidential Speak Up helpline.

Full details of how we engage with charities and other good causes are set out in our Code of Business Conduct (available at atwhsmithplc.co.uk/sustainability)
<<http://atwhsmithplc.co.uk/sustainability>>

Non-financial reporting statement

The Journey to a Better Business section of the Annual report on pages 29 to 35 and the WHSmith Sustainability Report contain a wide range of information about the environment, employees and social matters. The table below sets out where information on non-financial reporting matters can be

round within our Annual report. Our full Sustainability Report is available on our website at whsmithplc.co.uk/sustainability <<http://whsmithplc.co.uk/sustainability>>. The due diligence arrangements for each topic are included in the respective policy documentation on our website.

Non-financial matter	Policies and standards which govern our approach	Pages	
Business model	Business model and KPIs Principal risks and uncertainties	4 and 20	21 to 28
Environmental matters	Journey to a Better Business - Planet Section 172 statement Principal risks and uncertainties 26	29 to 32 37 to 40	
Employees	Journey to a Better Business - People Section 172 statement. 37 to 40 Principal risks and uncertainties 25 Director's report 85	32 to 34	
Social matters	Journey to a Better Business - Communities Section 172 statement Principal risks and uncertainties	34 to 35 37 to 40 24 and 25	
Respect for human rights	Journey to a Better Business - People 34 Principal risks and uncertainties		24 and 25
Anti-corruption and anti-bribery matters	Journey to a Better Business - Principles and Responsible Practice 35 Principal risks and uncertainties		24 to 26
Non-financial KPIs	Our journey to a better business Remuneration Committee report	29 to 35	58 to 84
Principal risks and uncertainties	Our approach to risk management 21 Principal risks		22 to 28

Section 172(1) statement

This statement describes how the directors have had regard to the matters set out in Section 172 of the Companies Act 2006 (the Act) in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

Section 172 of the Act requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a director to have regard amongst other matters to the:

- a) likely consequences of any decisions in the long-term;
- b) interests of the company's employees,
- c) need to foster the company's business relationships with suppliers, customers and others;
- d) impact of the company's operations on the community and environment;
- e) desirability of the company maintaining a reputation for high standards on business conduct; and
- f) need to act fairly as between members of the company.

Information on how the Board operates can be found in the Corporate governance report on pages 41 to 48

Examples of how the directors have had regard to the matters set out in Section 172 when discharging their duties are set out in the following pages

Key stakeholder groups can be impacted in different ways by decisions which are taken by the Board. The directors consider that the groups listed below are the Company's key stakeholders. They are identified as those most likely to be affected by the principal decisions of the Board

- **Employees:** the people at WHSmith are its greatest resource and the strength of the business depends on committed colleagues who feel engaged, motivated and appreciated.
Our employees expect to feel valued, be rewarded fairly, treated with respect and dignity and have opportunities for personal growth and career development
- **Customers,** customers are why we exist - maintaining their loyalty and enthusiasm for our brands is critical to our success. Our customers expect that the Company offers a wide range of products at an accessible price, is responsive to their needs and trades fairly and responsibly
- **Investors:** our investors include individual and institutional shareholders and providers of debt and financial capital, such as banks and bondholders. Access to liquidity is vital to the long-term performance of the business and the Board works to ensure that the Company's investors and banks have a strong understanding of our strategy and performance. Investors want a return on their investment, delivered in a responsible and sustainable way
- **Suppliers and landlords** mutually trusted partnerships with suppliers and landlords are vital in enabling the Company to offer a wide range of quality products at affordable prices from optimal store locations. Our delivery partners look to the Company for a productive business relationship, allowing them to further their own businesses.
- **Communities and the environment:** community acceptance and respect for the environment provide us with a licence to operate. The Company is committed to operating responsibly, helping local communities and good causes where it can add the most value and minimising its impact on the environment.
- **Pensioners,** the Company is committed to ensuring that it meets its obligations to current and past employees who rely upon it to fund their pensions. The Company engages with these stakeholder groups regularly to ensure that the Board is aware of their views and interests. These stakeholder views and concerns are integral to ensuring a considered and balanced approach to the Board's decisionmaking processes

The Board accesses information from stakeholders through a number of methods including direct engagement by Board members, for example, through store visits and meetings with stakeholder groups such as employees, investors and suppliers, and indirectly through the review of reports and updates from senior executives who meet regularly with stakeholder groups

Employees

The Board engages with employees through a number of different methods.

- the Group Chief Executive and other senior executives hold regular face-to-face updates with employees on matters including the Group's strategy and business performance;
- senior executives attend business meetings throughout the year, including business executive meetings, trading meetings and risk committee meetings,
- employee engagement surveys are held regularly to gather staff views on working for WHSmith. In the Company's head offices, (the businesses run quarterly employee forums where team representatives are encouraged to raise any issues or concerns. A number of the senior executives also have direct mailboxes for employees to raise any issues, questions or concerns and these are reported to the Board by those senior executives;
- Simon Emeny is the designated non-executive director for workforce engagement and leads on ensuring effective engagement with the workforce. Simon Emeny has, during the year, joined senior executives on calls with their teams; for example, he joined Heidi Reynolds, Retail Director, High Street, on her regular Ask Heidi! call with her team and has also attended the High Street and Travel employee forums;
- during the financial year, the Group Chief Executive and other senior executives held weekly briefings via webinars for all employees. At the briefings, employees were given the opportunity to ask questions on any issues relating to the operation of the Company, including on remuneration, working conditions and performance;

Section 172(1) statement continued

- employees are given regular written updates and reminders on operational issues This year, this included regular communications on the Company's wide-ranging support programmes, such as our Employee Assistance Programme to support with counselling services, the WHSmith Benevolent Fund to support employees and their families with financial hardship and ways to access trained Mental Health First Aiders if needed; and
- the Group HR Director provides regular updates to the Board on employee-related matters, including staff retention rates, learning and development, gender pay gap, diversity and inclusion, staff surveys and workforce remuneration.

The Audit Committee has oversight of the Company's whistleblowing policy on behalf of the Board. The Company's whistleblowing helpline allows employees to raise concerns regarding misconduct and breach of the Company's policies. The Audit Committee receives reports on any matters of concern raised by employees, reviews the whistleblowing arrangements which are then discussed by the Board

The key topics and feedback that the Board obtained from our engagement with our employees this year included:

Restructuring: as a result of the ongoing impact of Covid-19 and the impact on footfall on the high street, the Board reviewed the operating structure of the High Street stores and agreed the implementation of a change programme to introduce greater in-store employee flexibility. The High Street business consulted with employees and unions/employee representative groups on the new operating structure. Following the implementation of the changes the High Street business has increased the number of sales assistants enabling the business to trade more effectively across the week.

Return to the office- after a prolonged period of home-working for many employees, some raised questions and concerns about the return to office working, and a desire for flexible working arrangements. The Board received an update from the HR Director on the Company's new approach to agile working for head office employees in advance of the Company asking employees to return to the office The Board believes that it is important to retain a balance for employees to work flexibly but at the same time maintaining the high performing culture which is important to the long term success of the Company In advance of a return to the office, employees were provided with information and guidance on these matters in order to help provide clarity in an uncertain and worrying time.

Providing a safe working environment: the safety and wellbeing of our staff continues to be a priority for the Board. The Board is very proud of our store colleagues who have done an outstanding job in serving customers. The Board oversaw the ongoing application of safety measures for all employees in line with government guidelines and advice, which include social distancing measures, PPE for colleague use, hygiene stations, protective screens at till points, enhanced cleaning and encouraged use of self-checkout or contactless payment. The Company's distribution centres continued to be operational with effective social distancing measures in place and head office staff continued to work from home, where possible The Board was updated on the Company's programmes to promote employee wellbeing, for example, through our mental health first aider programme and annual Wellbeing at Work week.

Diversity and inclusion our Diversity and Inclusion (D&I) Committee continued to receive feedback from employees on the Company's approach to equality and inclusion The Board recognises the importance of a diverse workforce and an inclusive culture The Board was updated on the Company D&I activities which took place this year and is supportive of plans for further activity in the forthcoming months.

Customers

The Company regularly listens to its customers and responds to their feedback. The Company's store teams and dedicated customer service team are in constant dialogue with customers, and ensure that customer feedback is communicated to the relevant parts of the business and taken into account as the business develops and implements its policies, operational activities and product ranges

The Board receives regular updates on customer feedback and service standards across the stores and has put systems in place to ensure that it complies with all relevant product safety legislation. During the year, the Board took all necessary steps to help ensure the safety of customers whilst visiting the stores by ensuring that the Company complied with all relevant social distancing measures The Board took the decision to keep the stores open to support the communities they serve.

Other key feedback that the Board obtained from engagement with customers related to the nature of store environments, the availability of products, value for money, online offerings, customer service and ethical trading As a result of this feedback, we have extended our categories and ranges to reflect the specific needs of our customers. The Company aims to offer customers a choice of products at competitive prices across all store formats The Board also approved new targets to reduce the environmental impact from packaging by removing it, switching to more eco-friendly options and minimising waste The Board also recognises that we will need to work with our suppliers in order to achieve our targets. You can read more about our environmental and responsible sourcing activities in the Non-financial information statement on pages 29 to 36.

Investors

The Board recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood. The Group Chief Executive and CFO/COO update the Board following meetings with major shareholders, and when requested to do so, the Chairman and non-executive directors also attend those meetings.

During the year, the Company provided updates on developments in trading in the form of stock market announcements to ensure that all shareholders were informed about the impact of Covid-19 on the business

The Company engages with investors in one-to-one meetings to discuss specific elements of the business. We communicate with shareholders through our results presentation, AGM, investor roadshows, and our investor relations department. As a result of Covid-19 restrictions we were not able to hold a physical AGM in January 2021. Notwithstanding the restrictions, the Board considered it important that all shareholders were provided with the opportunity to raise questions. To enable this, shareholders were invited to submit questions ahead of the meeting and the Directors' responses were made available on the Company's website. The next AGM will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG at 11.30 am on Wednesday 19 January 2022. The Notice of AGM 2022 is now available to view and download from our website at whsmithplc.co.uk <<http://whsmithplc.co.uk>>.

The Board receives reports and updates on shareholder relations at each meeting to ensure that the Board and its Committees are kept informed of investors' and advisers views on strategy and corporate governance

During the year, the Chairman spoke to some of Company's largest shareholders to discuss the Board's succession plan and composition of the Board. The Remuneration Committee also consulted with the Company's largest shareholders and shareholder representatives on its proposed new remuneration policy in anticipation of presenting the new policy to shareholders at the 2022 AGM. For more information, please see the Remuneration report on page 58.

A key issue for the Board during the year was the approach that it took to improve the Company's liquidity position as a result of the impact of Covid-19 on its trading and financial position, and when taking decisions, carefully considered the interests of its employees, customers, shareholders and suppliers. In April 2021, the Board consulted with shareholders, investors and banks in order to secure new financing arrangements to strengthen its balance sheet, working capital and liquidity position. The new financing arrangements include a new £250m revolving credit facility (previously £200m) with an extended maturity until April 2025 and provided by an expanded syndicate of lending banks.

In addition, the issue of a £327m convertible bond provided £50m of new capacity for the Company to fund the opening of over 100 new Travel stores won and yet to open over the next three years and new growth opportunities. The remainder of the proceeds was used to partially pay down the £400m term loans from both the Marshall Retail Group and InMotion acquisitions. The maturity of the new £133m term loan is also April 2025. You can read more about the Company's finances on pages 98 to 162.

The Board also considered the Group's capital allocation policy. The Board reviewed the trading performance and liquidity position of the Company in order to progress the Company's long-term strategy and manage any ongoing Covid-19 disruption. The Board looked at the increased need for capital expenditure in respect of new store wins and the likely recovery of travel in the UK, North America and the other markets in which we operate during the year. The Board recognises the importance of providing our shareholders with consistent and reliable dividend returns but, with so much uncertainty around the course of the pandemic and its economic effects, the Board believed it was sensible and appropriate to suspend the payment of dividends to shareholders for the duration of the financial year ended 31 August 2021 to protect the Company's balance sheet. The Board will continue to keep its capital allocation policy under review.

More information on how the Board engages with its shareholders can be found in the Corporate governance report on pages 47 and 48

Suppliers/landlords

The Board is provided with information about key suppliers as and when relevant to Board discussions, including when approval of material contracts/leases is required. The Company aims to be a trusted partner for suppliers and landlords, with established policies covering the way in which we transact with them. The Company engages with its suppliers and landlords in a number of ways including

- direct engagement via individual supplier and landlord meetings;
- supplier conferences for major groups of suppliers such as trade suppliers for individual businesses or geographies, or suppliers of Goods Not for Resale, and
- supplier feedback surveys

The Company has a well-established ethical trade programme aimed at improving labour standards for workers in our supply chain and to ensure that our products are sourced responsibly. The Board receives an annual update from the Company's Head of Sustainability on how the Company is meeting its obligations and to ensure the Board is kept informed of developing best practice.

The Board has ensured that the Company has maintained a dialogue with suppliers and landlords to mitigate disruption and understand their concerns as a result of Covid-19. The Company continued to pay most of its suppliers and landlords during the year in accordance with agreed contractual terms or negotiated rent deals. The Board will also ensure that the Company will continue to work closely with our suppliers to manage any changes in the supply chain as a result of Brexit.

This year, the Board approved a target to reduce our Scope 3 emissions by engaging with suppliers representing approximately 50 per cent of our emissions to ensure they have plans in place to decarbonise in line with a science-based target to maintain global warming to 1.5°C. The Company also continues to work with suppliers to reduce waste from packaging and from single-use plastics. This year, we worked with suppliers of packaging for our online business to ensure materials were plastic free and fully recyclable.

The Board also continued to explore new business opportunities during the year. We worked with our UK Airport landlords to win 30 technology stores across all UK airports. These stores will trade under the InMotion brand, the Company's market-leading US technology business in travel locations which was acquired in November 2018. Combining our learnings and expertise from North America, these stores will provide Airport passengers with a superior customer service experience and a combination of premium products from brands such as Apple, Bose and Samsung, as well as an extensive range of tech accessories. The Board believes that in a fully recovered travel environment these stores will deliver significant shareholder returns.

Community and environment

The Board places great importance on ensuring that the Company helps community groups and good causes that are closely aligned with the business, and that it operates in a way which minimises the impact on the environment. Engagement with community groups and others includes:

- regular meetings with key charity partners, including the National Literacy Trust, mental health charity partners and other charity community organisations located close to our stores.
- engagement through meetings, correspondence and survey responses with non-governmental organisations, trade bodies and others with an interest in community and environmental activities, including the Ethical Trade Initiative, WWF and CDP, and
- questions, views and concerns through the corporate.responsibility@whsmith.co.uk <mailto:corporate.responsibility@whsmith.co.uk> inbox which is available for anyone to make contact with the Company on any issues relating to community or the environment.

The Board received regular updates on the Company's key community and environment activities from the Head of Sustainability. This year, the Board reviewed progress against the objectives defined in the Company's sustainability strategy approved by the Board last year, which relate to the most important environmental and social issues for the business. These include a science-based target for carbon emissions in line with reductions required to limit global warming to 1.5°C, and reaching net zero for Scope 1 and 2 emissions by 2025. The Board also took the decision to create a new Committee which will help us manage our sustainability strategy, our Journey to a Better Business across the three themes of Planet, People and Communities. You can read more about the work of the ESG Committee on page 29. Further details are provided in our 2021 Sustainability Report available at [whsmithplc.co.uk/ <http://whsmithplc.co.uk/>investors/results-reports-and-presentations/corporate-responsibility-reports](http://whsmithplc.co.uk/investors/results-reports-and-presentations/corporate-responsibility-reports)

The Board also decided to continue with the long-term focus on children's literacy and to work in partnership with others to tackle inequalities in the ability of children to read and write. It endorsed the launch of a partnership between the Company, the National Literacy Trust and Macmillan Children's Books, supported by Marcus Rashford MBE, to ensure every child in the United Kingdom has access to a book of their own.

Further details are provided in the Strategic report on pages 34 to 35.

Defined benefit pension fund

During the year, the Board engaged with the Trustees of the WHSmith Pension Trust, who have a fiduciary duty to the members and beneficiaries of the Company's defined benefit pension scheme, to ensure that the scheme is sufficiently funded. The CFO/C00 and the Finance Director - Group regularly meet with the Chair of the Trustees and attend the Trustee meetings to report on annual and interim results. The Board agreed with the Trustees, the latest triennial valuation, and funding plan to ensure that the Company's defined benefit pension scheme remains well-positioned to meet its liabilities.

This Strategic report was approved by the Board on 11 November 2021.

ive
Carl Cowling
Group Chief Executive

11 November 2021

On behalf of the Board

ii

The Board is committed to achieving the highest standards of corporate governance."

Henry Staunton
Chairman

Board role and effectiveness

The Board of the Company is committed to achieving the highest standards of corporate governance. As Chairman, my role is to run the Board to ensure that the Company operates effectively and ensure that the Board works collaboratively and has the right balance of skills, knowledge, independence and experience to assess, manage and mitigate risks.

This report, which forms part of the Directors' report, provides details of how the Company has applied the principles of, and complied with, the UK Corporate Governance Code 2018 (the Code) A copy of the Code is available publicly from frc.org.uk <<http://frc.org.uk>>.

Culture

We have been serving customers through our presence in town centres, travel hubs and hospitals for over 225 years, providing a retail destination of choice and a sense of community for thousands of customers every day. We have a presence in 30 countries, employ 11,000 employees, source products from thousands of suppliers and play an important part in creating vibrant and sustainable local economies.

We recognise we have an obligation to grow our business sustainably, providing financial returns for our shareholders, whilst maintaining high standards of environmental stewardship and social equity. In delivering these obligations, it is important that our employees, business partners and suppliers are able to make the right decisions. We support them with a strong values-based culture, ongoing training and development, and a solid foundation of responsible business governance, policies and programmes. You can read more about our culture on page 46.

Stakeholder engagement

As a Company, we have a long-standing commitment to high standards of corporate responsibility, which includes considering the interests of a broad stakeholder group in making business decisions. The Board remains focused on all our stakeholders, including our workforce, customers, shareholders and the communities we are part of. You can read about our engagement with shareholders on pages 47 and 48. our commitments to customers, workforce and community matters on pages 29 to 40 and our approach to rewarding our workforce in the Remuneration report on page 67.

There are already a number of effective employee engagement processes in place across the Group, including the employee satisfaction survey and employee forums. Simon Emeny is the designated non-executive director for workforce engagement and leads on ensuring effective engagement with the workforce. Simon Emeny attended a number of employee forums throughout the year to gain a better understanding of their views and concerns. Simon Emeny met the Group HR director to review the outcomes from the satisfaction survey. Feedback relating to workforce engagement has been reported to the Board and Committees. Section 172 of the Companies Act 2006 (the Act) sets out that a director should have regard to stakeholder interests when discharging their duty to promote the success of the Company. You can read how the Board has had regard to Section 172 of the Act on pages 37 to 40

Creation of an ESG Committee

In order to help us manage our sustainability strategy, our Journey to a Better Business across the three themes of Planet, People and Communities and ensure that it is central to what we do, we took the decision to create a new Committee which will assist the Board in providing oversight of the implementation of the strategy. You can read more about the ESG Committee on page 48.

Board changes

The Board has continued to give extensive thought to the rotation of long-serving directors given the ongoing impact of Covid-19 on the Company. As part of the succession plan, Suzanne Baxter, who was the Chair of the Audit Committee, stepped down from the Board at the Company's Annual General Meeting (AGM) in January 2021. Annemane Durbin, Chair of the Remuneration Committee, who will have served on the Board for nine years will step down from the Board at the Company's AGM in January 2022. During the year, the Board appointed Nicky Dulieu and Kal Atwal as non-executive directors. Nicky Dulieu replaced Suzanne Baxter as Chair of the Audit Committee. On 28 October 2021, the Company announced the appointment of Marion Sears who will join the Board as a non-executive director and Chair of the Remuneration Committee on 1 February 2022.

WH Smith PLC Annual Report and Accounts 2021 41

Corporate governance

Corporate governance report continued

The Company has commenced a search for my replacement and, at the request of the Board, I have agreed to stay on until my successor is appointed in 2022. The Board believes that this staggered approach to replacing long-standing directors is in the best interests of the Company and its shareholders as it will allow the Board to refresh itself whilst at the same time retaining valuable expertise and knowledge as the Company looks to recover from the impact of Covid-19.

I would like to thank Annemarie for her valuable contribution and strong commitment to the Company.

Covid-19 response

Unfortunately, as with the wider economy and society more generally, the Company and its stakeholders have continued to be impacted by Covid-19. The Board has, throughout this crisis, taken decisive action in order to mitigate the impact of Covid-19 on the Company and its stakeholders. You can read more about the action the Board took as a result of Covid-19 on page 45 and the impact that Covid-19 has had on the Company in the Strategic report on pages 2 to 40

Corporate governance statement

This report, which forms part of the Directors' report, together with the Strategic report and Directors remuneration report provides details of how the Company has applied the principles of the Code.

Throughout the year ended 31 August 2021 and up to the date of this report, the Board considers that it has complied with the provisions of the Code except as follows.

1. Chairman's tenure (Provision 19): Henry Staunton's tenure as Chairman of the Company. Henry Staunton was appointed to the Board in September 2010 and became Chairman in September 2013. The Board believes that it is important to the ongoing success of the Company that Henry Staunton remains as Chairman as the Company looks to recover from the impact of Covid-19 Henry Staunton continues to provide invaluable help and support to Carl Cowling, Group Chief Executive He is continuing to help lead the recovery of the Company following the impact of Covid-19. The Board believes that Henry Staunton continues to act and perform effectively as Chairman. For these reasons, while mindful of Provision 19 of the Code that requires that the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board, the Board believes that it is in the best interests of the Company and its shareholders that Henry remains as Chairman of the Board for an extended period. The Board has commenced a search for Henry Staunton's replacement and, at the request of the Board, Henry Staunton has agreed to stay on until his successor is appointed in 2022 The Board believes that this staggered approach to replacing long-standing directors is in the best interests of the Company and its shareholders as it will allow the Board to refresh itself whilst at the same time retaining valuable expertise and knowledge as the Company looks to recover from the impact of Covid-19
2. Pension Alignment (Provision 38): The pension contributions for Carl Cowling and Robert Moorhead reflect the historical retirement benefits available to employees that joined the Company at similar times. The Board recognises that the contribution rates under these arrangements are higher than the majority of the current workforce and, as such, the pension contribution for any new executive director is now aligned with the majority of the workforce which is approximately three per cent. The pension contributions for Carl Cowling and Robert Moorhead will be reduced to align with the wider workforce rate from 1 January 2023 3. Workforce engagement on executive remuneration (Provision 41): The Remuneration Committee has a clear and transparent approach to remuneration which is set out on ' pages 58 to 84 in the Directors' remuneration report. Whilst the Company undertakes extensive engagement with employees on a wide range of issues, including remuneration, working conditions and performance of the Company, the Remuneration Committee did not directly consult with the wider workforce on executive remuneration. Details of how executive director pay is considered in the context of the wider workforce is set out on page 67 of the Directors' remuneration report.

The Company's disclosures on its application of the principles of the Code can be found on the following pages:

[See pages 41 and 42](#) [See pages 41 and 46](#) [See pages 2 to 40](#) [See pages 37 to 40](#)

Board leadership and Company purpose

Chairman's letter Purpose, values and culture Strategy

[Shareholder and stakeholder engagement](#)

Division of responsibilities

[Leadership, commitment and Board support](#) [See page 43](#)

[See pages 45 and 46](#) [See pages 54 and 55](#)

Composition, succession and evaluation

Board evaluation

Nominations Committee report

[See pages 50 and 52](#) [See pages 49 to 53](#)

Audit, risk and internal control

Risks, viability and going concern

Audit Committee report

[See pages 58 to 84](#)

Remuneration

[Directors' remuneration report](#)

The information that is required by Disclosure Guidance and Transparency Rules ('DTR') 7 2 to be contained in the Company's Corporate governance statement is included in this Corporate governance report, in the Directors' remuneration report on pages 58 to 84 and in the Directors' report on pages 25 to 27

as necessary.

Board Activities in the financial year ended 31 August 2021

Strategy

- Approval of new banking facility arrangements and issue of convertible bond
 - Oversight of Group performance against strategy and budget
 - Updates on the management of the impacts of Brexit
 - Approval of corporate responsibility strategy and report
- » [Expansion of technology and accessories stores in UK airports](#)
- > Review the strategic plans for each of the businesses

• Three-Year Plan

¹ Project approvals

• Corporate strategy updates

Covid-19

Updates on Group response to Covid-19

[Updates on ensuring the safety of customers and colleagues](#)

■ Re-consideration of strategic priorities as a result of Covid-19

Financial and Operational performance

- The Company's preliminary and interim results, trading statements and the Annual report
- Going Concern and Viability Statements
- Fair, balanced and understandable assessment
- Dividend, treasury and tax strategies

¹ Approval of the budget

> Approval of capital expenditure

Other Stakeholder Engagement

, Governance and Risk

¹ Risk framework and internal control review

¹ Regulatory compliance updates

• Litigation and disputes updates

¹ Group Delegation of Authority Policy review

■ Board evaluation process-

- Principal risks and uncertainties review
- Conflicts of Interest and new appointments
- Terms of Reference review
- Formation of ESG Committee and associated updates

U WH Smith PLC Annual Report and Accounts 2021

Covid-19

This year's results have again been severely impacted by Covid-19 and, as a result of which, the Company made a Headline loss before tax and non-underlying items' of £55m in the financial year ended 31 August 2021. You can read more about the actions the Company has undertaken on pages 8 to 19. The Company will also not pay any dividends in respect of the financial year ended 31 August 2021.

The Board took the following steps during the year in response to Covid-19:

Board actions: The Board was provided with regular updates from senior executives on all aspects of the impact of Covid-19, including the safety and wellbeing of our employees and customers, government advice, lockdowns, financing, supplier and landlord impacts, consumer behaviour and scenario planning.

The Board also received regular information on the Company's liquidity position, trading and financial data. In April 2021 the Company consulted with shareholders and banks in order to secure new financing arrangements to strengthen its balance sheet, working capital and liquidity position. The new financing arrangements include a new £250m revolving credit facility (previously £200m) with an extended maturity until April 2025 which is provided by

an expanded syndicate of lending banks. In addition, the issue of a £327m convertible bond provided £50m of new capacity for the Company to fund the opening of approximately 100 new Travel stores and yet to open over the next three years and new growth opportunities. The remainder of the proceeds was used to partially pay down the £400m term loans from both the Marshall Retail Group and InMotion acquisitions. The maturity of the new £133m term loan is also April 2025. You can read more about the Company's finances on pages 16 to 19.

Community support: During the further lockdowns during the year, the Board took the decision to keep most of the Company's High Street and hospital stores open so that we could continue as an essential retailer to serve the communities in which we operate. The Board also took all necessary steps to help ensure the safety of customers whilst visiting our stores by ensuring that we complied with all relevant social distancing measures.

Protecting our employees: The safety and wellbeing of our staff has been a priority throughout the year. We are very proud of our store colleagues who have done an outstanding job in serving our customers. Safety measures were put in place across all our stores in line with government guidelines and advice, and included social distancing measures, PPE for colleague use, hygiene stations, protective screens at till points, enhanced cleaning and encouraged use of self-checkout or contactless payment. Our distribution centres remained operational with effective social distancing measures in place and head office staff worked from home, where possible. Carl Cowling and other senior management continued to hold regular online briefings for all employees. At the briefings, employees were given the opportunity to ask questions on any issues relating to the operation of the Company.

Additionally we have provided regular

reminders to staff on our wide-ranging support plan, which includes access to trained Mental Health First Aiders and our Employee Assistance Programme which offers all employees access to free, 24/7 confidential telephone, online and face-to-face advice for problems they may be experiencing at home or work. Employees also have access to the Company's Benevolent Fund charity, which can provide financial assistance in cases of significant hardship and provide recuperative holidays and care breaks.

Board evaluation

The performance of the Board, its Committees and its individual directors is a fundamental component of the Company's success. The Board regularly reviews its own performance and carried out a formal evaluation in June 2021. The Board, in accordance with the Code, appointed an external evaluator, EquityCulture Limited, to carry out the Board evaluation this year. EquityCulture provides board evaluation services and has no other connection with the Company or any individual directors. EquityCulture have reviewed and agree with this disclosure on the Board evaluation undertaken by them. The main areas considered during the evaluation were strategy, operations and risk; succession planning; and Board and Committee meetings. The Board evaluation process was as follows: i) EquityCulture and the Chair agreed a set of questions specifically drafted for the Company's Board Evaluation. The questions were designed to focus the evaluation by Board members in a number of key areas and to cover the performance of the Board and its Committees; ii) EquityCulture used the agreed questions as the basis for interviews with each of the directors and then produced a report which compiled the results of the evaluation exercise; iii) The Chairman reviewed the results of the evaluation exercise and shared them with Board members in September 2021; and iv) in November 2021, the Board reviewed the results and agreed actions for 2022.

The results of the assessment confirmed the strength of the management of the Company, a shared focus and deep understanding of the business, a sound governance framework and practices compliant with the Code. Additionally, the culture of the Board remains very good, being open and frank, whilst also supportive and collaborative. As a result of the review, the Board agreed an action plan that will be implemented in the financial year ending 31 August 2022 and will include continued focus on executive and non-executive succession planning and the overall composition of the Board, keeping the strategy under review and focusing on the priorities of each business to deliver shareholder value; increasing focus on people issues and retention of key senior executives; and steps to improve the Board's procedures and effectiveness, including the effectiveness of the annual strategy session. The Board reviewed the agreed actions following the internally facilitated evaluation carried out in 2020 and agreed that good progress had been made in respect of these actions, including in respect of the Company's Board succession plan (most notably, the appointment of two new non-executive directors and the ongoing search for a successor to the Chairman) and improvements in the Board's procedures; for example, how the Board is updated on the key strategic

WH Smith PLC Annual Report and Accounts 2021/22

Corporate governance

Corporate governance report continued

initiatives which were identified at the Board strategy session. In addition to the Board and Committee evaluation process, the Group Chief Executive reviews the performance of the Chief Financial Officer/Chief Operating Officer (CFO/COO) and other senior executives. The Chairman reviews the performance of the Group Chief Executive.

The Chairman also undertook a rigorous review with each of the non-executive directors to assess their effectiveness and commitment to the role. During the year, the Chairman had regular meetings with the non-executive directors, without the executive directors present, to discuss Board issues and how to maintain the best possible team. The Board is satisfied that each of the non-executive directors dedicates sufficient time to the business of the Company and contributes to its governance and operations. The Senior Independent Director met the other non-executive directors to undertake a rigorous assessment of Henry Staunton's performance given that he has served as Chairman for eight years and has been on the Board for eleven years. The non-executive directors confirmed that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement or independence. The non-executive directors, taking into account the views of the executive directors, concluded that Henry Staunton continues to act and perform effectively as Chairman and demonstrates his commitment to the role.

Succession planning and culture

Under the Company's Articles of Association, directors are required to retire and submit themselves for re-election every three years and new directors appointed by the Board offer themselves for election at the next AGM following their appointment. However, in accordance with the Code, the Board has agreed that all directors wishing to be appointed will stand for election or re-election at the forthcoming AGM. At the last AGM on 20 January 2021, all the directors at that time (aside from Suzanne Baxter) stood for election or re-election and were duly elected with a range of 91.01 per cent to 99.12 per cent of votes cast by shareholders.

The Company's Articles of Association give a power to the Board to appoint directors and, where notice is given and signed by all the other directors, to remove a director from office.

During the year ahead, the Board will continue to focus on succession planning to ensure the readiness of internal candidates for all key roles across the business. The Board is committed to good governance, culture and leadership, recognising that these are key considerations for a strong, sustainable business and that the tone comes from the top. Our business model on page 4 outlines the importance of having the right people and skills; and operating responsibly. The Company's values, behaviours and culture will continue to form an important part of the Board's discussions. The Nominations Committee will continue to support the Board by ensuring that culture is built into recruitment and succession considerations.

The Board monitors the culture of the business in a number of ways, including through interaction with executives, members of the senior management team, and other employees in Board meetings and on visits to stores and other Company locations, through regular Board agenda items and supporting papers, covering risk management, internal audit reports and follow-up actions, customer engagement, health and safety, employee engagement and retention, whistleblowing and regulatory breaches; reviewing the results of staff surveys, looking at a range of employee indicators, including engagement, retention, absence, learning and development, gender pay, diversity, workforce composition and demographics, and engaging with other stakeholders, as described in the Corporate governance report. During the year, the Board was satisfied that the policy, practices and behaviour of the Board and employees were aligned with the Company's purpose, values and strategy.

The Board recognises the importance of being visible and accessible to customers and employees. During the year the non-executive directors accompanied management on site visits to the High Street and Travel stores. The Board believes that site visits provide directors with valuable insights into the business, helping to deepen their knowledge and understanding of the Company. When joining the Board, a new non-executive director typically meets individually with each Board member and senior management to give them insight into all aspects of the business, including our strategy, culture, values, sustainability, governance, and the opportunities and challenges facing the business. The Company Secretary briefs them on policies, Board and Committee procedures, and core governance practice. They visit a number of business locations and meet key advisers. They also receive induction materials including recent Board and Committee papers and minutes, strategy papers, investor presentations. Matters Reserved for the Board and the Board Committees' Terms of Reference.

During the year, Nicky Dulieu and Kal Atwal participated in an induction programme, details of which are set out below:

- access to Board papers and minutes; briefing paper on the duties of directors; Terms of Reference for Committees, Group policies and procedures including the Code of Dealing,
- meetings with senior management, including the managing directors of the Group's businesses. Group HR Director. Group Risk Director. Investor Relations and Legal Director/ Company Secretary;
- meetings with advisers; and
- store visits.

The Board considered and approved that Kal Atwal could be appointed as a non-executive director of Whitbread PLC, with effect from 1 March 2021. The Board concluded that there was no conflict in Kal Atwal being appointed to the board of Whitbread PLC and that the demands associated with a non-executive director role would not affect her commitment to the Company.

Diversity policy

The Board values diversity in all its forms, both within its own membership and at all levels of the Group. The Board is highly supportive of the initiatives the Company has in place to promote diversity throughout the business. The Board believes that diversity in its widest sense is a key component to the success of the Company and receives reports on the Company's diversity profile to ensure that our workforce reflects our commitment to diversity. The Board aims to ensure its membership, and that of the wider Group, reflects diversity in its broadest sense so that it has a combination of demographics, skills, experience, race, age, gender, education and professional background thereby providing a wide range of perspectives, insights and challenge needed to support good decision-making. The Board's diversity policy aims to ensure that the Board nominations/appointments process is based on fairness, respect and inclusion, and that the search for candidates will be conducted with due regard to the benefits of diversity. It is the Company's aim to achieve a minimum of a third of women at Board and senior levels. The Board also supports the recommendations of the Parker Review on ethnic diversity and has met the '1 by 24' target. The Board recognises that there is more to do to increase the ethnic representation across the Company. For additional information on diversity and inclusion, see pages 54 and 55. In order to improve the diversity of the Company's senior management team, the Company introduced a new recruitment policy requiring that there is a shortlist of a minimum of six candidates for each vacancy of which 50 per cent must be female and at least one must be from a black or minority ethnic background. The Remuneration Committee included the Company's compliance with this policy as a personal objective for the Group Chief Executive for the annual bonus plan in the financial year ended 31 August 2021. The Company also has a Diversity and Inclusion Committee consisting of employees from across the Group together with the Group Chief Executive and the Group HR Director. The Committee met three times during the financial year ended 31 August 2021 and made recommendations on how the Company can improve its diversity.

Further information on diversity can be found in the Nominations Committee section on pages 54 and 55 and is set out in the Employees section of the Strategic report on pages 32 to 34

Risk management

The Board has overall responsibility for (he Group's system of risk management and internal control (including financial controls, controls in respect of the financial reporting process and operational and compliance controls) and has conducted a detailed review of its effectiveness during the year to ensure that management has implemented its policies on risk and control. This review included receiving reports from management, discussion, challenge, and assessment of the principal risks.

No significant failings or weaknesses were identified from this review. In addition, the Board also received presentations from management on higher risk areas, for example, the ongoing impact of Covid-19, supply chain, risks arising from Brexit and increasing the Company's food offer. The Board has established an organisational structure with clearly defined lines of responsibility which identify matters requiring approval by the Board. Steps continue to be taken to embed internal control and risk management further into the operations of the business and to deal with areas that require improvement which come to the attention of management and the Board. Such a system is, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing emerging and principal risks faced by the Group, including those risks relating to social, environmental and ethical matters The Board undertakes a robust assessment of the emerging and principal risks. The Board confirms that the processes have been in place for the year under review and up to the date of this report and that they accord with the Financial Reporting Council (FRC) Guidance on Risk Management. Internal Control and Related Financial and Business Reporting (the Risk Management and Internal Control Guidance). The processes are regularly reviewed by the Board The principal risks and uncertainties facing the Group together with the procedures and processes for identifying, managing and the steps taken to mitigate principal and emerging risks can be found in the Strategic report on pages 21 to 28.

Further information on internal controls and risk management can be found in the Audit Committee report on pages 49 to 53

Engagement with shareholders

The Board's primary role is to promote the success of the Company and the interests of shareholders. The Board is accountable to shareholders for the performance and activities of the Group The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood. This is achieved principally through the Annual report and accounts and the AGM In addition, a range of corporate information, including all Company announcements and presentations, is available to investors on the Company's website whsmithplc.co.uk <<http://whsmithplc.co.uk>>.

Formal presentations are made to institutional shareholders following the announcement of the Company's full year and interim results. The Board recognises that the AGM is normally the principal forum for dialogue with private shareholders. All directors normally attend the AGM and are available to answer questions that shareholders may wish to raise. As a result of Covid-19, the Company did not hold a physical AGM in January 2021 but gave shareholders the opportunity to ask questions in advance of the meeting. The questions and answers were published on the Company's website (whsmithplc.co.uk/ <<http://whsmithplc.co.uk>>/response-shareholder-questions-2021-agm) At the time of writing, UK public health regulations and guidance allow us to return to an in-person meeting this year, with shareholders physically able to attend the AGM should they wish to do so. We will continue to review our AGM arrangements in light of the latest government Covid-19 guidance, and therefore shareholders are encouraged to monitor the AGM page of the Company's website www.whsmithplc.co.uk/investors/ <<http://www.whsmithplc.co.uk/investors/>>shareholder-centre/agm for any updates.

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Corporate governance report continued

The Board as a whole is kept fully informed of the views and concerns of major shareholders. The Group Chief Executive and CFO/COO update the Board following meetings with major shareholders and analysts' briefings are circulated to the Board. The Head of Investor Relations also carries out a regular programme of work and reports to the Board the views and information needs of institutional and major investors This is part of the regular contact that the Group maintains with its institutional shareholders. When requested to do so, the Chairman and non-executive directors attend meetings with major shareholders The Chairman spoke to some of the Company's largest shareholders to discuss the Board's succession plan and composition of the Board. Following the 2021 AGM, at which a significant minority of shareholders voted against the Directors' remuneration report, the Chair of the Remuneration Committee sought the views of the Company's largest shareholders and representatives in respect of the Company's new remuneration policy and Carl Cowling's salary. The feedback from those shareholders who engaged in the consultation process was supportive of the proposed changes to the Company's remuneration policy. The feedback was informative for both the Board and the Remuneration Committee when finalising the Company's remuneration policy, which will be considered by shareholders at the forthcoming AGM. and Carl Cowling's salary.

Anti-corruption

The Company has continued to enhance its policies and procedures in order to meet the requirements of the Bribery Act 2010 These policies and procedures include training for individuals to ensure awareness of acts that might be construed as contravening the Bribery Act The Group's policy on anti-bribery and corruption is included in the Company's Code of Business Conduct at whsmithplc.co.uk/sustainability <<http://whsmithplc.co.uk/sustainability>>.

Fair, balanced and understandable

The Board confirms that it considers the 2021 Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy

Discussion of the Board's assessment of the Annual report and accounts is described in the Audit Committee report on pages 51 and 52.

Board Committees

The Board delegates specific responsibilities to the Board Committees, being the Audit, ESG, Nominations and Remuneration Committees. Details of the role and responsibilities of the Audit Committee can be found on pages 49 to 53, the Nominations Committee on pages 54 and 55 and the Remuneration Committee on pages 58 to 84. The role and responsibilities of each Committee are set out in formal terms of reference which are available on the Company's website whsmithplc.co.uk.

Approvals Committee

The Approvals Committee facilitates the internal approvals process by approving matters as delegated by the Board. The Approvals Committee comprises the Group Chief Executive and the CFO/COO.

Disclosure Committee

The Disclosure Committee is responsible for ensuring compliance with the Company's obligations under MAR and the maintenance of disclosure controls and procedures. The Disclosure Committee comprises all of the directors of the Company and the Company Secretary.

ESG Committee

The ESG Committee is responsible for reviewing and approving Company strategies, policies and performance in relation to environmental, social and governance matters and ensuring those strategies are integrated with the core business strategy of the Group. The Committee is also responsible for approving key performance indicators, short-, medium- and long-term ESG targets and monitoring progress towards achievement of those targets on a regular basis. The Committee comprises a majority of independent non-executive directors. The members of the Committee are Kal Atwal (Chair), Carl Cowling, Nicky Dulieu, Annemarie Durbin, Simon Emeny, Henry Staunton and Maurice Thompson. As the first meeting of this Committee will be in November 2021, the work of this Committee will be more fully described in next year's Annual report.

Remuneration Committee

Information on the composition and activities of the Remuneration Committee can be found in the Directors' remuneration report on pages 58 to 84.

WH Smith PLC Annual Report and Accounts 2021

Audit Committee report

kk

I am pleased to present my report on the activities of the Audit Committee for the financial year ended 31 August 2021."

Nicky Dulieu
Chair of the Audit Committee

Audit Committee report

Dear Shareholder

As Chair of the Audit Committee, I am pleased to present my report on the activities of the Audit Committee for the financial year ended 31 August 2021. Our principal objectives are to oversee and assist the Board in its responsibility to produce a set of Annual report and accounts which are fair, balanced

and understandable and to provide effective financial governance in respect of the Group's financial results, the performance of both the internal audit function and the external auditors, and the management of the Group's systems of internal control, business risks and related compliance activities.

The other members of the Committee are Kal Atwal, Annemarie Durbin, Simon Emeny and Maurice Thompson, who are all independent non-executive directors. The Board considers that I have recent and relevant financial experience, as required by the Code, and that the Committee, as a whole, has competence relevant to the sector in which the Company operates. At the invitation of the Committee, the Chairman of the Board, the Group Chief Executive, the CFO/COO, the Director of Audit and Risk, representatives of the Group's senior management team and of the external auditors attend meetings. The Committee has regular private meetings with the external and internal auditors during the year.

A summary of the activities undertaken by the Committee during the year is as follows.

- considering the impact of Covid-19 on the Company and its financial results, including the asset impairment charges that have been recognised at the year end;
 - considering papers from management on the significant financial reporting judgements made in the preparation of the Interim report and the Annual report and accounts;
 - considering the Company's going concern statement and papers from management which consider the liquidity of the Group;
 - considering the Company's viability statement and papers from management, which considers the long-term viability of the Group;
 - reviewing the effectiveness of the Group's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk, including cyber security and tax,
 - monitoring the integrity of the Group's financial statements and trading statements;
-
- assessing and recommending to the Board that the Annual report is fair, balanced and understandable;
 - reviewing the Interim report and the Annual report and accounts, including, where relevant, compliance with the Listing Rules, Disclosure Guidance and Transparency Rules, Code and statutory reporting requirements and recommending those documents for Board approval;
 - considering the Company's emerging and principal risks and uncertainties and reviewing the mitigating actions that management has taken to ensure that these risks are appropriately monitored and controlled;
 - considering the Company's systems and framework of controls designed to detect and report fraud and money laundering;
 - receiving the reports from Internal Audit in respect of calls to the Company's confidential Speak Up helpline;
 - receiving reports and presentations from members of the Company's senior management and its business risk committees on areas of the Company's control and risk management processes,
 - receiving and reviewing reports from the Internal Audit and Risk teams and reviewing and agreeing their annual plans;
 - holding private meetings with the external and internal auditors;
 - considering the impact of Brexit on the Company;
 - agreeing the scope of PricewaterhouseCoopers LLP's (PwC) annual audit plans, assessing the effectiveness of the external audit process and considering the accounting, financial control and audit issues reported by PwC that flowed from their work,
 - reviewing external auditor independence and approving the policy on the engagement of PwC to supply non-audit services;
 - negotiating and agreeing the audit fee,
 - undertaking a performance review of Internal Audit and the external auditors,
 - reviewing the Company's treasury policy;
 - approval of the Group Tax Strategy;
 - receiving updates on the policies and procedures for the General Data Protection Regulation (GDPR),
 - considering and approving the report on the Company's payment practices;
 - assessing new accounting standards; and
 - reviewing the Committee's terms of reference.

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Corporate governance report continued

FRC Audit Quality Review

The Company received a letter on 27 July 2021 from the Financial Reporting Council (FRC) noting that it had carried out a review of PwC's audit of the Company's financial statements for the year ended 31 August 2020. We were pleased with the outcome of the FRC's Audit Quality Review (AQR) which reported no key findings and a number of good practice matters and the Committee concluded that it had no concerns about the quality of the 2020 audit.

Significant financial reporting issues and areas of judgement

In preparing the financial statements, there are a number of areas requiring the exercise by management of particular judgement. The Committee's role is to assess whether the judgements made by management are reasonable and appropriate. In order to assist in this evaluation, the CFO/COO presents an accounting paper to the Committee twice a year, setting out the key financial reporting judgements, and other papers as required. The main areas of judgement that have been considered by the Committee in the preparation of the financial statements are as follows-

Going concern

The Committee reviewed and challenged management's assessment of forecast cash flows for the period to 28 February 2023 including sensitivity to trading and expenditure plans, and for the potential impact of uncertainties including Covid-19 and a macroeconomic downturn. The Committee also considered the Group's financing facilities and future funding plans. Based on this, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate, with no material uncertainties.

The Committee received a report from PwC on the work undertaken to assess going concern and specifically discussed the content of the disclosures made in the going concern statement in the Annual report and the basis of preparation within Note 1 of the financial statements on page 103.

The going concern statement is set out in the Directors' report on page 87. For further information see Note 1 of the financial statements on page 103.

Impairment review of store assets

The Committee received and considered a paper from management covering the judgements made in respect of the impairment testing of the Group's property, plant and equipment and right-of-use store assets. The paper recognised that there was an increased risk of asset impairment at 31 August 2021 given that sales and cost pressures and the resultant forecast reduction of future profitability in some stores caused by Covid-19 or otherwise may adversely impact the recoverable value of assets used within the store portfolio. The Committee noted that management had considered the trading results of each store for the year and noted that where a store is loss-making and is not expected to return to profitability in the near future, an impairment charge is recognised over the assets that cannot be recycled and their value recovered through the generation of future trading profits within the store portfolio. Given that management has continued to report on the performance of the business on a pre-IFRS 16 basis within its Alternative Performance Measures alongside the statutory measures derived under IFRS 16, the paper and discussions considered impairment assessment of store assets on both bases.

The Committee challenged management on the assumptions used within the impairment models and received and discussed a paper from PwC on their work in this area, which specifically considered and reported on their challenge and assessment of the key assumptions used and that the resultant charges were allocated appropriately. The Committee was satisfied that the approach adopted by management was sufficiently robust to identify when an impairment charge of store assets needs to be recognised and how it should be assessed and reported.

Goodwill and determination of operating segments

The Committee considered a paper from management on goodwill. This set out the determination of the cash-generating units (CGUs) to which goodwill has been allocated across the Group, the carrying value of goodwill, the results of the value-in-use calculations and the outcomes from impairment testing. The Committee discussed the Company's approach to allocating goodwill between the revised operating segments of Travel UK, North America and Rest of the World. The disclosures in respect of goodwill were also reviewed.

The Committee discussed PwC's paper to the Committee which set out their work undertaken in respect of goodwill and considered the approach to the accounting, CGU determination, impairment testing and disclosure used by the Company.

Convertible bond

The Committee considered a paper from management on the accounting treatment of the convertible bond. It discussed the judgements taken in respect of the accounting treatment of the conversion option on initial recognition of the bond and the valuation methodology applied. The Committee was satisfied that the judgements taken, and the resulting accounting treatment applied, are appropriate. The Committee also considered the disclosure included by management in the Annual report and accounts.

Inventory valuation

The Committee received a paper from management on accounting for and valuation of inventory, noting in particular the impact of Covid-19 on trading. It discussed the judgements made by management, with specific consideration given to inventory provisioning (both on an underlying and non-underlying basis), including provision for out-of-date, slow moving or obsolete stock and the classification and disclosure of related charges in the income statement and financial statements. The Committee also received a paper from PwC regarding the audit work they performed over the valuation of inventory and the presentation of inventory provision charges in the income statement split between underlying and non-underlying. The Committee is satisfied that the process and judgement adopted by management for the valuation of inventory is sufficiently robust to establish the value of inventory held and is satisfied as to the appropriateness of the Company's provisioning policy and presentation of inventory provisions.

WH Smith PLC Annual Report and Accounts 2021

One-off transactions

The Committee considered the presentation of the financial statements and, in particular, the use of alternative performance measures and the presentation of non-underlying items in accordance with the Group accounting policy. This policy states that adjustments are only made to reported profit before tax in determining an alternative performance measure where charges are not considered part of the normal operating costs of the business, are non-recurring or are considered exceptional because of their size, nature or incidence. The Committee received detailed reports from management outlining the judgements applied in relation to the non-underlying costs incurred during the year. These costs were attributable to the costs arising as a result of the ongoing impact of Covid-19 on the Group including restructuring costs, asset impairment charges, the cost of writing down slow moving or obsolete inventory and costs of refinancing. This was an area of major focus for the Committee which was cognisant of the need to ensure that costs were appropriately classified and that the disclosure of the non-underlying items was sufficient for users of the financial statements to understand the nature and reason for the costs. The Committee challenged management on the nature of costs classified as non-underlying, particularly discussing the factors underpinning the Covid-19 related costs and seeking specific input from PwC. PwC outlined the details and nature of the audit work carried out by them in this area, along with their consideration of the disclosures presented by management and the appropriateness of the cost classifications adopted.

Pensions

The Committee assessed the accounting treatment adopted by management and the application of IAS 19 in relation to the WHSmith defined benefit pension scheme. The Committee considered the current evidence and judgements in respect of pension accounting, reviewed the judgements made

pension scheme. The Committee considered the current guidance and requirements in respect of pensions accounting, reviewed the judgements made in respect of the assumptions used in the valuation of the Company's obligations under the scheme and the recognition of future liabilities in respect of committed scheme contributions on the balance sheet. A detailed report on pensions accounting and related disclosures was provided by the auditor which set out the work performed including their challenge and assessment of key scheme valuation assumptions compared to their independently observed ranges.

Viability statement

The Committee reviewed the process and assessment of the Company's prospects made by management in support of its longer-term viability statement, including:

- the review period and alignment with the Company's internal plans and forecasts and with its work to support the going concern basis of presentation for the financial statements;
- the assessment of the capacity of the Company to remain viable after consideration of future cash flows, borrowings and mitigating factors; and
- the modelling of the potential financial impact of certain of the Company's principal risks materialising using severe but plausible scenarios, including the impact of Covid-19, on the Company's financial performance.

The Committee considered the viability statement and related analyses alongside its work on going concern, as set out in this report on page 50. It also discussed the clarity and appropriateness of the disclosures made within the viability statement and discussed these with PwC.

The viability statement is set out in the Strategic report on page 28.

Fair, balanced and understandable assessment

At the request of the Board, the Committee has considered whether, in its opinion, the 2021 Annual report and accounts, taken as a whole, is fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee was assisted in its review by a number of processes, including the following-

- the Annual report and accounts is drafted by senior management with overall co-ordination by a member of the Group Finance team to ensure consistency across the relevant sections,
- an internal verification process is undertaken to ensure factual accuracy;
- an independent review is undertaken by the Director of Audit and Risk to assess whether the Annual report and accounts is fair, balanced and understandable using a set of pre-defined indicators [such as consistency with internally reported information and investor communications];
- comprehensive reviews of drafts of the Annual report and accounts are undertaken by the executive directors and other senior management;
- an advanced draft is reviewed by the Board and the Company's Legal Director and, in relation to certain sections, by external legal advisers; and
- the final draft of the Annual report and accounts was reviewed by the Committee prior to consideration by the Board.

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Corporate governance report continued

In the current year, the Committee specifically considered the disclosures made in respect of the impact on the business of the Covid-19 pandemic and the presentation and explanation of the statutory and alternative performance measures. This included consideration of the use of measures derived consistently with IFRS 16 (Leases) and APMs derived on a pre-IFRS 16 basis (HAS 17). These pre-IFRS 16 APMs have been adopted to help to demonstrate the underlying, year on year performance of the business following the introduction of IFRS 16 during the prior year and its material impact on the Group's results.

Following its review, the Committee advised the Board that the Annual report and accounts, taken as a whole, was considered to be fair, balanced and understandable and that it provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Risk management and internal controls

The Committee monitors and regularly reviews the effectiveness of the Group's risk management processes and internal financial and non-financial controls. The key features of the risk management process that were in place during the year are as follows:

- each business conducts risk assessments based on identified business objectives, which are reviewed and agreed annually by the executive management of each business. Risks are considered in respect of strategy, reputation, operations, financial and compliance and are evaluated in respect of their potential impact and likelihood. These risk assessments are updated and reviewed quarterly and are reported to the Committee;
- a Group risk assessment is also undertaken by the Internal Audit team, which considers all areas of potential risk across all systems, functions and key business processes. This risk assessment, together with the business risk assessments, forms the basis for determining the Internal Audit Plan. Audit reports in relation to areas

reviewed are discussed and agreed with the Committee;

- the Internal Audit team meets annually with all senior executives, to undertake a formal review and certification process in assessing the effectiveness of the internal controls across the Group. The results of this review are reported to the Committee;
- the Committee confirmed to the Board that it has reviewed the effectiveness of the systems of internal control, including financial, operational, and compliance controls and risk management for the period of this report, in accordance with the Code and the Risk Management and Internal Control Guidance;
- the Board is responsible for approving the annual budget and the three-year plan, for approving major acquisitions and disposals and for determining the financial structure of the Company, including treasury and dividend policy. Monthly results, variances from plan and forecasts are reported to the Board,
- the Committee assists the Board in the discharge of its duties regarding the Group's financial statements, accounting policies and the maintenance of internal business, operational and financial controls. The Committee invites input and attendance from members of the senior management team of the Group at its meetings to discuss the design and operation of key business and internal controls and the assessment of risks that affect the Group. The Committee provides a link between the Board and PwC through regular meetings;
- the Company has established internal control and risk management systems in relation to the process for preparing consolidated financial statements. The key features of these systems are that management regularly monitors and considers developments in accounting regulations and best practice in financial reporting and, where appropriate, reflects developments in the consolidated financial statements. PwC also keeps the Committee apprised of these developments; the Committee and the Board review the draft consolidated financial statements. The Committee receives reports from management and PwC on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the consolidated financial statements, and provides robust and independent challenge to management where appropriate; and the full year financial statements are subject to external audit and the half-year financial statements are reviewed by the external auditor;
- the Internal Audit team advises and assists management in the establishment and maintenance of adequate internal controls and reports to the Committee on the effectiveness of those controls;
- there is a comprehensive system for budgeting and planning and for monitoring and reporting the performance of the Company's business to the Board. Monthly results are reported against budget and prior year, and forecasts for the current financial year are regularly revised in light of actual performance. These results and forecasts cover profits, cash flows, capital expenditure and balance sheets;
- routine reports are prepared to cover treasury activities and risks, for review by senior executives, and annual reports are prepared for the Board and Committee covering tax, treasury policies, insurance and pensions; and
- the Board is committed to maintaining high standards of health and safety in all its business activities. These standards are set out in the Company's Health and Safety Policy, which is regularly reviewed by the Board. A copy of our Health and Safety Policy is available at whsmithplc.co.uk/sustainability <<http://whsmithplc.co.uk/sustainability>>The Risk Management team works with the business to assess health and safety risks and introduce systems to mitigate them. All reportable accidents are investigated and targets are set to reduce the level of incidence.

The Director of Audit and Risk attends the meetings of the Committee to discuss the above matters.

WH Smith PLC Annual Report and Accounts 2021

External auditor

During the year PwC reported to the Committee on their independence from the Company. The Committee and the Board are satisfied that PwC has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The Committee has recommended to the Board the re-appointment of the external Auditors for the 2022 financial year and the directors will be proposing the re-appointment of PwC at the forthcoming AGM.

PwC were first appointed as external auditors at the 2015 AGM, following a competitive tender process completed in 2014, Jonathan Lambert was appointed as the PwC audit partner and Senior Statutory Auditor at the conclusion of the 31 August 2019 year end

In accordance with applicable law and regulation, the Company is required to conduct a competitive audit tender by December 2024. In line with the Company's policy for the external audit contract to be put out to tender at least every ten years, and in compliance with the rules on mandatory audit rotation, the Committee propose that a competitive tender process is likely to be held in 2023. The Committee considers that a competitive ¹ tender is in the best interests of our shareholders as it will allow the Company to appoint the audit firm that will provide the highest quality, most effective and efficient audit.

The Committee will continue to monitor the appointment, effectiveness and independence of PwC as external auditors, as well as considering whether this proposed timing remains appropriate in light of business developments, applicable law and regulation.

In line with our terms of reference, the Committee undertook a thorough assessment of the quality, effectiveness, value and independence of the 2020 year end audit provided by PwC. The Director of Audit and Risk prepared a questionnaire seeking the views and feedback of the Board, together with those of Group and divisional management, and it formed the basis of further discussion with respondents. Input was sought from Committee members and from members of the management team on areas including the auditor's expertise, professionalism, independence and challenge; their planning and audit approach, the quality and content of reporting and the outputs from the audit; and governance of the audit including assessment of team members' performance and independence. The findings of the survey were considered by the Committee and concluded that PwC continued to perform effectively and remains independent. As a result, PwC's re-appointment as external auditors at the forthcoming AGM is recommended to shareholders. The Committee has a formal policy on the Company's relationship with its external auditors in respect of non-audit work to ensure that auditor objectivity and independence are maintained. The policy is reviewed annually by the Committee and was updated following the introduction of the FRC Revised Ethical Standard 2019. The only significant non-audit work undertaken by PwC in the financial year ended 31 August 2021 related to the interim review

Ethical Standard 2019 The only significant non-audit work undertaken by PwC in the financial year ended 31 August 2021 related to the interim review. The auditors may only provide such services if such advice does not conflict with their statutory responsibilities and ethical guidance. The Committee made enquiries of PwC and management and were satisfied that no such conflict existed.

On behalf of the Audit Committee, my approval is required before the Company uses PwC for non-audit services as specifically set out in the policy, or if the fees exceed E25,000 per matter. The Committee is satisfied that the Company was compliant during the year with both the Code and the FRC's Ethical and Auditing Standards in respect of the scope and maximum level of permitted fees incurred for non-audit services provided by PwC. For the financial year ended 31 August 2021 the non-audit fees paid to PwC were £136,100, of which £135,000 related to the interim review, and the audit fees payable to PwC were £1,450,000.

The Company has complied during the financial year under review, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014

Nicky Dulieu

Chair of the Audit Committee . 11 November 2021 . . .

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Corporate governance report continued

Nominations Committee report

kk

The Committee will continue to focus on succession planning and talent management for key roles in the business."

Henry Staunton
Chair of the Nominations Committee

Nominations Committee Dear Shareholder

As Chair of the Nominations Committee, I am pleased to present my report on the activities of the Nominations Committee for the financial year ended 31 August 2021. The Committee's principal responsibility is to ensure that the Board comprises individuals with the requisite skills, knowledge, independence and experience to ensure that it is effective in discharging its responsibilities and ensure that appropriate procedures are in place for the nomination, selection and succession of directors and senior executives.

The Committee comprises a majority of independent non-executive directors. The other members of the Committee are Kal Atwal, Carl Cowling, Nicky Dulieu, Annemarie Durbin, Simon Emeny and Maurice Thompson. In the event of any matters arising concerning my membership of the Board, I would absent myself from the meeting as required by the Code and the Senior Independent Director would take the Chair.

The Committee met twice during the year. The principal matters discussed at the meetings were succession planning for Board and senior executives, the appointment of two new non-executive directors, career planning and identifying talent across the businesses and reviewing the work that has been undertaken in respect of improving diversity in the Company's senior executive group.

In accordance with the Board's succession plan which aims to broaden the diversity of candidates to join the Board, the Committee appointed an external recruitment consultant, Annabel Richards Limited, to assist in the process of identification of potential candidates to join the Board generally and as a replacement for Annemarie Durbin who will, after nine years, step down from the Board at the forthcoming AGM. For each search, Annabel Richards initiated a search which produced a longlist of candidates,

which was then reduced to a shortlist of candidates. These shortlisted candidates were interviewed by members of the Committee and the CFO/COO, and feedback on each candidate was compiled. As a result of these searches, Kal Atwal was appointed as a non-executive director on 1 February 2021 and Marion Sears will join the Board as a non-executive director on 1 February 2022. I confirm that Annabel Richards has no other relationship with the Company or individual directors.

The Committee keeps itself updated on key developments relevant to the Company, including on the subject of diversity and inclusion. Information on diversity, including gender, in respect of the Board and the Company is set out in the Employees section of the Strategic report on pages 32 to 34. The Board believes in creating throughout the Company a culture free from discrimination in any form and is proud of its long history of being regarded as a responsible and respected employer. The Board believes that the benefits of a diverse workforce will help the Company achieve its strategic objectives.

The Committee is fully committed to supporting diversity and inclusion at Boardroom and senior executive level in compliance with the Code and recognises the importance of diversity in effective decision-making. The long-term aim is to increase the diversity of our Board in all forms. The importance of diversity extends beyond the Board to senior management and throughout the Company. The Committee monitors the progress made to increase diversity at Board and senior management levels and compliance with targets and best practice recommendations set for gender diversity by the Hampton-Alexander Review and for ethnic diversity by the Parker Review.

The Hampton-Alexander Review recommended that by 2020 there would be at least 33 per cent female representation at the Board, Executive Committee positions and direct reports of the Executive Committee ('Senior Management Team'). We are pleased to report that as at 31 August 2021, three women and five men served on the Board, which meant that 37.5 per cent of our Board were female. Our Group Executive Team has two out of nine positions held by women (22 per cent). Of their direct reports, 22 out of 46 positions (32 per cent) are held by women. The Committee is mindful of the recommendation of the Parker Review Report to have at least one Director from a non-white ethnic minority by 2024 and is satisfied that our Board currently meets this recommendation.

WH Smith PLC Annual Report and Accounts 2021

During the year under review, the Company had 37 per cent women on the Board, 22 per cent in the Group Executive Team and their direct reports and 32 per cent in the management team. The Board is committed to strengthening the pipeline of women in senior roles across the business and an action plan has been agreed to take further steps to improve workplace diversity. Actions include the provision of mentoring, as well as focused initiatives to better understand the challenges faced by under-represented groups employed within the Company. The Company has a Diversity and Inclusion Committee consisting of employees from across the Group together with the Group Chief Executive and the Group HR Director. The committee has met three times during the financial year ended 31 August 2021 and has made recommendations on recruitment, and engaged with our customers and employees to mark cultural and diversity related events during the year. These recommendations have been acted upon and adopted by the Company.

The Company requires gender balanced shortlists for all internal and external recruitment at a senior executive level to ensure that we attract more women at senior level. Further information on the gender balance of those in senior management and their direct reports is set out in the Strategic report on page 33. The Company continues to work with 'Everywoman' who provide a host of personal development tools aimed at women and also provide our employees with links to an external network of professional women in other organisations.

The Board recognises that diversity is not limited to gender, but includes skills, experience, ethnicity, disability and sexual orientation. The Board is committed to having a diverse and inclusive leadership team and will monitor ethnic diversity across the Group. The Company's recruitment policy requires that for all senior management roles there must be a shortlist which includes at least one candidate from a non-white minority ethnic background. We will continue to appoint on merit, whilst aiming to broaden the diversity of the talent pipeline.

Further information on diversity is set out in the Employees section of the Strategic report on pages 32 to 34.

The Committee will continue to focus on succession planning and talent management for key roles across the business, to ensure the Company develops a pipeline of high-quality internal candidates for senior management roles. Work is being undertaken to ensure succession arrangements are in place for Board members and key management. Simon Emeny, the Senior Independent Director, has, on behalf of the Board, commenced a search for my replacement as Chairman. The Company has appointed an external recruitment consultant, Lygon Group, to assist in the process of identification of potential candidates.

The latest Board evaluation report confirmed that the culture of the Board is excellent, being very open and collaborative. The Board continues to have a broad mix of skills, diversity, experience and talent, which enables the Board and the Committees to work effectively. The report also confirmed that the Board is well led and has responded effectively to the issues arising from Covid-19.

Henry Staunton

Chair of the Nominations Committee 11 November 2021

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Directors' biographies

Henry Staunton

Chairman

Carl Cowling

Group Chief Executive

Date of appointment: 1 September 2010. Henry was appointed as Chairman on 1 September 2013. Henry will step down as Chairman in 2022.

Committee membership: Chair of the Nominations Committee and a member of the ESG Committee and Remuneration Committee

Skills and experience: Henry brings a breadth of experience and leadership in both executive and non-executive roles. He has extensive finance, media and retail expertise and is Chairman of Capital and Counties Properties PLC. He was previously the Finance Director of Granada and ITV, Chairman of Ashtead Group, Phoenix Group Holdings and Vice Chairman of Legal and General PLC.

Date of appointment: 26 February 2019. Carl was appointed as Group Chief Executive on 1 November 2019.

Committee membership: Nominations Committee and ESG Committee. Skills and experience: Carl has considerable retail experience and has been instrumental in the development and execution of the Company's strategy. His strong leadership and strategic expertise enable him to lead the Group and create shareholder value. He joined WHSmith as Managing Director, Travel in November 2010. In 2017, he was appointed Managing Director, High Street. Prior to joining WHSmith, Carl was Managing Director of Global partnerships at Carphone Warehouse and previously spent over a decade at Dixons where he held the roles of Ecommerce Director, Commercial Director and Managing Director of the airport retailing business, Dixons Travel.

Robert Moorhead

Chief Financial Officer and Chief Operating Officer

Kal Atwal

Non-executive director

Date of appointment: 1 December 2008

Skills and experience: Robert has over 25 years of retail and financial management experience, which has proved invaluable in his role as Chief Financial Officer and Chief Operating Officer. He has a deep understanding of the Group's businesses and strategy and has a strong track record of creating shareholder value. He is a Chartered Accountant and joined WHSmith in 2004 as Retail Finance Director. He is a non-executive director and Chair of the Audit Committee of The Watches of Switzerland Group PLC. Previously, he was Group Finance Director at Specsavers Optical Group and Finance and IT Director of World Duty Free Europe. He also held a number of roles at B&Q and Kingfisher Group. He started his career at Price Waterhouse.

Date of appointment: 1 February 2021.

Committee membership: Chair of the ESG Committee and a member of the Audit Committee. Remuneration Committee and Nominations Committee.

Skills and experience: Kal has substantial marketing and digital expertise. She spent 16 years at 8GL Group and held several roles, including Founding Managing Director of comparethemarket.com <<http://comparethemarket.com>> and Group Director responsible for brand-led businesses, group strategy and corporate communications. Kal was also Chair of Simply Cook prior to its sale to Nestle. Kal is a non-executive director at Royal London Group. Admiral Financial Services, a subsidiary of Admiral Group Plc. Whitbread PLC and a board advisor for Simply Cook Limited.

WH Smith PLC Annual Report and Accounts 2021

Annemarie Durbin

Non-executive director

Simon Emeny

Non-executive director

Date of appointment: 3 December 2012.

Committee membership: Chair of the Remuneration Committee and a member of the Audit Committee. ESG Committee and Nominations Committee. Annemarie will step down as a non-executive director following the Company's forthcoming AGM

Skills and experience: Annemarie's international background and her legal experience and knowledge of regulatory and compliance matters provides a valuable contribution to the operation of WHSmith. She is a non-executive director and Chair of the Remuneration Committee of Santander UK PLC. Persimmon PLC and Petershill Partners PLC and Chair of Cater Allen Limited. Previously she was a non-executive director of Ladbrokes Coral Group PLC and was Chair of the Listing Authority Advisory Panel. She has 25 years' international banking experience, particularly across Asia, Africa and the Middle East, operating at Board and Executive Committee level. In addition to her directorships, Annemarie is an executive coach and a conflict mediator.

Date of appointment: 26 February 2019

Committee membership: Senior Independent Director and a member of the Audit Committee, ESG Committee, Remuneration Committee and Nominations Committee.

Skills and experience: Simon has a wealth of consumer-facing experience, including transport hub sites, and brings this broad range of skills and commercial expertise to the Board and its Committees. He is Group Chief Executive of Fuller, Smith & Turner PLC, a role he has held since 2013. Simon was previously the Senior Independent Director of Dunelm Group PLC.

Maurice Thompson

Non-executive director

Nicky Dulieu

Non-executive director

Date of appointment: 26 February 2019

Committee membership: Member of the Audit Committee, ESG Committee, Remuneration Committee and Nominations Committee.

Skills and experience: Maurice has substantial Board and financial expertise, with over 30 years of experience in the international banking industry. He is able to draw upon his extensive knowledge of financial and strategic experience to assist the Board and its Committees.

He previously held the position of Chief Executive of Citibank in the UK.

Date of appointment: 9 September 2020

Date of appointment: 6 September 2020.

Committee membership: Chair of the Audit Committee and a member of the ESG Committee, Remuneration Committee and Nominations Committee.

Skills and experience: Nicky has substantial financial and retail expertise. She trained as an accountant and held various strategic and financial roles within Marks & Spencer Group PLC over a 23-year period. In 2006, Nicky joined the Board of Hobbs Limited as Chief Operating Officer and Finance Director and was Chief Executive from 2008 until 2010. With her finance and retail expertise, she is a valuable member of the Board and Chair of the Audit Committee. She is a non-executive director at Redrow PLC, Marshall Motor Holdings PLC and Adnams PLC.

Ian Houghton is Company Secretary and Legal Director and was appointed in September 1998. Previous directors who served during the financial year ended 31 August 2021: Suzanne Baxter stepped down as a director of the Company on 20 January 2021.

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Directors' remuneration report

kk

The Company believes that its approach to total compensation has served the Company well. The proposed changes to the Directors' remuneration policy are fully aligned to the Company's strategic plan. They are also in keeping with the Company's culture that promotes superior value creation in a responsible and sustainable way."

Annemarie Durbin
Chair of the Remuneration Committee

Annual statement from the Remuneration Committee Chair Dear Shareholder

On behalf of the Remuneration Committee (the 'Committee'), I am pleased to present the Directors' remuneration report for the financial year ended 31 August 2021. This report covers three areas:

- the forward-looking Directors' remuneration policy which is subject to a binding shareholder vote at our 2022 AGM as set out on pages 61 to 72;
- the annual Directors' remuneration report (report) setting out details of the implementation of our Directors' remuneration policy in the financial year ended 31 August 2021 as set out on pages 72 to 84. This report is subject to an advisory vote at our 2022 AGM; and
- an explanation of how the proposed Directors' remuneration policy will be implemented in the financial year ending 31 August 2022 as set out on page 75 also forms part of the Report.

The Remuneration Committee believes that the management team has performed to a truly exceptional level this year. In addition to steering the business through an extraordinarily difficult period, their actions have been fundamental in establishing a commanding position from which the Company can build back stronger going forward. More details of the actions taken are set out below. Of particular note has been the winning of all 30 technology stores in UK airports and the circa 100 stores won and yet to open in Travel over the next three years. The Board believe that this management team is pivotal to the future success of the business. When balancing the interests of all stakeholders in our decision-making, retaining and motivating the management team for the future success of the business has been one of our primary objectives.

Directors' remuneration policy

Our Directors' remuneration policy focuses on an approach to pay which, we believe, is in our shareholders' best interests and promotes the long-term success of the Company. Whilst it provides executive remuneration packages which are competitive, there is a very clear bias to variable pay with stretching and rigorous performance measures and conditions designed to deliver superior returns for shareholders over the long term. Our existing remuneration policy was supported by 98.78 per cent of shareholders at the 2019 AGM. The future policy (subject to shareholder approval) incorporates the following changes to further bring the policy in line with governance best practices:

- introduction of forward-looking post-cessation share ownership guidelines;
- inclusion of appropriate ESG metrics into the LTIP from September 2022;
- aligning the bonus opportunity for the two executive directors at 160 per cent of salary i.e. to increase Robert Moorhead's bonus opportunity from 130 per cent to 160 per cent in order to recognise his importance to the recovery and future success of the Group;
- inclusion of ability in exceptional circumstances only to pay a bonus of up to 20 per cent of maximum for strong personal performance when financial thresholds have not been met, noting that this gives less flexibility than many other companies; and

- re-confirmation that executive director pensions will be aligned with the wider workforce from 1 January 2023.

Our Directors' remuneration policy has worked well supporting the Company's long-term strategy to create shareholder value. You can see how the Company has, over the past ten years, generated shareholder value over this period in the TSR graph on page 77.

The Company's remuneration philosophy can be summarised as providing at or below the median of market levels of fixed pay but with the opportunity to earn upper quartile levels of remuneration for exemplary performance aimed at delivering superior returns for shareholders in a responsible and sustainable way over the long term. Further details of the proposed changes to the Company's remuneration policy are set out on pages 61 to 72.

Business Context: "Building Back Stronger as a result of management actions"

Although inevitably Covid-19 has continued to impact the Company during the financial year ended 31 August 2021, management has exerted considerable effort to strengthen and reshape the Company during the year focusing on initiatives within its control. These have supported the Company in the short term and will put the Company in a strong position to emerge stronger as all our markets recover. As global travel restrictions have eased, the Company has seen a return to travelling, led first by domestic travel and then short-haul. Long-haul travel will be the last to recover. Most industry forecasts, including the Airports Council International ("ACI"),

WH Smith PLC Annual Report and Accounts 2021

do not expect passenger numbers to return to 2019 levels until 2024. In order to "build back stronger", management has:

- worked with Travel landlords and building on the Company's strong relationships to create opportunities for winning new business, extending key contracts and improving the quality and location of the space where the Travel business operates. The expansion of InMotion into the UK through the winning of all technology stores in UK airports is a good example of this in practice. As at the end of October 2021, the Travel business had won approximately 100 stores which have yet to open, including the 30 InMotion stores in UK airports;
- invested capex in strategically important projects which set up the Group well for the future, such as our refitted stores at London Heathrow Terminal 5 and our stores at the new terminal at Manchester Airport;
- focused on growing average transaction values across the Group;
- extended categories and ranges to reflect the specific needs of our customers in each location where we operate. Management have done this through a forensic attention to space, cross category promotions, merchandising, store layouts and store refits;
- grown the Company's internet proposition by extending product ranges, investing in our websites, marketing, fulfilment and distribution and building customer engagement through social media;
- actively taken steps to improve the Company's environmental footprint and was recognised as a leader in ESG through inclusion in the Dow Jones Sustainability World Index;
- maintained a sharp focus on costs, minimising discretionary spend and managing the Company's cash burn, and
- secured the Company's financial position through the agreement of new bank financing arrangements and the issue of the convertible bond. The Company is not, and has not, participated in any government-backed loan arrangements.

Whilst the financial position has clearly been impacted by Covid-19, the Committee considers that these changes (and particularly the expansion of InMotion in UK airports) have enhanced this potentially high growth part of our business giving an optimal platform to benefit shareholders as this market returns.

As a result of management actions undertaken during the financial year the Company reduced the Headline loss before tax and non-underlying items' of £9m made in the second half of the financial year ended 31 August 2020 to a Headline loss before tax and non-underlying items' of approximately £36m in the same period this year. In this context, the Committee decided that both executive directors have performed at an exceptional level.

Nevertheless, we recognise that the Company has continued to be significantly affected by Covid-19 and continued to access government support in the form of rates relief and furlough support during the financial year ended 31 August 2021. The Company aims to be a responsible partner to its other stakeholders. You can read more about the Company's stakeholders in the Company's S.172 statement on pages 37 to 40.

¹ Alternative performance measure defined and explained in the Glossary on page 154

During the year, the Company maintained a regular dialogue with employee representative groups, unions, shareholders, suppliers and landlords to ensure that all stakeholders have a common understanding of the impact of Covid-19 on the Company. We have recognised the performance of employees across the Company with approximately 1,750 colleagues receiving a bonus under the annual bonus plan for the financial year ended 31 August 2021.

For the financial year ended 31 August 2021 the Company delivered a positive Headline EBITDA¹ of £19m. Whilst Headline EBITDA¹ was positive, no dividends have been declared for the financial year ended 31 August 2021. However, the Committee noted that shareholders had seen an increase of approximately 39 per cent in the Company's share price as a result of the Company's overall financial improvement during the financial year ended 31 August 2021.

The Committee took all of the above factors into account when reaching its decisions on executive director remuneration for the financial year ended 31 August 2021 and these decisions are set out below.

Recap on 2019/2020 remuneration decisions and rationale for 2020/21 outcomes

Bonus

Shareholders will recall that the Committee made no bonus award to the executive directors for the financial year ended 31 August 2020. This was despite the Company performing very strongly for the first six months of the financial year and performing strongly against their personal objectives.

For the financial year ended 31 August 2021, the bonus target was set using Headline EBITDA¹ as the primary metric rather than Headline profit before tax¹. This was because the Company was expected to deliver a PBT loss for the financial year albeit at a much reduced level than the previous financial year.

For the bonus plan, the Company slightly exceeded the target Headline EBITDA¹ level and the Committee determined that both executive directors performed to an exemplary level. You can read about the actions that the executive directors took to build back stronger on pages 58 and 59. The

performed to an exemplary level. You can read about the actions that the executive directors took to build back stronger on pages 66 and 67. The executive directors' personal objectives are set out on pages 80 and 81. However, recognising the experience of shareholders and other stakeholders during the financial year ended 31 August 2021, the Committee believed that it was appropriate to exercise downward discretion to reduce the formulaic annual bonus out-turn to one-times salary for Carl Cowling (a 22 per cent reduction) and by the same percentage for Robert Moorhead.

The Committee took this decision in order to balance the experience of shareholders and other stakeholders during the financial year and to recognise the proactive steps taken by management which, we believe, will create significant shareholder value in the future. The level of discount is a matter of judgement but was arrived at in the round looking at the out-turn for other senior employees and noting that the executive directors did not receive a bonus for the previous financial year and that the 2018 LTIP has not vested as a result of the ongoing impact of Covid-19 and lapsed on 1 November 2021. Overall, (his reduced bonus was felt appropriate. This resulted in Carl Cowling

WH Smith PLC Annual Report and Accounts 2021 59

Corporate governance

Directors' remuneration report continued

receiving a bonus of £550,000 and Robert Moorhead receiving a bonus of £357,500. The Committee agreed that 23 per cent of the bonus should be deferred in accordance with the rules of the Company's Deferred Bonus Plan

The Committee believes that the senior management team, and in particular the executive directors, have provided outstanding, inspiring and resourceful leadership during another year of uncertainty and disruption. Accordingly, the Committee believes that the remuneration of the executive directors is proportionate and appropriate when taking into account the experience of the Company's stakeholders and the government support received by the Company.

For the financial year ending 31 August 2022, the Committee has reverted to the normal pre-Covid-19 practice of setting Headline PBT as the financial metric for the annual bonus plan

Salary

Shareholders will also recall that when Carl Cowling was appointed CEO in November 2019, his base pay was set at a lower level than his predecessor and lower than the market median for FTSE250 CEOs. At the time, we explained to shareholders that, subject to personal performance, the intention was to increase Carl Cowling's base salary in £25,000 increments in April 2020, 2021 and 2022

The Committee had previously assessed Carl Cowling's personal performance for the financial year ended 31 August 2020 and determined that this was exemplary, particularly in the context of Covid-19 and therefore announced an intention to make the scheduled increase with effect from April 2021. At the 2021 AGM a significant minority of shareholders did not support this approach. As a result, the Company announced that it would defer making this award until at least the end of the financial year ended 31 August 2021. The Committee also confirmed that it would engage with shareholders and advisory bodies and that it would consider the feedback received in developing the 2022 Directors' remuneration policy, which is being put to a vote at the 2022 AGM.

Having done that, and in the context of Carl Cowling's continued exemplary performance, when consulting with our largest shareholders on the new Directors' remuneration policy, we advised that the deferred £25,000 increment had been made with effect from 1 September 2021 and that there is an intention (subject to continued personal performance) for the final increment to be awarded with effect from 1 April 2022 in accordance with the original intention shared with shareholders in 2019. This will take Carl Cowling's base salary to £600,000 from 1 April 2022.

The current market median for CEOs in the top half, by market cap, of the FTSE250 is £628,000 so, even after the previously announced increments, Carl Cowling will continue to receive a base salary below market median

The Committee is mindful that the decision to increase the CEO's salary was a judgement and some shareholders may have preferred a further deferral. Carl Cowling became CEO on 1 November 2019 so, consistent with best practice, his transition to the agreed higher salary (which remains below the market median) consistent with our general philosophy, will have taken two and a half years. It was felt that further delaying the increase was not appropriate given the current demand for experienced retail executives from PE-backed companies and demonstrates our commitment to the remuneration package agreed on his appointment. It should also be noted that the Company has not defaulted to regular annual increases to its executive directors and that Robert Moorhead has not received any pay increase since May 2019. Honouring our commitment to an executive who is now fully experienced in role and has performed at an exceptional level is considered both right and fair.

LTIP

The 2018 LTIP vesting percentage is determined by the growth in the Company's Headline EPS and TSR over the three-year performance period which ended on 31 August 2021. The Company did not meet the performance targets for the 2018 LTIP and the awards lapsed. The Committee determined that the formulaic out-turn under the LTIP was appropriate and should be applied without discretionary adjustment.

In terms of long-term incentives, in last year's Annual report we advised shareholders that, for the financial year ended 31 August 2021, the LTIP award would have only one metric, TSR, rather than the usual two metrics (EPS and TSR). The Committee is proposing that, as done pre-Covid-19, the LTIP performance targets for the financial year ending 31 August 2022 will be based on Headline EPS (which as consulted on with shareholders during 2020 will be assessed on a pre-tax basis from this grant onwards) and on relative TSR.

The Committee agreed that the LTIP performance targets for the financial year commencing 1 September 2022 will include ESG targets which will be based on the Company's Corporate Responsibility Strategy, namely Planet, People and Communities. Further details of this will be developed and disclosed in the 2022 Directors' remuneration report.

Finally, as you may be aware, this is my last letter to you as Chair of the Committee. Having served nine years on the board, I will be stepping down as Chair of the Committee at the AGM and handing over to Marion Sears, who will take up the position when she joins the Board on 1 February 2022. Marion Sears has a wealth of experience of remuneration issues. I will be available at the Annual General Meeting to answer any questions about the

Chair of the Remuneration Committee 11 November 2021
work of the Committee

WH Smith PLC Annual Report and Accounts 2021

This Remuneration Report has been prepared in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended in 2013, 2018 and 2019 (the Regulations'). LR 9.8 of the UKLA Listing Rules and the UK Corporate Governance Code 2018 (the Code).

1. Information subject to audit

The following information has been audited by PwC:

- Section 4 4- Summary of non-executive directors' remuneration 2021;
- Section 4 5 - Summary of executive directors' remuneration 2021;
- Section 4 6 - Payments made to former directors;
- Section 4.7 - Payments for loss of office;
- Section 4.12- Annual bonus targets;
- Section 4.13 - Share plans; and
- Section 4.17 - Directors' interests in shares.

2. Background to Directors' remuneration policy

The Company's Directors' remuneration policy can be summarised as providing at or below the median of market levels of fixed pay but with the opportunity to earn upper quartile levels of remuneration if the executive directors deliver superior returns for shareholders.

Executive remuneration packages are structured so that they:

- are aligned to the Company's strategy to deliver shareholder returns and promote its long-term success;
- are aligned with the interests of shareholders;
- are competitive and provide a very clear bias to variable pay with stretching and rigorous performance measures and conditions;
- do not promote unacceptable behaviours or encourage unacceptable risk taking.
- include robust malus/clawback provisions and holding periods which permit the recoupment of variable pay if the pay-out was based on misstated financial results, an error or incorrect information, if the Committee concludes that circumstances arose during the bonus year or vesting period which would have warranted summary dismissal of the individual concerned or if there is an insolvency having regard to the Committee's assessment of the involvement of the individual to such event; and
- take into account Company-wide pay and employment conditions.

The key changes to the Company's Directors' remuneration policy are

- The introduction of post-cessation share ownership guidelines requiring executive directors to retain the policy level (300 per cent of salary for the CEO and 250 per cent for other executive directors) for two years post-cessation. This will apply to both new awards from the adoption of the policy and all unvested awards.
- Annual bonus plan: this currently operates as a matrix of financial targets and personal performance, where failure to achieve the threshold financial level results in no bonus payment. While this is felt appropriate in most cases, Covid-19 has clearly demonstrated that it can unfairly penalise executive directors where they meet their personal objectives but the financial threshold is not achieved and, therefore, no bonus is paid. Consistent with other companies operating similar plans, we propose introducing the ability to pay a bonus of up to 20 per cent of maximum if the Committee considers in exceptional circumstances that the personal or other non-financial performance warrant payment of a bonus against pre-set targets noting that this actually constrains discretion compared with some companies' response to Covid-19. It is envisaged that this would only be invoked in exceptional circumstances. The Committee also believes that it is appropriate to align the bonus opportunity for the two executive directors at 160 per cent of salary (i.e. to increase Robert Moorhead's bonus opportunity from 130 per cent to 160 per cent) in order to recognise his importance to the recovery and future success of the Group. The Committee believes that increasing Robert Moorhead's variable pay rather than his fixed pay is in line with the Company's remuneration policy which has served the Company and shareholders well in the past.
- Introduction of ESG metrics to the LTIP: no changes to the LTIP plan are proposed. The Committee has agreed that the Long-Term Incentive Plan for 2022 will include ESG targets which are relevant to the Company. The targets will be selected from ESG targets associated with the Company's sustainability strategy, a Journey to a Better Business (for more information on the Company's sustainability strategy see pages 29 to 35). The sustainability strategy has been developed following detailed consideration of the views of different stakeholders, to ensure that the areas of focus are material and directly linked to the Company's business strategy. Material and measurable ESG targets will be selected by the Committee for inclusion in the LTIP for the grant in 2022. Typically, the performance measures have been linked to EPS and relative TSR. It is proposed that, from the grant in 2022, the performance measures will be 40 per cent pre-tax EPS, 40 per cent relative TSR and 20 per cent ESG.
- Pensions: the Company has already committed to align executive director pension contributions to the all-employee level, approximately three per cent, from 1 January 2023.

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Directors' remuneration report continued

3. The Directors' remuneration policy

The Committee presents the Directors' remuneration policy, which will be put to a binding vote at the forthcoming Annual General Meeting and, subject to shareholder approval, will take immediate effect.

As part of its review of the remuneration policy, the Committee has considered the factors set out in Provision 40 of the Code. In our view, the proposed Policy addresses those factors as set out below.

€

The Committee has the discretion to amend the Directors' remuneration policy with regard to minor or administrative matters where it would, in the opinion of the Committee, be inappropriate to seek or await shareholder approval.

WH Smith PLC Annual Report and Accounts 2021

Future policy table 3.1 Executive directors

Element and purpose

The following table explains the different elements of remuneration we pay to our executive directors:

Policy and opportunity

Operation and performance measures

' Base salary

This is the basic element of pay and reflects the individual's role and position within the Group, with some adjustment to reflect their capability and contribution. Base salary is used to attract and retain executive directors who can deliver our strategic objectives and create shareholder value.

• While base salaries are reviewed each year, the Company's policy is not automatically to award an inflationary increase. When reviewing salaries, the Committee takes into account a range of factors including the Group's performance, market conditions, the prevailing market rates for similar positions in comparable companies, the

responsibilities, individual performance and experience of each executive director and the level of salary increases awarded to employees throughout the Group.

¹ Base salaries are benchmarked against both FTSE 250 companies and other leading retailers. While the Committee applies judgement rather than setting salaries by reference to a fixed percentile position, its general approach is to constrain base salaries to a median or lower level.

■ While the Committee's general approach is to keep salaries at or below median, and, in the normal course, would not expect salary increases to be higher than the average for other head office staff, given the need for a formal cap, the Committee had limited the maximum salary in the previous policy which it may award to £680,000 (as increased by RPI from January 2019, approximately £739,000 at the year end). No changes to this cap are proposed.

- Base salary is paid monthly in cash.
- Base salaries are reviewed typically annually with any changes normally taking effect from 1 April.

Benefits

To provide other benefits valued by the recipient which assist them in carrying out their duties effectively. Competitive benefits assist in attracting and retaining executive directors.

- Provide market competitive benefits in kind
 - The Company may periodically amend the benefits available to staff. The executive directors would normally be eligible to receive such amended benefits on similar terms to all senior staff.
 - The value of benefits (other than relocation costs) paid to an executive director in any year will not exceed £80,000. In addition, the Committee reserves the right to pay relocation costs in any year or any ongoing costs incurred as a result of such relocation to an executive director if considered appropriate to secure the better performance by an executive director of their duties. In the normal course, such benefits would be limited to two years following a relocation.
- » Benefits received by executive directors comprise a car allowance, staff discount, private medical insurance and life assurance.

> While the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by the Company or another) and business travel for directors may technically come within the applicable rules and so the Committee expressly reserves the right to authorise such activities within its agreed policies

Directors' remuneration report continued

Operation and performance measures

Pension

To aid retention and remain competitive within the marketplace. The pension provides an income following retirement.

- Provide an employer-sponsored pension plan or equivalent cash allowance. Pension contributions (or cash in lieu) for new executive directors will be aligned with the average rate available to UK-based colleagues more generally, approximately 3 per cent of salary but subject to periodic review. The pension contribution for Carl Cowling is 12.5 per cent and Robert Moorhead is 25 per cent of base salary until 31 December 2022. It will reduce to align with the wider workforce rate, approximately 3 per cent of salary, from 1 January 2023.
- All executive directors are eligible to participate in the Company's defined contribution pension plan and/or receive a salary supplement in lieu (which is not taken into account as salary for calculation of bonus, LTIP or other benefits).
- Although the mix may change, currently up to five per cent of salary is paid into a registered pension and up to 20 per cent by way of a salary supplement. If the individual elects to receive the five per cent direct (e.g. to avoid breaching HMRC limits), employers' NICs are deducted from that element.

Annual bonus

To motivate employees and incentivise delivery of annual performance targets

- During the policy period the bonus potential is 160 per cent of base salary with target levels at 48 per cent of maximum and threshold bonus levels at 16 per cent of maximum.
- Clawback provisions apply to the annual bonus plan.
- Bonuses are paid in cash and shares. Any bonus payable over target is deferred into shares for a period of up to three years under the Company's Deferred Bonus Plan (DBF). The shares are released one third on each anniversary of assessment.
- The performance measures applied may be financial or non-financial and corporate, divisional or individual and in such proportions as the Committee considers appropriate. As set out on page 79, currently, under the annual bonus plan, participants can earn a bonus based on the achievement of a financial target and a personal rating measured against one or more specific (financial and/or non-financial) objectives.
The maximum level of bonus paid to a participant in the plan is dependent on the achievement of both the maximum target for the financial target and the highest personal performance rating.
- In exceptional circumstances, up to 20 per cent of the maximum bonus opportunity may be payable independent of the financial out-turn.

- in exceptional circumstances, up to 25 percent of the maximum bonus opportunity may be payable independent of the financial out turn.

- The appropriateness of performance measures is reviewed annually to ensure they continue to support the Company's strategy.
- Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Committee's opinion, make it appropriate to make adjustments to ensure they operate as originally intended and to take account of events which were not foreseen when the performance targets were originally set

WH Smith PLC Annual Report and Accounts 2021
Operation and performance measures

Long-term incentives

To motivate and incentivise delivery of sustained performance over the long-term, the Group will operate the Long-Term Incentive Plan [LTIP'J. Awards delivered in shares to provide further alignment with shareholders.

- The normal policy is to award executive directors with shares with an initial face value of up to 350 per cent of base salary each year under the LTIP. In practice, awards of 335 per cent for the Group Chief Executive and 310 per cent for any other executive director are made annually.
- > The LTIP will credit participants with the benefit of accrual for dividends paid over the performance and any holding period.
- Malus and clawback provisions (in respect of both unvested and vested paid awards) apply to the LTIP.
- > Awards are subject to a combined vesting and holding period of at least five years preventing the delivery and sale of shares until the end of the holding period.
- The Committee may set such performance conditions as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual) over a period of at least three financial years.
- Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Committee's opinion, make it appropriate to make adjustments to the performance conditions, provided that any adjusted performance condition is, in its opinion, neither materially more nor less difficult to satisfy than the original condition.
- Executive directors can earn up to 25 per cent of the award for threshold performance.
- The Company will honour the vesting of all outstanding awards granted prior to this remuneration policy coming into force in accordance with the terms of such awards.

All-employee share plans

To encourage share ownership by employees, thereby allowing them to share in the long-term success of the Group and align their interests with those of the shareholders.

- ¹ Executive directors are able to participate in all-employee share plans on the same terms as other Group employees
- Sharesave - individuals may save up to such limit as permitted by the relevant legislation (currently £500 each month) for a fixed period of three years. At the end of the savings period, individuals may use their savings to buy ordinary shares in the Company at a discount of up to 20 per cent of the market price set at the launch of each scheme.
- In line with the governing legislation, no performance conditions are attached to options granted under the Sharesave Scheme. In addition, executive directors may participate in other comparable all-employee incentives on the same basis as other employees

Notes to the policy table

- ¹ Stating maximum amounts for each element of remuneration
Where the table refers to the maximum amount that may be paid in respect of any element of the policy, these will operate simply as caps and are not indicative of any aspiration. In particular, the salary cap is not aspirational and the Committee envisages maintaining its approach to salary increases
- ² Payments from existing awards
Carl Cowling and Robert Moorhead are eligible to receive payment from awards made before the approval and implementation of the previous remuneration policies or payments envisaged under those policies. Details of these awards can be found in the annual Directors remuneration report on page 62. The Company will similarly honour pre-existing commitments made to any other new Board members

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Directors' remuneration report continued

3.2 Performance measure selection and approach

to target setting Annual bonus plan

The performance targets used under the annual bonus plan are set annually to support the Company's strategic priorities and reinforce financial performance. The performance targets are typically set by the Committee based on a range of factors, principally the Company's budget as approved by the Board either prior to or shortly following the start of the financial year. The Committee agreed that the performance targets for the annual bonus plan for the financial year ended 31 August 2021 should be based on Headline EBITDA' in order to focus the management team on the Group's free cash flow as a result of the ongoing impact of Covid-19. The Committee, in setting the bonus targets for the financial year ended 31 August 2021, was mindful of the impact of Covid-19 on the Company and the markets in which we operate and took into consideration market consensus for the financial year ended 31 August 2021. The Committee agreed that the range used to determine the level of pay-out under the bonus plan in respect of the financial targets should be widened given that the Committee agreed that the proposed target pay-out under the bonus plan was stretching, given the uncertainty created by Covid-19.

Participants can earn a bonus based on the achievement of a financial target, for example, Headline EBITDA" and a personal rating measured against one or more specific financial and/or non-financial objectives, including ESG targets. The maximum level of bonus paid to a participant in the plan is dependent on the achievement of both the maximum target for the financial target and the highest personal performance rating. The Committee sets a threshold pay-out target and a maximum pay-out target with straight-line vesting between the targets,

In exceptional circumstances, up to 20 per cent of the maximum bonus opportunity may be payable independent of the financial out-turn. For on-target achievement of the financial target and a good personal rating, an executive would earn approximately 48 per cent of the maximum bonus available under the plan. Any bonus in excess of the on-target level is deferred into shares under the OBP. One third of the shares are released on each anniversary of the date of grant.

Different bonus measures and targets may apply in subsequent years within the overall constraints of the plan.

Long-term incentives

The Committee regularly reviews the performance targets applicable to the LTIP to ensure that they align with the Company's strategy and reinforce financial performance. The Committee may change the measures and/or targets in respect of subsequent awards. The Committee believes that a combination of financial, market-based conditions and corporate responsibility as the basis for the performance targets for the LTIP is best suited to the needs of the Company and its shareholders in order to reward sustained long-term performance and the creation of shareholder value. However, the performance targets for awards made under the LTIP in the financial year ended 31 August 2021 were solely based on relative TSR given the difficulty in putting in place meaningful EPS targets as a result of the impact of Covid-19 on the Company and the wider global economy.

The Committee is proposing that any awards made in the financial year commencing 1 September 2021 will be 50 per cent based on Headline pre-tax Earnings per Share and 50 per cent based on relative TSR over three financial years ending 31 August 2024 compared with the FTSE All Share Retailers and that any awards made in the financial year commencing 1 September 2022 will be based on the following targets each measured over the three financial years to 31 August 2025:

- 40 per cent based on Headline pre-tax Earnings per Share (calculated on a pre-IFRS 16 basis) EPS has for some years been defined as fully diluted pre-exceptional items and excluding IAS 19 pension charges together with other adjustments as considered appropriate by the Committee (although practice has been to make limited adjustments). The definition of EPS remains unchanged except that, as consulted with shareholders in 2020, it will be assessed on a pre-tax basis;
- 40 per cent based on relative TSR over three financial years compared with the FTSE All Share Retailers index. Threshold vesting will occur for TSR in line with median and maximum vesting will occur for TSR in line with the upper quartile of the comparator group; and
- 20 per cent based on ESG measures which will be developed over the course of the next year based on the Company's Sustainability Strategy, namely Planet, People and Communities. Further details of this will be developed and disclosed in the 2022 Directors' remuneration report.

¹ Alternative performance measure defined and explained in the Glossary on page 154

66 WH Smith PLC Annual Report and Accounts 2021

Malus/Clawback

The bonus plan, DBP and LTIP rules include a provision for clawback [before or within a period of three years following payment or vesting or earlier change of control] of a bonus or award if (a) the Company materially misstated its financial results and as a result the bonus or award was made, paid or vested to a greater extent than it should have been; (b) the extent to which any performance target or other condition was met was based on an error or inaccurate or misleading information or assumptions and as a result any bonus or award was made, paid or vested to a greater extent than it should have been; (c) the Committee concludes that circumstances arose during the bonus year or vesting period which would have warranted summary dismissal of the individual concerned; or [d] there is an insolvency having regard to the Committee's assessment of the involvement of the individual to such event.

Exercise of discretion

In line with market practice, the Committee retains discretion in relation to the operation and administration of the annual bonus plan. DBP and LTIP This discretion includes, but is not limited to':

- the timing of awards and payments;
- the size of awards, within the overall limits disclosed in the policy table.
- the determination of vesting, including the discretion to override formulaic outcomes, where appropriate, ensuring that the outcome reflects the Company's and the executive's performance as well as the experience of shareholders and stakeholders, including employees, more generally;
- the treatment of awards in the case of a change of control (the DBP excepted) or a restructuring of the Company;
- the treatment of leavers within the rules of the plan and the termination policy summary shown on page 70, and
- adjustments needed in certain circumstances (for example, a rights issue, a corporate restructuring or a special interim dividend).

While performance conditions will generally remain unchanged once set, the Committee has the usual discretions to amend the measures and targets in exceptional circumstances (such as a major transaction) where the unamended conditions would cease to operate as intended. Any such changes would be explained in the subsequent annual Directors' remuneration report and, if appropriate, be the subject of consultation with the Company's major shareholders. Consistent with best practice, the annual bonus plan and the LTIP rules also provide that any such amendment must not make the amended condition materially less difficult to satisfy than the original condition was intended to be prior to the occurrence of such event.

3.3 Statement of consideration of employment conditions elsewhere in the Company and differences to executive director policy

Our employees are a key component of the Company's performance and our overall reward strategy aims to support this. When considering remuneration arrangements for executive directors and senior management, the Committee takes into account the pay and conditions of employees across the Group. The Committee receives in-depth data regarding employee remuneration from the HR director on wider workforce pay and conditions and, where appropriate, exercises oversight of remuneration throughout the Group. The employee remuneration data submitted to the Committee was prepared in respect of head office and store employees and was based on data provided by Willis Towers Watson and Alan Jones Retail surveys. Following discussion, the Committee accepted a number of recommendations to adjust the pay of some head office and store based employees.

Although the Committee did not formally consult with the wider workforce on executive remuneration, each business has an employee forum at which all aspects of the business are discussed. Employees are also invited to participate in the annual Engagement Survey where their views on all aspects of working conditions can be collected and shared with the Committee and the Board. The Company is proud of its long history of being regarded as a responsible and respected employer and regularly reviews the overall structure of pay practices across the Group and the wider retail sector to ensure it remains competitive and is able to retain and attract employees.

Our approach to reward for our employees is based on the following principles-

- competitive setting pay with reference to internal relativity and external market practices;
- simple: helping all employees to understand how they are rewarded;
- fair- achieving consistent outcomes through flexible and transparent policies; and
- sustainable aligning reward to business strategy and performance.

All employees are entitled to base salary and benefits, including pension and staff discount. Eligible employees receive private medical cover and are able to participate in the Company's Sharesave plan and thereby become shareholders in the Company. Our Employee Assistance programme offers all employees access to free, 24/7 confidential telephone, online and face-to-face advice for problems they may be experiencing at home or at work. Employees also have access to the Company's Benevolent Fund charity, which can provide financial assistance in cases of significant hardship and provide recuperative holidays and care breaks.

Participation in a pension plan is offered to all employees on a contributory basis and we have approximately 5,520 employees in our pension plans.

Corporate governance

Directors' remuneration report continued

4 Managing conflicts of interest

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all executive directors is set and approved by the Committee; none of the executive directors are involved in the determination of their own remuneration arrangements. The Committee also receives support from external advisors and evaluates the support provided by those advisors annually to ensure that advice is independent, appropriate and cost-effective.

5 Statement of consideration of shareholder views

The Committee maintains a continual dialogue with our major shareholders and proxy agencies to understand their views. Any major changes to the policy or its operation would be subject to prior consultation as necessary.

As part of the current policy review process, the Committee consulted with approximately 60 per cent of the shareholder register. The Chair of the Remuneration Committee wrote to the

Statutory charts - valuation assumptions

Company's largest investors and shareholder representatives setting out the proposed changes to the existing remuneration policy and made herself available for meetings as requested by investors. The views expressed by investors were supportive of the proposed changes given the introduction of post-cessation share ownership guidelines and ESG performance targets for the LTIP. The views of shareholders were considered by the Committee and formed part of the final policy as set out in Section 2 on page 61.

3.6 Total Remuneration opportunity

The graphs below indicate the level of remuneration that could be received by each executive director in accordance with the Directors' remuneration policy in the first financial year to which the new policy applies (i.e. financial year ending 31 August 2022) at different levels of performance. The potential total rewards are based on the Company's Directors' remuneration policy.

Fixed - The minimum scenario reflects base salary, pension and benefits, being the only elements of the remuneration package not linked to performance. No salary increase has been assumed in respect of the April 2022 salary review for Robert Moorhead, although the charts do include the salary increase for Carl Cowling in April 2022 as set out on page 73.

Annual bonus - The on-target scenario reflects fixed remuneration as above, plus the target (level of performance for the annual bonus plan which is 48 per cent of maximum annual bonus, and for the LTIP awards, threshold vesting levels have been assumed.

LTIP - The maximum scenario reflects fixed remuneration as above, plus the maximum level of performance for the annual bonus plan of 160 per cent of base salary, and for the LTIP awards, maximum vesting levels have been assumed.

Additional LTIP 50 per cent increase in share price - as for the maximum scenario above, plus an increase in the value of the LTIP of 50 per cent across the relevant performance period to reflect possible share price appreciation. Consistent with the reporting regulations, this does not separately include the impact of dividend accrual.

7 Recruitment remuneration policy

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executive directors to strengthen the management team and secure the skill sets to deliver the Company's strategic objectives.

The starting point for the Committee will be to look at the general policy for executive directors as set out above, and structure a package in accordance with that policy. Although the Regulations provide that, technically, the caps on fixed pay within the general policy will not apply on the recruitment of an executive, the Committee would seek not to exceed those caps in practice. In addition, ignoring any special buy-out arrangements which may prove to be necessary, the annual bonus and long-term incentive compensation arrangements will operate (including the maximum award levels) within the limits as set out in the Future policy table in Section 3.1 for executive directors on pages 63 to 65.

When an internal appointment is made, any pre-existing obligations will be honoured and payment will be permitted under the policy. However, the Committee may adjust any pre-existing obligations to reflect the new appointment where it is considered appropriate to do so.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses and legal fees as it considers to be appropriate.

Where it is necessary to make a recruitment-related pay award to an external candidate to buy out entitlements under a previous employers' plan, the Company will not pay more than the Committee considers necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing incentive pay structure. It may, however, be necessary in some cases to make such buy-out awards on terms that are more bespoke than the existing annual and equity-based pay structures at the Company in order to secure a candidate.

Any buy-out awards for external appointments, whether under the bonus plan, LTIP or otherwise, will be capped at the commercial value of the amount forfeited and will take account of the nature, time-horizons and performance requirements of those awards. In particular, the Committee will seek to ensure that any awards being forfeited which were subject to outstanding performance requirements (other than where substantially complete) are bought out with replacement performance requirements and any awards with service requirements are, again, bought out with similar terms. However, exceptionally the Committee may relax those obligations where it considers it to be in the interests of shareholders and those factors are, in the view of the Committee, equally reflected in some other way, for example, through a significant discount to the face value of the awards forfeited.

8 Contracts of service and policy on payment for loss of office

Executive directors are on rolling service contracts with no fixed expiry date. The contract dates and notice periods for each executive director are as follows:

<u>Date of contract</u>	<u>Notice period by Company</u>	<u>Notice period by director</u>
<u>CartCowling 26 February 2019</u>	<u>12months</u>	<u>12months</u>
<u>Robert Moorhead</u>	<u>8 October 2008</u>	<u>12 months</u>
		<u>9 months</u>

Carl Cowling's service contract provides for notice of 12 months from either party, permits summary dismissal with no compensation in specified cases, has no special provisions in the event of a change of control and limits the maximum sum due on termination to base salary only for the notice period. Robert Moorhead's service contract provides for notice of 12 months from the Company and nine months from Robert Moorhead and has no special provisions in the event of a change of control and limits the maximum sum due on termination to base salary only for the notice period. Copies of the service contracts may be inspected at the registered office of the Company.

It is envisaged that any new executive director would join with a contract which is no more favourable than that summarised in respect of Carl Cowling. In practice, the facts surrounding a termination may be complex and do not always fit neatly into defined categories for 'good' or 'bad' leavers. Therefore, it is appropriate for the Committee to consider the suitable treatment on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatment which the Committee may choose to apply under the discretions available to it under the terms of the annual bonus plan, DBP and LTIP. The potential treatments on termination under these plans (which are governed by the relevant plan rules) are summarised in the table below.

Reran for (wing

Tmmg at vesting/payment

Calculation ctvating/pifmmt

Annual bonus

Deferred Bonus Plan •

LTIP

In respect of all-employee plans, including Sharesave, the executive directors are subject to the same leaver provisions as all other participants.

If additional compensation is required to be considered, such as on a settlement agreement, the Committee will consider all relevant commercial factors affecting the specific case. If the Committee deems it necessary the Company may enter into agreements with an executive director, which may include the settlement of liabilities in return for payment(s), including reimbursement of legal fees and outplacement services.

WH Smith PLC Annual Report and Accounts 2021

3.9 Chairman and non-executive director fees

The following table explains the different elements of the remuneration that is paid to the Chairman and non-executive directors.

All payments made to the Chairman are determined by the Committee. The Chairman does not participate in any bonus or share plans. The fees paid to non-executive directors are determined by the Chairman and the executive directors [being the Board excluding the non-executive directors themselves] and are paid in cash. The levels are set to take into account the required time commitment and the fee payments for non-executive directors of similar organisations. Non-executive directors do not participate in any bonus or share plans. The current fees payable to the Chairman and the non-executive directors are set out on page 74.

Non-executive directors' letters of appointment

The Chairman, who has a letter of appointment, is appointed for an initial term of three years. The appointment may be terminated at any time by either the Company or the Chairman without notice. The non-executive directors, who have letters of appointment, are also appointed for an initial term of three years. The Chairman and non-executive directors may be invited to serve for up to a further two terms (nine years in total). Any term renewal is subject to Board review and re-election at the Company's AGM. There is no right to re-nomination by the Board, either annually or after any three-year period. These appointments can be terminated at any time by either the Company or the non-executive director without notice. Copies of the letters of

appointment may be inspected at the registered office of the Company.

In light of the Covid-19 pandemic, we announced that Henry Staunton, Chairman, would remain as a director of the Company until 2022. Information on the Company's succession planning is set out in the Nominations Committee report on pages 54 and 55.

Chairman and non-executive directors

31 December 2022

31 January 2024

8 September 2023

Annemarie Durbin

26 February 2019

Maurice Thompson

Under the Company's Articles of Association, all directors are required to retire and submit themselves for re-election every three years. However, in accordance with the Code, the Board has agreed that all directors will stand for re-election at the forthcoming AGM.

Operation and performance measures

- The fees paid to the Chairman and the fees of the other non-executive directors aim to be competitive with other fully listed companies of equivalent size and complexity. Fee levels are periodically reviewed by the Board (for non-executive directors) and the Committee (for the Chairman) In both cases, the Company does not adopt a quantitative approach to pay positioning and exercises judgement as to what it considers to be reasonable in all the circumstances as regards quantum.
 - Additional fees are paid to non-executive directors who chair a Board Committee (excluding the Nominations Committee) and to the Senior Independent Director (SID) and additional fees may be introduced from time to time for other responsibilities.
- ¹ All fees are subject to the aggregate fee cap for directors in the Articles of Association (currently £750,000 per annum).
- Non-executive directors do not participate in incentive arrangements.
 - Fees are paid monthly in cash.
 - Fee levels for the Chairman and the non-executive directors are reviewed periodically (the last review being in March 2018) with the next review due in March 2022
 - The Company reserves the right to change how the elements and weightings within the overall fees are paid and to pay a proportion of the fees in shares within this limit if it is considered appropriate to do so.

WH Smith PLC Annual Report and Accounts 2021 71

Corporate governance

Directors' remuneration report continued

Operation and performance measures

- In line with other employees, the Chairman and the non-executive directors receive an employee staff discount.
- It is not the current practice of the Company to provide benefits to the Chairman or the non-executive directors (other than the employee staff discount). However, while the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by the Company or another) and business travel for directors may technically come within the applicable rules and so the Committee expressly reserves the right to authorise such activities within its agreed policies and within the overall limits.
- Neither the Chairman nor any non-executive directors will participate in any variable pay arrangements.
- Any other benefits would count towards the overall fee cap.

k. Annual Directors' remuneration report

The Committee presents the Annual report on remuneration which, together with the introductory letter by the Chair of the Committee on pages 58 to 60, will be put to shareholders as an advisory vote at the forthcoming Annual General Meeting.

4.1 Remuneration Committee

The Committee Chair is Annemarie Durbin. The other members of the Committee are Kal Atwal, Nicky Dulieu, Simon Emeny, Henry Staunton and Maurice Thompson. At the invitation of the Committee, the Group Chief Executive and representatives of the Committee's external independent remuneration advisor regularly attend meetings.

The Committee met eight times during the year. All Committee members are expected to attend meetings. The table on page 43 in the Corporate

The Committee met eight times during the year. All Committee members are expected to attend meetings. The table on page 43 in the Corporate governance report shows the number of meetings held during the year ended 31 August 2021 and the attendance record of individual directors.

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all executive directors is set and approved by the Committee; none of the executive directors are involved in the determination of their own remuneration arrangements. The Committee also receives support from external advisors and evaluates the support provided by those advisors annually to ensure that advice is independent, appropriate and cost-effective.

During the year, the Committee continued to receive advice from FIT Remuneration Consultants LLP (FIT), which is a member of the Remuneration Consultants Group (the professional body) and adheres to its code of conduct. FIT was appointed by the Committee and has no other relationship with the Company or with any individual directors. The Committee is satisfied that FIT continues to provide objective and independent advice. FIT's fees in respect of the year under review were £72,092 (excluding VAT) and were charged on the basis of FIT's standard terms of business.

Ian Houghton, Company Secretary, also materially assisted the Committee in carrying out its duties, except in relation to his own remuneration. No director or manager is involved in any decisions as to their own remuneration. The Group Chief Executive also attends Committee meetings but excludes himself in relation to discussion of his own remuneration, as does the Chairman.

The Committee maintains an ongoing dialogue with our major shareholders and proxy agencies to understand their views. Any major changes to the policy or its operation would be subject to prior consultation as necessary.

Key Committee activities during the year

4.2 Implementation of Directors' remuneration policy in the financial year ended 31 August 2021

This section sets out how the Directors' remuneration policy has been implemented in the financial year ended 31 August 2021.

Element of policy implementation of policy

Executive directors

WH Smith PLC Annual Report and Accounts 2021
Corporate governance

Directors' remuneration report continued

Implementation of policy

Annual LTIP awards were set at the policy level being 335 per cent for Carl Cowling and 310 per cent for Robert Moorhead.

The terms of and the performance measures applicable to the LTIP awards made in the financial year ended 31 August 2021 are described on page 81

Vesting of LTIP awards is determined based on the following measure: 100 per cent is based on relative TSR The performance period is three years.

There is a subsequent two-year holding period. The Committee approved this performance measure as it is directly linked to the objectives set out in the Group's strategy; there is a direct link with shareholder value and there is a clear line of sight for participants between performance and reward.

As disclosed in last year's report, consistent with the Code provisions, the Committee retains a broad discretion to reduce vesting levels, including if it considers that there would otherwise be a windfall gain or if management fail to deliver on the Company's ESG expectations.

The Committee took the decision at its meeting in October 2020 not to adjust the financial targets for the outstanding LTIP awards. The Company partially met the performance targets for the 2017 LTIP with 13 per cent of the award vesting notwithstanding the significant impact of Covid-19 on the Company in the second half of the financial year ended 31 August 2020. The award granted in November 2018 has lapsed and it is likely that the award granted in November 2019 will also lapse.

Carl Cowling is required to hold 300 per cent of salary in shares. Robert Moorhead is required to hold 250 per cent of salary in shares. In accordance with the Directors' remuneration policy, Carl Cowling is expected to achieve compliance with the shareholding requirement within six years of him joining the Board on 26 February 2019.

As at 31 August 2021 Carl Cowling held 23,051 shares with a value of E376.192 (approximately 68 per cent of salary) and Robert Moorhead held 197,973 shares with a value of £3,230.919 (approximately 735 per cent of salary).

The annual bonus plan. DBP and LTIP rules included a provision for clawback (before or within a period of three years in the case of the LTIP and DBP following payment or vesting or earlier change of control) of a bonus or award if (a) the Company materially misstated its financial results and as a result the bonus or award was made, paid or vested to a greater extent than it should have been (b) the extent to which any performance target or other condition was met was based on an error or inaccurate or misleading information or assumptions and as a result the bonus or award was made, paid or vested to a greater extent than it should have been (c) the Committee concludes that circumstances arose during the bonus year or vesting period which would have warranted summary dismissal of the individual concerned or (d) there is an event of insolvency having regard to the involvement of the individual executive in the circumstances which (ed to such insolvency.

Non-executive directors

Current fees are £235,000 for the Chairman of the Board and £55,000 for the role of non-executive director with additional fees of.

li) £12,000 payable for the role of Senior Independent Director (SID); and

lii) £12,000 payable for being the Chair of the Audit or Remuneration Committee

74 WH Smith PLC Annual Report and Accounts 2021

4.3 Implementation of Directors' remuneration policy in the financial year ending 31 August 2022

The Committee envisages that there will be no changes to the implementation of the Directors' remuneration policy, beyond the proposed changes to the policy set out on page 61. during the financial year ending 31 August 2022. The policy in respect of the executive directors will be applied as follows.

Implementation of policy'

; Executive directors

The policy in respect of the non-executive directors will be applied as follows:

Element of pay

Implementation of policy

. Non-executive directors

The fees of the Chairman and non-executive directors will be subject to a review in March 2022.

WH Smith PLC Annual Report and Accounts 2021
Corporate governance

Directors' remuneration report continued

4.4 Summary of non-executive directors' remuneration 2021 (audited)

The table below summarises the total remuneration for non-executive directors as a single figure for the financial year ended 31 August 2021. Non-executive directors are not paid a pension and do not participate in any of the Company's variable incentive schemes:

Sue fee*	
COOO	
	Committee/SID fee COOO
Benefits* COOO	
Total COOO	

Henry Staunton

Kal Atwal^W

Nicky Dulieu["]

Annemarie Durbin

Simon Emeny

Maurice Thompson

Directors who resigned during the year

Suzanne Baxter¹¹

- a) Benefits primarily consist of travel and subsistence costs incurred in the normal course of business, in relation to meetings on Board and Committee matters and other Company events which are considered taxable.
- b) Kal Atwal was appointed as a non-executive director on 1 February 2021.
- c) Suzanne Baxter stepped down as a director of the Company on 20 January 2021.
- d) Nicky Oueu was appointed as a non-executive director on 9 September 2020.
- e) The directors took a 20 per cent voluntary reduction in salary/fees during the lockdown period between April to June 2020.

4.5 Summary of Executive directors' remuneration 2021 (audited)

The table below summarises the total remuneration for executive directors as a single figure for the financial year ended 31 August 2021:

Salary	
COOO	
Benefits* COOO	
Pension* COOO	
	Total fixed remuneration COOO
Annual bonus COOO	
ITT COOO	
	Total variable remuneration COOO
Total remuneration COOO	

2021 2020 2021

Carl Cowling

550 482 14

Total H'OOOs

Robert Moorhead 440 418 14

990 900 28

- a) Carl Cowling and Robert Moorhead took a 20 per cent reduction in salary during the lockdown period, March to June 2020. Carl Cowling's salary increased to £550,000 with effect from 1 July 2020 and to £575,000 with effect from 1 September 2021.
- b) Benefits relate mainly to the provision of a car allowance, private medical insurance and life assurance.
- c) The performance measures for the annual bonus, and achievement against them, are set out on pages 80 and 81. For the year under review, Carl Cowling had the opportunity to receive an annual bonus up to a maximum of 160 per cent of his base salary and Robert Moorhead had the opportunity to receive an annual bonus of up to a maximum of 130 per cent of base salary. The calculated outcome under this measure may be moderated (downwards only) by the Committee having regard to personal performance ratings. The Company's Headline EBITDA was £1.5m. After the exercise of negative discretion, Carl Cowling received a reduced annual bonus of £550,000, of which 23 per cent will be deferred into shares and Robert Moorhead received a reduced annual bonus of £357,500, of which 23 per cent will be deferred into shares. Both the cash and deferred share elements are subject to malus and clawback provisions.
- d) The performance measures for the LTIP, and achievement against them, are set out on page 83. The performance conditions for the awards granted in the financial year ended 31 August 2019 were not met and the awards lapsed. The 2020 figures in the table above have been updated to the actual values of the LTIP that vested in respect of the performance period ending in that financial year, using the share price of 1021 p. being the closing price on the vesting date, 26 October 2020. The LTI figures in the table for 2020 do not include any share price appreciation as the share price as at the date of grant on 26 October 2017 was 2036 67p.
- e) The pension figures in the table above include both the pension contribution into the Company's defined contribution pension scheme and any salary supplement received in lieu.

The total aggregate emoluments (excluding LTI) paid to the Board in the financial year ended 31 August 2021 was £2,646,000 and in the financial year ended 31 August 2020 was £1,703,000.

6 Payments made to former directors (audited)

Stephen Clarke stepped down as Group Chief Executive on 31 October 2019. Under the rules of the LTIP, Stephen Clarke was treated as a good leaver and retained a reduced number of unvested awards. These awards vested in respect of 4,574 shares in the financial year ended 31 August 2021.

Stephen Clarke also retained awards under the DBP. These awards vested in respect of 2,360 shares in the financial year ended 31 August 2021.

No other payments were made in the financial year ended 31 August 2021 to former directors of the Company

7 Payments for loss of office (audited)

No payments were made in respect of any director's loss of office in the financial year ended 31 August 2021.

WH Smith PLC Annual Report and Accounts 2021

4.8 Assessing pay and performance

You can see how the Company has generated shareholder value since 2011 in the TSR graph below. As can be seen from the graph, the Company generated a return of 39 per cent over the financial year ended 31 August 2021 compared to the FTSE All Share General Retailers Index which generated a return of 29 per cent over the same period

a) The graph illustrates the TSR performance on a cumulative basis (with dividends reinvested) as at the end of each of the last ten financial years compared with the FTSE All Share General Retailers Index (the Index) over the same period
 b) The Company is a member of the Index and, as such, this sector was considered to be the most appropriate comparator group upon which a broad equity market index is calculated.

The table below summarises the Group Chief Executive's remuneration and how the Company's variable pay plans have paid out over the past ten years.

Financial year ended 31 August	CEO	£000	Single figure of total remuneration %*	Annual bonus (vesting versus maximum opportunity)	Long-term Incentive (vesting versus maximum opportunity)
<u>2021</u>	<u>Carl Cowling</u>	<u>183</u>	<u>63</u>	-	-
2020 - from 1 November 2019	Carl Cowling	531	:	13	-
2020 - until 31 October 2019	Stephen Clarke	221	:	13	-
2019	Stephen Clarke	3/16	100	69	-
2018	Stephen Clarke	2879	93	58	-
2017	Stephen Clarke	4JJ2	98	81	-
2016	Stephen Clarke	5J79	100	98	-
2015	Stephen Clarke	4J48	100	100	-
<u>2014</u>	<u>Stephen Clarke</u>	<u>2^546</u>	<u>100</u>	<u>100</u>	-
2013 - from 1 June	Stephen Clarke	4JJ67	100	97	-
2013- until 31 May	Kate Swann	9J92	100	98	-
2012	Kate Swann	3.147	100	90	-

The 2020 single figure of total remuneration has been updated to reflect the actual value of the LTIP award that vested in respect of the performance period ending in that financial year.

Corporate governance

Directors' remuneration report continued

4.9 Annual change in remuneration of each director compared to employees

The table below shows the percentage changes in the remuneration of each director (salary/fees, annual bonus and taxable benefits) from financial year to subsequent financial year over the financial years ended 31 August 2020 and 31 August 2021 compared with the percentage changes in the average of those components of pay for UK employees employed by WH Smith Retail Holdings Limited over that period. The Company has chosen to voluntarily disclose this information, given that WH Smith PLC is not an employing company.

Salary/fee increase/decrease	*
Annual bonus Increase/decrease	0/0
Taxable benefits Increase/decrease	0/0

Financial year ended 31 August

[Carl Cowling](#)

Robert Moorhead

[Henry Staunton](#)

Kal Atwal

[Nicky Dulieu](#)

Annemarie Durbin

[Simon Emeny](#)

[Maurice Thompson](#)

[UK employees](#)

a) Kal Atwal was appointed as a non-executive director on 1 February 2021.

b) Nicky Dulieu was appointed as a non-executive director on 9 September 2020 and became Chair of the Audit Committee on 20 January 2021.

c) The directors took a 20 per cent voluntary reduction in salary/fees during the lockdown period between April to June 2020 and the 2021 figures reported above reflect the reversal of those salary waivers.

d) Carl Cowling was appointed to the Board on 26 February 2019 and became Group Chief Executive on 1 November 2019 e) Simon Emeny was appointed as the Company's Senior Independent Director on 22 January 2020

6.10 Group Chief Executive pay compared to pay of UK employees

The ratios comparing the total remuneration of the Group Chief Executive (as included in the single total figure of remuneration table on page 77) to the remuneration of the 25th, 50th and 75th percentile of our UK employees are set out below. The disclosure will build up over time to cover a rolling ten-year period.

We expect the pay ratio to vary from year to year, driven largely by the variable pay outcome for the Group Chief Executive, which will significantly outweigh any other changes in pay at WHSmith.

Group Chief Executive pay ratios

Financial year ended 31 August

Option A

[Option A](#)

[Option A](#)

WHSmith has chosen to use Option A to calculate its Group Chief Executive pay ratio as it believes that it is the most robust way for it to calculate the three ratios from the options available in the Regulations.

Total remuneration for all UK full-time equivalent employees of the Company on 31 August 2021 has been calculated in line with the single figure methodology and reflects their actual earnings received in the financial year ended 31 August 2021 (excluding business expenses). Set out in the table below is the base salary and total pay and benefits for each of the percentiles.

75th percentile pay ratio

[Salary](#)

[Total pay and benefits](#)

The Company believes the median pay ratio for the year ended 31 August 2021 is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole. This group has been selected as the most appropriate comparator for the Group Chief Executive as he is a full-time employee based in the UK and approximately 85 per cent of all WHSmith employees are based in the UK. The increase in the pay ratios in 2021 as compared to 2020 is attributable to the increase in the amount of variable remuneration received by the Group Chief Executive as he did not receive a bonus payment in 2020 as a result of the impact of Covid-19. As explained in

the Chair's annual statement on pages 58 to 60 and the summary of executive remuneration on page 76, the Group Chief Executive and approximately 1,750 employees received a bonus under the annual bonus plan for the financial year ended 31 August 2021.

WH Smith PLC Annual Report and Accounts 2021

4.11 Relative importance of spend on pay

The table below shows the total cost of remuneration paid to or receivable by all employees in the Group as well as dividends/share buybacks made during the financial year ended 31 August 2021. There were not considered to be any other significant distributions and payments or other uses of profit or cash flow deemed by the directors to assist in understanding the relative importance of spend on pay for the purposes of the table below

2020		2021		% change		2020		2021		% change	
£m		Cm				Cm		Cm		Cm	
217		232		7~		-		-		-	

4.12 Annual bonus targets (audited)

The performance targets used under the annual bonus plan are normally set annually to support the Company's strategic priorities and reinforce financial performance. The performance targets are set by the Committee based on a range of factors, principally the Company's budget as approved by the Board either prior to or shortly following the start of the financial year. The Committee agreed that the performance targets for the annual bonus plan for the financial year ended 31 August 2021 should be based on Headline EBITDA¹ in order to focus the management team on the Group's free cash flow as a result of the ongoing impact of Covid-19.

The Committee, in setting the bonus targets for the financial year ended 31 August 2021, was mindful of the impact of Covid-19 on the Company and the markets in which we operate and took into consideration market consensus for the financial year ended 31 August 2021. The Committee agreed that the range used to determine the level of pay-out under the bonus plan in respect of the financial targets should be widened given that the Committee agreed that the proposed target pay-out under the bonus plan was stretching given the uncertainty created by Covid-19.

Under the annual bonus plan, participants can earn a bonus based on the achievement of a financial target and a personal rating measured against one or more specific (financial and/or non-financial) objectives. The maximum level of bonus paid to a participant in the plan is dependent on the achievement of both the maximum financial target and the highest personal performance rating. The Committee sets a threshold pay-out target and a maximum pay-out target with straight-line vesting between the targets.

For the financial year ended 31 August 2021, no bonus was payable unless both the threshold financial target and at least an acceptable personal rating (i.e. Developing¹) were achieved. Subject to approval of the Directors' remuneration policy at the 2022 AGM, in exceptional circumstances, up to 20 per cent of the maximum bonus opportunity may be payable independent of the financial out-turn, subject to the Committee's assessment of whether personal performance or other non-financial performance warrants payment of a bonus against pre-set targets. No bonus will be payable unless the personal rating is at least acceptable (i.e. Developing¹). For on-target achievement of the profit target and a good personal rating (i.e. 'Strong'), an executive would earn approximately 48 per cent of the maximum bonus available under the plan. Any bonus payable will be paid in cash and shares.

Bonuses for the financial year ended 31 August 2021 could be earned according to the following scale (as a percentage of each executive's respective maximum)

Financial performance against Headline Group profit before tax ¹ target	Role model	Outstanding	Strong	Developing	Underachieved
Max E36m	100%	80%	60%	40%	0%
Target: £18m	80%	64%	48%	32%	0%
Threshold: £1m	40%	32%	24%	16%	0%

Interpolation between points in the matrix is permitted.

The Company's Headline EBITDA¹ for the financial year ended 31 August 2021 was £19m. This performance resulted in approximately 1,750 employees also receiving an on-target bonus under the annual bonus plan for the financial year ended 31 August 2021. The Committee believes that the senior management team, and in particular the executive directors, have provided outstanding, inspiring and resourceful leadership during another year of uncertainty and disruption. You can read about the actions that the executive directors took to build back stronger on pages 58 and 59.

The Committee considered the experience of the Company's stakeholders and the government support received by the Company in deciding whether it was in the Company's best long-term interests to pay Carl Cowling and Robert Moorhead a bonus. The Committee determined that the formulaic out-turn under the annual bonus plan should be adjusted and that it should reduce the bonus payment to one-times salary for Carl Cowling (and by the same percentage for Robert Moorhead). This resulted in a 22 per cent reduction. It also confirmed that 23 per cent of the bonus should be deferred in accordance with the rules of the Company's Deferred Bonus Plan. In reaching this decision, the Committee took into consideration the fact that the Company was not paying a dividend for the financial year ended 31 August 2021 but noted that the shareholders had seen an increase of approximately 39 per cent in the Company's share price as a result of the Company's overall financial improvement during the financial year.

¹ Alternative performance measure defined and explained in the Glossary on page 154

Corporate governance

Directors' remuneration report continued

The Committee believes that the management team has performed to a truly exceptional level this year. In addition to steering the business through an extraordinarily difficult period, their actions have been fundamental in establishing a commanding position from which the Company can build back stronger going forward. More details of the actions taken are set out below. Of particular note has been the winning of all 30 technology stores in UK airports and the circa 100 stores won and yet to open in Travel over the next three years. The Board believe that this management team is pivotal to the future success of the business. When balancing the interests of all stakeholders in our decision-making, retaining and motivating the management team for the future success of the business has been one of our primary objectives.

The executive directors' personal ratings are based on a range of objectives. Carl Cowling's personal objectives included-

Objective	Achievement
-----------	-------------

The Committee determined that, notwithstanding the successful achievement of all of his key personal objectives, it was appropriate to exercise downward discretion to reduce the formulaic annual bonus out-turn to one-times salary for Carl Cowling (a 22 per cent reduction) and, therefore, Carl Cowling should receive a reduced bonus payment of £550,000 for the financial year ended 31 August 2021 of which £127,600 will be deferred into shares.

WH Smith PLC Annual Report and Accounts 2021
Robert Moorhead's personal objectives included.

The Committee determined that, notwithstanding the successful achievement of all of his key personal objectives, it was appropriate to exercise downward discretion to reduce the formulaic annual bonus out-turn by 22 per cent reduction and, therefore, Robert Moorhead will receive a reduced bonus payment of £357,500 for the financial year ended 31 August 2021 of which £82,940 will be deferred into shares.

For the annual bonus plan for the financial year ending 31 August 2022, the bonus metrics will also be based on a similar matrix of financial and personal performance with the financial performance measure reverting to Headline Group profit before tax'. The financial bonus metrics will apply across the Group's bonus plans, so that the whole organisation is focused on delivering financial performance via the metrics that are applicable to each business. The Committee will publish the targets for that financial year in next year's report and, consistent with market practice, has elected not to pre-disclose them (or give numerical personal objectives) on the basis of commercial sensitivity. Any bonus payable in respect of the financial year ending 31 August 2022 will be paid in cash and shares. Any bonus payable over target will be deferred into shares for a period of up to three years under the DBP. The shares will be released one third on each anniversary of assessment irrespective of whether the recipient is an employee of the Company.

4.13 Share plans (audited)

The Committee regularly reviews the performance targets applicable to the LTIP to ensure that they align with the Company's strategy and reinforce financial performance. The Committee may change the measures and/or targets in respect of subsequent awards. For awards granted in the financial year ended 31 August 2021, the Committee determined that a market-based condition as the basis for the performance targets for the LTIP was best suited to the needs of the Company and its shareholders in order to reward sustained long-term performance and the creation of shareholder value. The Committee agreed that, given the challenge of setting robust performance targets three years in advance in light of Covid-19 uncertainty, the performance targets should only be based on TSR.

Annual LTIP awards in the financial year ended 31 August 2021 were set at the policy level being 335 per cent of salary for Carl Cowling and 310 per cent of salary for Robert Moorhead using the share price calculated over the three days preceding the grant date to determine the number of awards granted. The grant share price of 1459.33p was 37 per cent higher than the average share price of 1064.89p for the last quarter of the financial year ended 31 August 2020. The performance target for awards was based on relative TSR against the FTSE All Share General Retailers Index constituents. Vesting will occur on the following basis.

TSR performance ranking, at end of the Performance Period

Below median

Median

Upper quartile

On a straight-line basis between 25% and 100%

I Alternative performance measure defined and explained in the Glossary on page 1 Si

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Directors' remuneration report continued

As disclosed in last year's report, consistent with the requirements of the Code, the Committee retains a broad discretion to reduce vesting levels, including if it considers that there would otherwise be a windfall gain or if management fail to deliver on the Company's ESG expectations.

The performance condition for awards granted under the LTIP in the financial year ending 31 August 2022 will be based, as in prior years, on the following Headline EPS and relative TSR targets each measured over the three financial years to 31 August 2024:

- 50 per cent based on Headline pre-tax Earnings per Share (calculated on a pre-IFRS 16 basis) of 75p to 110p with 25 percent of this component

iii 20 per cent based on the Company's TSR performance against the FTSE All Share General Retailers Index constituents. Vesting will occur on the following basis, below median - Nil; median -20 per cent, upper quartile - 50 per cent, and on a straight-line basis between 25 per cent and 100 per cent; and
 Inl 60 percent based on growth in the adjusted diluted EPS of the Company. Vesting will occur on the following basis below 5 per cent - Nil; 5 per cent - 25 per cent; 10 per cent or more - 100 per cent; and on a straight-line basis between 25 per cent and 100 per cent. For these purposes, EPS will be determined by reference to fully diluted EPS before exceptional items and will exclude IAS 19 pension charges from the calculation, adjusted as considered appropriate by the Committee to ensure consistency. The Company did not meet the performance conditions and the awards lapsed on 1 November 2021. f) No awards have been granted to directors between 1 September 2021 and 11 November 2021.
 g) The awards granted in the financial years ended 31 August 2020 and 31 August 2021 under the LTIP will only vest to the extent that the performance targets as set out on pages 61 and 83 are satisfied.
 h) The awards granted in the financial year ended 31 August 2020 under the OBP will be released one third on each anniversary of the date of grant. Details of the awards are set out on page 81.
 The awards accrue the benefit of any dividends paid by the Company and are not subject to performance targets. In respect of the award granted on 24 October 2019 held by Carl Cowling, 1,351 shares vested with a total value of £20,677.58 (1530.5388p per ordinary share). In respect of the award granted on 24 October 2019 held by Robert Moorhead, 1,341 shares vested with a total value of £20,524.53 (1530.5388p per ordinary share).

14 WH Smith Employee Benefit Trust

The WH Smith Employee Benefit Trust (the Trust) is used to facilitate the acquisition of ordinary shares in the Company to satisfy awards granted under the Company's share plans. The Trust is a discretionary trust, the sole beneficiaries being employees (including executive directors) and former employees of the Group and their close relations. The Trustee is Computershare Trustees [C.I.] Limited, an independent professional trustee company based in Jersey. The Company intends that the ordinary shares in the Trust will be used to satisfy all outstanding awards and options made under the Company's share plans. The Trustee may exercise all rights attached to the shares held in the Trust in accordance with their fiduciary duties and the relevant plan rules or other governing documents. The Trustee has agreed to waive its rights to all dividends payable on the ordinary shares held in the Trust.

Following share purchases of 122,813 shares in the financial year ended 31 August 2021, the number of WH Smith PLC shares held in the Trust at 31 August 2021 was 304,641. The Group's accounting policy with respect to the Trust is detailed within Note 1 to the financial statements and movements are detailed in the Group statement of changes in equity on page 102.

15 Dilution Limits

Awards under the LTIP are currently satisfied using market purchase shares which may be acquired by the Trust as described in the paragraph above. WHSmith's share plans comply with recommended guidelines on dilution limits, and the Company has always operated within these limits.

16 External appointments

Each executive director may accept up to two non-executive directorships provided they are not both appointments to companies in the FTSE 100 or include a chairmanship of a FTSE 100 company. Non-executive directorships must not conflict with the interests of the Company. Executive directors may retain fees from one of their external directorships. The fee received and retained by Robert Moorhead in respect of his non-executive directorship is shown in the table below:

	COOs	ftIQs	Received	Retained
Robert Moorhead - The Watches of Switzerland Group PLC	68	68		

1 Alternative performance measure defined and explained in the Glossary on page 154

Directors' remuneration report continued

4.17 Directors' interests in shares (audited)

The beneficial interests of the directors and their immediate families in the ordinary shares of the Company are set out below:

Number of shares subject to performance conditions			Ordinary shares		
31 August	31 August 2020		2021	for date of	31 August
tor date of	appointment	2021			
31 August	31 August	31 August		2020	2021 2020
					31 August 2021

Kal Atwal

3,990 .. 22,449

Nicky Dulieu

Annemarie Durbin

Simon Emeny

Robert Moorhead

Henry Staunton

Maurice Thompson

Directors who resigned during the year

Suzanne Baxter

- a) Nicky Dulieu was appointed as a non-executive director on 9 September 2020
- bi Kal Atwal was appointed as a non-executive director on 1 February 2021.
- ci The LTIP amount above is the maximum potential award that may vest subject to the performance conditions daenbei on pages 81 and 83
- di The performance conditions for the October 2010 LTIP were not met and the awards lapsed.
- ci There has been no further change in the directors interests shown above between 1 September 2021 and 11 November 2021.
- li The middle market price of an ordinary share at the close of business on 31 August 2021 was 1632p 128 August 2020.1177p.
- gi Sec Table of Outstanding awards on page B2 for details of awards exercised during the financial year ended 31 August 2021
- h) Suzanne Baxter stepped down as a director of the Company on 20 January 2021.

4.18 Voting at the Annual General Meeting Statement of voting at 2019

AGM

The table below shows the voting outcome at the Annual General Meeting on 23 January 2019 for approval of the remuneration policy:

Votes against
Total votes cast
Votes withheld

Approval of Directors' remuneration policy

Statement of voting at 2021 AGM

The table below shows the voting outcome at the Annual General Meeting on 20 January 2021 for approval of the annual Directors' remuneration report-

votes
against
Total votes cast

Votes withheld

Approval of Directors' remuneration report

A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes for' and against' a resolution

As explained in the announcement of the voting outcome at the Annual General Meeting on 20 January 2021, the Company understands that the primary reason for the significant percentage of votes against the resolution to approve the Directors' remuneration report was the salary increase of £25,000 which Carl Cowling received on 1 July 2020. As a result, the previously announced increase to Carl Cowling's salary in April 2021 was postponed until 1 September 2021.

On behalf of the Board

Annemarie Durbin

Chair of the Remuneration Committee

11 November 2021

WH Smith PLC Annual Report and Accounts 2021

Directors' report

The directors present their report and the audited consolidated financial statements for the financial year ended 31 August 2021. The Company is the ultimate parent company of the WHSmith group of companies (the Group) WH Smith PLC is registered in England and Wales (Number 5202036) and domiciled in the United Kingdom.

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006. to include certain information in the Strategic report that

would otherwise be required to be disclosed in this Directors' report, as follows:

Information	Page number
<u>Likely future developments in the business</u>	<u>8 to 19</u>
Branches outside the UK	14
Disclosures concerning greenhouse gas emissions and <u>energy consumption</u>	<u>29 to 32</u>
Employment of disabled persons	33
<u>Employee engagement</u>	<u>32 to 40</u>
Engagement with external stakeholders	41

Other information, which forms part of this Directors' report, can be found in the following sections of the Annual report:

Section	Page number
<u>Corporate governance report</u>	<u>41 to 48</u>
<u>Directors' biographies</u>	<u>56 and 57</u>
Statement of directors' responsibilities	88
Information on use of financial instruments	137 to 140

This Directors' report (including information specified above as forming part of this report) fulfils the requirements of the Corporate governance statement for the purposes of DTR 7.2.

The information required by Listing Rule 9.8.4R is disclosed on the following pages of this Annual report.

Subject matter	Page number
Allotment of shares for cash pursuant to the WH Smith <u>employee share incentive plans</u>	65 Directors' remuneration report/ Note 23 on page 140 of the financial statements
Arrangement under which the directors waived salary or fees	76 and 78 Directors' remuneration report
Arrangement under which the WH Smith Employee Benefit Trust has waived or agreed to waive dividends/future dividends	83 Directors' remuneration report

Dividends

In light of the ongoing uncertainty and the impact of Covid-19 on the Group which has resulted in the Group making a Headline loss before tax and non-underlying items' of £55m. no interim dividend was declared at the half-year and the Board will not propose a final dividend in relation to the financial year ended 31 August 2021. The Board believes that the decision not to pay a dividend is in the best long-term interests of shareholders but understands the importance of dividends to shareholders and will consider the quantum and timing of possible future dividend payments when appropriate to do so.

Share capital

WH Smith PLC is a public company limited by shares. The issued share capital of the Company, together with details of shares issued during the year, is shown in Note 23 to the financial statements on page 140

The issued share capital of the Company as at 31 August 2021 was 130,908,801 ordinary shares of 22⁶/₁₀₀p each. These shares are listed on the London Stock Exchange and can be held in certificated or uncertificated form.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights

There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions imposed by laws and regulations (such as insider trading laws and market requirements relating to closed periods), including the requirements of the UK Market Abuse Regulation and the Listing Rules, and also the Company's Share Dealing Code whereby directors and certain employees of the Company require Board approval to deal in the Company's securities

The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association, a copy of which can be obtained from the Company's website whsmithplc.co.uk <<http://whsmithplc.co.uk>>. The holders of ordinary shares are entitled to receive the Company's report and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights, and to receive a dividend, if declared, subject to the deduction of any sums due from the holder of ordinary shares to the Company on account of calls or otherwise. Changes to the Company's Articles of Association must be approved by special resolution of the Company.

The Trustee of the WH Smith Employee Benefit Trust holds ordinary shares in the Company on behalf of the beneficiaries of the Trust, who are the employees and former employees of the Group. If any offer is made to the holders of ordinary shares to acquire their shares, the Trustee will not be obliged to accept or reject the offer in respect of any shares which are at that time subject to subsisting options, but will have regard to the interests of the option holders and can consult them to obtain their views on the offer, and subject to the foregoing, the Trustee will take the action with respect to the offer it thinks fair.

New Financing Arrangements and Convertible Bond

On 9 March 2021, the Company extended its bank financing arrangements with its existing banks. The Company extended the maturity of its two existing £200m Term Loans to October 2023 and agreed a new minimum liquidity covenant for both the August 2021 and February 2022 covenant tests. The previously agreed covenant waiver for February 2021 remained unchanged. These changes enabled the Company to cancel its existing £120m

The previously agreed covenant waiver for February 2021 remained unchanged. These changes enabled the Company to cancel its existing £120m liquidity loan which was undrawn and due to expire in November 2021. The Group's £200m revolving credit facility remained unchanged with the arrangement due for renewal in December 2023.

¹ Alternative performance measure defined and explained in the Glossary on page 154

WH Smith PLC Annual Report and Accounts 2021

Corporate governance

Directors' report continued

On 28 April 2021, the Company announced it had agreed new bank financing arrangements and also launched a potential offering of guaranteed senior unsecured Convertible Bonds (the "Bonds"). The new financing arrangements included a £250m revolving credit facility (increased from £200m) maturing in April 2025 from an expanded syndicate of lending banks and a new £133m term loan also maturing in April 2025.

On 29 April 2021 the Company announced the successful pricing and final terms of its offering of £327m of Bonds. The Bonds were issued in principal amounts of £100,000 each and carry a coupon of 1.625 per cent per annum payable semi-annually in arrear in equal instalments on 7 May and 7 November each year, with the first interest payment date being 7 November 2021. The Bonds are convertible into new and/or existing ordinary shares of the Company. The initial conversion price was set at £24.99, representing a premium of 40 per cent above the reference share price of £17.85. Settlement and delivery of the Bonds took place on 7 May 2021. If not previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed at par on 7 May 2026. The Bonds were admitted to trading on the unregulated open market (Freiverkehr) of the Frankfurt Stock Exchange. The issue of the Bonds was equivalent to circa ten per cent of the Company's existing issued ordinary share capital.

The new bank financing arrangements and the issue of the Bonds provide balance sheet capacity and flexibility whilst diversifying the Company's sources of debt funding. The Company also expects to benefit from an ongoing lower cost of funding from the Bonds.

Purchase of own shares

At the 2021 AGM, authority was given for the Company to purchase, in the market, up to 13,086,666 ordinary shares of 22% p each, renewing the authority granted at the 2020 AGM. The Company did not purchase any of its own shares during the financial year. The Company intends to renew the authority to purchase its own shares at the forthcoming AGM as the directors believe that having the flexibility to buy back shares is in the best interests of the Company. The directors do not currently envisage utilising this authority in the financial year ending 31 August 2022.

Issue of new ordinary shares

During the financial year ended 31 August 2021, 43,345 ordinary shares of the Company were issued under the Sharesave Scheme at prices between 1434.40p and 1609.60p. The Articles of Association of the Company provide that the Board may, subject to the prior approval of the members of the Company, be granted authority to exercise all the powers of the Company to allot shares or grant rights to subscribe for or convert any security into shares, including new ordinary shares.

Significant agreements/financing agreements – change of control

A change of control of the Company following a takeover bid may cause a number of agreements to which the Company or its trading subsidiaries is party, such as commercial trading contracts, banking arrangements, property leases, licence and concession agreements to take effect, alter or terminate. In addition, the service agreements of some senior executives and employee share plans would be similarly affected on a change of control, including, in the case of some employees, in relation to compensation for loss of office.

The Company has an unsecured £250m multi-currency revolving credit facility with Barclays Bank PLC, HSBC Bank PLC, J.P Morgan Securities, Santander UK PLC and BNP Paribas for general corporate and working capital purposes. If there is a change of control of the Company, and agreeable terms cannot be negotiated between the parties, any lender may cancel the commitment under the facility and all outstanding utilisations for that lender, together with accrued interest, shall be immediately payable.

The Company issued a £327m convertible bond on 7 May 2021. The Bond holders have the right to early redemption in the event of a change of control of the Company.

Directors' conflicts

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('Situational Conflicts'). The Board has a formal system in place for directors to declare Situational Conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a Situational Conflict, the non-conflicted directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company, and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any Situational Conflicts considered by the Board, and any authorisations given, are recorded in the Board minutes and in a register of conflicts which is reviewed regularly by the Board.

Directors' indemnities

The Company maintained directors' and officers' liability insurance in the financial year ended 31 August 2021 and up to the date of this report which gives appropriate cover for any legal action brought against its directors. The Company has provided and continues to provide an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of Section 234 of the Companies Act 2006.

Company's shareholders

Nature of holding
Number

Information provided to the Company pursuant to the Financial Conduct Authority's (FCA) Disclosure Guidance and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website. As at 31 August 2021, the following information had been received, in accordance with DTR5, from holders of notifiable interests in the Company's issued share capital. It should be noted that these holdings may have changed since notified to the Company.

5.87
7,698,670
Indirect

% as at dated notification

BlackRock Inc.

Direct
6.02

7,882,568
Indirect

7,971,971
6.92

Causeway Capital Management LLC

M&G PLC
6,539,399

4.99
Indirect

Marathon Asset Management LLP

6,539,691
Direct

4.99

Royal London Asset Management Ltd

a) On 1 September 2021 BlackRock Inc. notified the Company of a holding of 7,736,609 shares 15.00 per cent Indirect holding. Subsequently, on 2 September 2021 BlackRock Inc. notified the Company of a decrease in its holding to 7,657,623 shares (5.63 percent Indirect holding). On 15 September 2021 BlackRock Inc. notified the Company of an increase in its holding to 8,057,676 shares 16.16 per cent Indirect holding. On 16 September 2021 BlackRock Inc. notified the Company of a change in its holding to 6,057,603 shares 16.16 per cent Indirect holding. On 17 September 2021 BlackRock Inc. notified the Company of a change in its holding to 8,052,690 shares 16.16 per cent Indirect holding.

b) On 3 September 2021 Causeway Capital Management LLC notified the Company of a holding of 9,280,753 shares 17.09 per cent Direct holding.

The Company received no other notifications in the period between 31 August 2021 and the date of this report.

Political donations

• It is the Company's policy not to make political donations and no political donations, contributions or political expenditure were made in the year 12020 (Enil).

Going concern

The Group's business activities, together with the factors that are likely to affect its future developments, performance and position, are set out in the Strategic report on pages 2 to 40. The Financial review on pages 16 to 19 of the Strategic report also describes the Group's financial position, cash flows and borrowing facilities, further information on which is detailed in Notes 19 to 22 of the financial statements on pages 134 to 140. At 31 August 2021, the Group is in a net current liability position. In addition, Note 22 of the financial statements on page 137 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk. The Strategic report on pages 21 to 28 also highlights the principal risks and uncertainties facing the Group.

The directors are required to assess whether the Group can continue to operate for a minimum of 12 months from the date of approval of these financial statements, and to prepare the financial statements on a going concern basis. The directors consider that the Group Company has adequate resources to

remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements. The basis of preparation of the financial statements and a more detailed explanation of the work undertaken in respect of going concern are set out in Note 1 of the financial statements on page 103.

The longer-term viability statement is in the Strategic report on page 28.

Independent auditors

PwC has expressed its willingness to continue in office as auditors of the Company. A resolution to re-appoint PwC as auditors to the Company and a resolution to authorise the Audit Committee to determine its remuneration will be proposed at the AGM.

Disclosure of information to the auditors

Having made the requisite enquiries, as far as each of the directors is aware, there is no relevant audit information (as defined in Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each of the directors has taken all steps he or she should have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Annual General Meeting

The AGM of the Company will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on 19 January 2022 at 11 30am. The Notice of Annual General Meeting is given, together with explanatory notes, in the booklet which accompanies this report. At the time of writing, UK public health regulations and guidance allow us to return to an in-person meeting this year, with shareholders physically able to attend the AGM should they wish to do so. We will continue to review our AGM arrangements in light of the latest government Covid-19 guidance, and therefore shareholders are encouraged to monitor the AGM page of the Company's website www.whsmithplc.co.uk/investors/shareholder-centre/agm for any updates.

This report was approved by the Board on 11 November 2021

for the Board

WH Smith PLC Annual Report and Accounts 2021
Financial statements

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 Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework', and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 Group and Company and of the profit or loss of the Group and 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, 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 Group and Company will continue in business

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

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the directors, whose names and functions are listed in the Directors' biographies, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information

On behalf of the Board

WH Smith PLC Annual Report and Accounts 2021

Independent auditors' report to the members of WH Smith PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- WH Smith PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 August 2021 and of the Group's loss and the Group's cash flows for the year then ended,
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice [United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law], and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts [the Annual Report', which comprise, the Group and Company balance sheets as at 31 August 2021; the Group income statement and Group statement of comprehensive income; the Group cash flow statement, and the Group and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 1 to the financial statements, the Group and Company, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group and Company financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 3, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope

- For the purposes of scoping the Group audit we have assessed the seven components of the business; High Street, Travel UK, InMotion, MRG, Travel International, Company and Central
- For the purposes of the Group audit, we performed a full scope audit on the High Street, Travel UK, MRG and InMotion components, whilst performing specified audit procedures over balances within the Central and Company components based on their overall size and values of their specific financial statement line items. Travel International was not included in the scope of our Group work.
- The audits of the InMotion and MRG components were performed by PwC USA.
- Our audit scoping gave us coverage of approximately 91% of absolute Group loss before tax, with approximately 96% coverage of revenue

- we performed a full scope audit over the Company for the Company audit.

Key audit matters

- Going concern (Group and Company)
- Convertible bond and refinancing (Group and Company)
- Impairment of store property, plant & equipment and right-of-use assets (Group) and impairment of investments (Company)
- Inventory valuation (Group)
- One off transactions and equal prominence of Alternative Performance Measures (APMs)' (Group)
- Pension scheme valuation (Group)

Materiality

- Overall Group materiality £5.7 million [2020: £6.1 million] based on approximately 5% of the five year average of loss/profit before tax before non-underlying items.
- Overall Company materiality: £8.4 million [2020- £11.2 million] based on 1 % of total assets
- Performance materiality £4.3 million (Group) and £6.3 million (Company).

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Independent auditors' report to the members of WH Smith PLC continued

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

This is not a complete list of all risks identified by our audit.

Key audit matter

The convertible bond and refinancing is a new key audit matter this year. IFRS 16 Right-of-use asset and lease liability valuation. Acquisition of Marshall Retail Group ('MRG') and Covid-19, which were key audit matters last year, are no longer included. MRG was a specific transaction in the prior year. IFRS 16 was an area of focus in the year of transition and there have been lower levels of new and modified leases in the year which required less judgement. Covid-19 has significantly impacted the Group in the year (including store closures and restricted travel) the specific impact of Covid-19 on key audit matters has been set out within separate key audit matters below. Otherwise, the key audit matters below are consistent with last year.

How our audit addressed the key audit matter

Going concern (Group and Company)

Refer to Note 1 (a) Accounting policies basis of preparation, Going concern

In undertaking their assessment of going concern for the Company and Group, the directors modelled future business performance and cash flow forecasts, by means of a 'base case' and a 'severe but plausible' cash flow model. In both models, the directors considered the financing available to the Group to assess liquidity and associated debt covenants

As part of strengthening the balance sheet, and in response to the impact Covid-19, management refinanced the Group's debt in the year, issuing a £327 million bond, (refer to separate key audit matter). The base case model is consistent with the Group's budget and three year plan. The severe but plausible model sensitises the base case and assumes a three-month lockdown from December 2021, with a gradual recovery thereafter. This scenario mirrors actual performance in the lockdown of early 2021 and subsequent recovery

Taking into account both the base case and severe but plausible scenario, and considering both liquidity and covenant headroom, the directors concluded that the Group has sufficient resources available to meet its liabilities as they fall due and is therefore a going concern. Further details of the directors' assessment are included within the Directors' report on page 85.

Due to the ongoing pandemic, and associated changes (o lockdown restrictions, there is significant judgement in developing the future cash flow forecasts, in particular, the assumptions relating to revenue We therefore focused audit effort on the going concern risk.

We agree with the Directors' conclusion to prepare the financial statements on a going concern basis.

The procedures performed in respect of going concern and our findings are set out in the "Conclusions relating to going concern" section below.

We consider the disclosure within the Basis of Preparation to appropriately highlight the process the directors have undertaken and the judgements, estimates and uncertainty involved.

WH Smith PLC Annual Report and Accounts 2021

How our audit addressed the key audit matter

Convertible bond and refinancing (Group and Company)

Refer to Note 1 (m) and Note 1 (q) for the financial instrument accounting policy and the directors' disclosure of the critical accounting judgements and key sources of estimation uncertainty.

As a direct result of Covid-19, the Group has refinanced its borrowings in the year which has resulted in the derecognition of the old debt facilities and recognition of the new term loan and convertible bond.

Initial recognition of the convertible bond requires complex accounting treatment and judgement regarding the bifurcation of the instrument into a liability component and an equity component. Transaction fees have been allocated between underlying and non-underlying expenses in accordance with the Group's policy.

Given the complexity of the accounting and judgements applied when accounting for these instruments, we have focused on this as part of our audit.

Impairment of store property, plant & equipment and right-of-use assets (Group) and impairment of investments (Company)

Refer to Note 1 (a), Basis of preparation, Non-underlying items and 1 (q) Critical accounting judgements and key sources of estimation uncertainty and Notes 12 and 13 (Property, plant & equipment and Right-of-use assets) and Note 3 in the Company Financial statements

The Group has a material operational retail asset base which may be vulnerable to impairment in the event of trading performance being below expectations. For the purposes of impairment testing, each retail store is considered to be a separate cash generating unit (CGU).

In the year, an impairment trigger was identified for the entire portfolio of stores as a result of continued challenging trading conditions as a result of Covid-19. The value-in-use models used to determine the amount of any impairment charge are based on store specific assumptions. Management's assessment resulted in the recognition of an impairment charge of i.Uh million.

We focused on this area because of the inherent judgement and estimation uncertainty involved in determining key assumptions such as the future sales profile and discount rates, particularly given the uncertainty associated with Covid-19, and the magnitude of the assets under consideration. We have audited management's technical assessment and consider the conclusions reached to be appropriate. We are satisfied that the initial recognition of the bond and the bifurcation between a liability and equity component is appropriate and that the conclusions and related accounting are reasonable based on our review of the underlying terms of the bonds.

We have confirmed the existence of the bond with the relevant counterparty.

We considered whether the allocation and disclosure of the non-underlying transaction fees as directly attributable to Covid-19' was appropriate and were satisfied that there was evidence that supports this treatment.

Based on the procedures performed, we noted no material issues arising from our work.

We obtained an understanding of how management had developed its forecast for the future trading of the Group, including obtaining a detailed understanding of the key assumptions made in developing these forecasts. We satisfied ourselves that the forecasts were reasonable and had been prepared with appropriate Board involvement. In forming this conclusion, we benchmarked the projections of trading and recovery against forecasts of credible third parties, as well as the current sales trajectory of the business versus pre-pandemic levels. With the assistance of our valuation experts we tested the value-in-use models, including challenging management forecasts at a store level, as well as other assumptions such as the sales profile, assumptions under-pinning the timing of recovery and discount rate, and found that these assumptions were reasonable. We assessed the mathematical accuracy and integrity of the impairment models and determined that the impairment charge had been appropriately calculated

Given the estimation uncertainty inherent in the impairment calculations, the financial statements include a sensitivity analysis (refer to Note 12). Having re-performed the sensitivity calculations and considered whether any other sensitivities might be more appropriate, we are satisfied that the financial

re-performed the sensitivity calculations and considered whether any other sensitivities might be more appropriate, we are satisfied that the financial statements adequately disclose the potential risk of future impairment or requirement for reversal of impairment if the performance of the stores differs from that forecast

We considered whether the disclosure of the non-underlying impairment charge as directly attributable to Covid-19 was appropriate and were satisfied that there was evidence that supports this statement.

We considered the carrying value of the Company investments in light of the impact of Covid-19, and noted no impairment

WH Smith PLC Annual Report and Accounts 2021 91

Financial statements

Independent auditors' report to the members of WH Smith PLC continued

How our audit addressed the key audit matter

Inventory valuation (Group)

Refer to Note 1 (hi Inventories and Note 1 (q) Critical accounting judgements and key sources of estimation uncertainty

Inventory consists of a number of product categories including books, news and magazines, impulse, stationery, travel essentials and digital. As at 31 August 2021, inventory was £135 million.

A number of inventory lines are perishable and items such as firm sale books, digital, fashion and journey solutions are at greater risk of obsolescence in a reduced trading environment

Categories including books, newspapers and magazines are on a sale or return basis and therefore have historically been considered to be lower risk; however, due to the impact of Covid-19, there has been an increase in the levels of firm sale stock as the returns allowances were reduced due to lower intake, thereby creating additional risk.

The Group's underlying inventory provision is primarily based on ageing profile and obsolescence risk based on historic sales performance. The assumptions in the calculation are consistent with the prior year. For a second year, the Group has calculated a non-underlying provision as a direct result of Covid-19. In the current year, the provision has been calculated due to a slower than anticipated recovery from the pandemic.

Judgement is required to estimate future sales to clear this inventory and with respect to alternative exit routes for inventory which attract different provisioning rates.

We focused on the valuation of the inventory provisions due to the size of the balance and the estimates involved in determining the future sales forecasts and the complexity of the calculation.

For the underlying provision, we developed an independent expectation of the provision required using a combination of ageing analysis and historic inventory turn data. We performed testing over the ageing data to ensure its accuracy.

For the non-underlying provision we focused on the book category, where the provision pertains to items that can no longer be classified as sale or return. We tested how the returns allowance was calculated.

The provisions are consistent with the Group's accounting policy and also reflect changes in the ageing profile and estimated future sales forecasts resulting from Covid-19. We satisfied ourselves that the inventory provisions were materially accurate.

Given the estimations involved we reviewed a sensitivity analysis to satisfy ourselves that a reasonable possible change would not result in a material adjustment to the carrying value of the inventory.

One off transactions and equal prominence of Alternative Performance Measures "APMs" (Group)

Refer to Note 1 (a) Non-underlying items, 1 (q) Critical accounting judgements and key sources of estimation uncertainty and Note 4 (Non-underlying items).

The Group has included Non-underlying items' on the face of the Group income statement and discusses these items in the Annual Report. Given the quantum and number of non-underlying items in the year, we focused on the presentation of these items to ensure they were treated consistently with the Group's accounting policy

Management runs the business on a pre-IFRS 16 basis and presents a number of pre-IFRS 16 APMs in the front half of the Annual Report and Accounts

We substantiated a sample of non-underlying items to corroborating evidence. We considered whether the designation of items as 'non-underlying' was consistent with the Group's accounting policy as disclosed in Note 1 (a) and treatment in prior years

We considered the evidence to support the segregation of costs attributable to Covid-19' and did not identify any arbitrary splitting of items between Covid-19 and non Covid-19

COVID-19 and non-COVID-19

Based on our procedures, we are satisfied that the treatment and classification of non-underlying items is consistent with the Group's policy. As part of our work we ensured there was equal prominence between pre-IFRS 16 and IFRS 16 measures.

WH Smith PLC Annual Report and Accounts 2021

How our audit addressed the key audit matter

Pension scheme valuation (Group)

Refer to Note 1 (q) Critical accounting judgements and key sources of estimation uncertainty and Note 5 (Retirement benefit obligations!).

The Group has two defined benefit pension plans which comprise total gross plan assets of £1.463 million and total pension liabilities of £1.180 million which are significant in the context of the overall balance sheet of the Group. The Group does not recognise the pension surplus due to the fact there is not an unconditional right to a refund of the surplus. The valuation of the schemes' liabilities requires judgement and technical expertise in choosing appropriate assumptions. The Group uses third party actuaries to calculate the schemes' liabilities.

Changes to a number of the key assumptions can have a material impact on the pension balance (refer Note 5).

The most recent triennial valuation was completed in November 2020.

We focused on this area because of the potential financial impact of changes in the assumptions

We obtained the actuarial report for the WH Smith Pension Trust Retail Section for the scheme as at 31 August 2021.

We reviewed the pension liability assumptions, including discount rates, inflation and mortality rates. We compared the discount and inflation rates used to our internally developed benchmark ranges, finding them to be within an acceptable range. Other assumptions were also assessed and considered to be reasonable.

We obtained the latest census data information from both the actuary and payroll and agreed a sample of the data used by the actuary to the supporting payroll information without exception

We obtained independent confirmations from investment managers to confirm the valuation of the scheme assets at the balance sheet date

Based on the procedures performed, we noted no material issues arising from our work.

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Independent auditors' report to the members of WH Smith PLC continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

For the purposes of scoping the Group audit we have assessed the seven components of the business. High Street, Travel UK, InMotion, MRG, Travel International, Central and Company. There are four significant components High Street and Travel UK were audited by the UK Group team, and InMotion and MRG were audited by PwC US as component auditors operating under our instruction. Audit work was performed over the consolidation process, tax, impairment and going concern at a UK Group level. Where the work was performed by the component auditor, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. We held detailed discussions with the InMotion and MRG component audit team, including evaluation of and remote review of the work performed, update calls on the progress of their fieldwork and by attending the clearance meetings with management via video call. The components where we performed audit work accounted for approximately 91% of absolute Group loss before tax and approximately 96% of revenue. We performed specified audit procedures over balances within the Central and Company components based on their overall size and values of their specific financial statement line items Travel International was not included in the scope of our Group work. For the Company financial statements, we performed a full scope audit, providing us with 100% coverage

Overall materiality

How we determined it

Rationale for benchmark applied

£5.7 million 12020: £6.1 million).

Approximately 5% of the five year average of loss/profit before tax before non-underlying items.

Based on the benchmarks used in the Annual Report, loss/profit before tax before non-underlying items is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.

£8.4 million 12020: £11.2 million)

1% of total assets.

As the parent entity, WH Smith PLC is a holding Company for the Group and therefore the materiality benchmark has been determined to be based on total assets which is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £4.0 million and £5.0 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £4.3 million for the Group financial statements and £6.3 million for the Company financial statements.

In determining the performance materiality we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £305,000 (Group audit) (2020: £305,000) and £420,000 (Company audit) (2020: £563,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- critically assessed the assumptions within the models including, assessing the historical accuracy of management's forecasts and obtained corroborating evidence for the assumptions used such as air travel information on passenger numbers,
- obtained and reviewed the Group's financing agreements, including the convertible bond:
- assessed the reasonableness of estimates made regarding the inclusion of a three-month lockdown in the severe but plausible case:
- agreed the assumptions regarding the timing and extent of recovery from Covid-19 in the severe but plausible case to historical actuals;
- performed independent sensitivity analyses to the severe but plausible case to assess the impact on liquidity and covenant headroom; and
- confirmed that consistent approaches to going concern, viability, impairment and other key areas of estimation assumptions have been used.'

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report, for the year ended 31 August 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditors' report to the members of WH Smith PLC continued

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks.
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements,
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit-

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy,
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry we identified that the principal risks of non-compliance with laws and regulations related to health and safety, GDPR, employment law, general food law, pensions, tax legislation, the UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of revenue and or costs, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the

96 WH Smith PLC Annual Report and Accounts 2021

component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included-

- Reviewing legal confirmations from external lawyers.
- Reviewing the financial statement disclosures and agreement to underlying supporting documentation;
- Challenging assumptions made by management in determining their significant judgements and accounting estimates [refer key audit matters];

and

- Identifying and testing unusual journals posted to revenue, journals posted after period close and journals posted by senior management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities <<http://www.frc.org.uk/auditorsresponsibilities>>. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility. Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 21 January 2015 to audit the financial statements for the year ended 31 August 2015 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 August 2015 to 31 August 2021.

11 November 2021

WH Smith PLC Annual Report and Accounts 2021
Financial statements

Group income statement

For the year ended 31 August 2021

2021

Sfbrt

non-underlying Non-underlying items' Items¹

Before	↔	After
non-underlying Non-items'		underlying items'
Revenue		
Group operating loss		
Finance costs		
Loss before tax		
Income tax credit		
<u>Loss for the year</u>		
2)		2,3' 7'
886		
127) (24)		
(51) 24		
(27)		
(65)		
(65) 12		
(53)		
886'		1
(92) (24)		
(80)		(116) 36.
1.021		
(48) (20)		
(68) 16		
(52)		
(2121		
(187)		(2121 25
1,021		
(260) (201		
(239)		(2801 41
Attributable to equity holders of the parent		
Attributable to non-controlling interests		(29) 2
(271		
(82)		
(80)		2:
Loss per share		
Basic Diluted		
10, . 10'		
(62.6)p (62.6)p		1

1199.2)p 1199.2)p

AM results relate to continuing operations of the Group.

- 1 Alternative performance measure. The Group has defined and explained the purpose of its alternative performance measures in the Glossary on page 154
- 2 See Note & for an analysis of non-underlying items. See Glossary on page 154 for a definition of Alternative Performance Measures

WH Smith PLC Annual Report and Accounts 2021

Group statement of comprehensive income

For the year ended 31 August 2021

<u>Loss for the year</u>	<u>180</u>	<u>(239)</u>	
Other comprehensive loss:	< .1		
	; !		
Items that will not be reclassified subsequently to the income statement:	[;		
<i>Actuarial losses/gains on defined benefit pension schemes</i>	5_	[//	U_
	j	i	■ ID 11
Items that may be reclassified subsequently to the income statement:			
Losses/gains on cash flow hedges			
• Net fair value (losses)/gains		. -. (8)	
• Reclassified and recognised in inventories		' - (1)	
• Reclassified and recognised in goodwill		(-■ 8	
• Reclassified and reported in the income statement - (D			
• Exchange differences on translation of foreign operations		' [13)	(22[

<u>Other comprehensive loss for the year, net of tax</u>	:	(14)	(131)	
<u>Total comprehensive loss for the year</u>	:	(94)	(2521)	
Attributable to equity holders of the parent		(96)	(252)	
Attributable to non-controlling interests	j	2	-	194) (252)

WH Smith PLC Annual Report and Accounts 2021 99

Financial statements

Group balance sheet

As at 31 August 2021

<u>Cm</u>	<u>^</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets				
Goodwill	11		406	418
Other intangible assets	11 i		67	75
Property, plant and equipment	12.		174	192
Right-of-use assets	13'		328	413
Investments in joint ventures			2	2
Deferred tax assets	18		57	23
Trade and other receivables		V>_.	6	9
			<u>1,040</u>	<u>1,132</u>
Current assets				
Inventories			135	150
Trade and other receivables	14		45	49
Derivative financial assets	22			-

Current tax receivable			-	8	
Cash and cash equivalents		19	130	108	
			<u>310</u>	<u>315</u>	
Total					assets
		<u>1,350</u>	<u>1,447</u>		
Current liabilities					
Trade and other payables	15'		(265)	12411	
Bank overdrafts and other borrowings	19		-	-	
Retirement benefit obligations	5		(1)	ID	
Lease liabilities	16,		(108)	(130)	
Short-term provisions		17	(21)	(5[
			<u>13761</u>	<u>(377)</u>	
Non-current liabilities					
Retirement benefit obligations		5	(2)	13)	
Bank loans and other borrowings	19		(615)	(400)	
Long-term provisions	17		(12)	(9)	
Lease liabilities	16		(362)	(429)	
Deferred tax liabilities		18	-	(2)	
					<u>(791)</u> <u>1843)</u>
Total liabilities			<u>(1,167)</u>	<u>(1,220)</u>	
Total net assets			183	227	
Shareholders' equity					
Called up share capital		23	29	29	
Share premium			316	315	
Capital redemption reserve			13	13	
Translation reserve		<	(27)	(14)	
Other reserves		26'	(240)	(279)	
<u>Retained earnings</u>		↓	<u>82</u>	<u>158</u>	
<u>Total equity attributable to the equity holders of the parent</u>			<u>173</u>	<u>222</u>	
Non-controlling interests			10	5	
Total equity			183	227	

The consolidated financial statements of WH Smith PLC, registered number 5202036, on pages 98 to 149 were approved by the Board of Directors and authorised for issue on 11 November 2021 and were signed on its behalf by:

Robert Moorhead

Chief Financial Officer

Carl Cowling

Group Chief Executive

100 WH Smith PLC Annual Report and Accounts 2021

Group cash flow statement

For the year ended 31 August 2021

<u>Item</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Operating activities			
Cash generated from operating activities	21	113 94	
Interest paid		<u>113)</u>	<u>113)</u>
Net cash inflow from operating activities		<u>100</u>	<u>81</u>
Investing activities			
Purchase of property, plant and equipment		137) 167)	
Purchase of intangible assets		17)	112)
<u>Acquisition of subsidiaries, net of cash acquired</u>	<u>27</u>	<u>11)</u>	<u>1316)</u>
Net cash outflow from investing activities		<u>(43)</u>	<u>(395)</u>
Financing activities			
Dividend paid	9	- 147)	
Distributions to non-controlling interests		- 1	
		- -	- -

Proceeds from share placings	23	- 312	
Issue of new shares for employee share schemes	23	1 -	
Purchase of own shares for employee share schemes	.	(2) (2)	
Proceeds from issuance of convertible bonds	19 327		
Proceeds from borrowings	19	- 200	
Repayments of borrowings	19	(267)	115)
Financing arrangement fees		(8) (3)	
<u>Repayments of obligations under leases</u>	<u>19</u>	<u>(861)</u>	<u>172)</u>
<u>Net cash outflow/inflow from financing activities</u>	<u>1</u>	<u>(35)</u>	<u>374</u>
Net increase in cash and cash equivalents in the year		22	60
Opening cash and cash equivalents		108 49	
Effect of movements in foreign exchange rates		-	(1)
<u>Closing cash and cash equivalents</u>		<u>130</u>	<u>108</u>

Reconciliation of net cash flow to movement in net debt ²

Cm	Note	2021	2020
<u>Net debt at beginning of the year</u>	<u>(851)</u>		<u>1180)</u>
Net increase in cash and cash equivalents		22	60
Impact of adoption of IFRS 16		-	(479)
Lease liability acquired through business combinations		-	(106)
Increase in borrowings	(15)		(185)
Net decrease in lease liability	84		32
Effect of movements in foreign exchange rates		5	7
<u>Net debt at end of the year</u>		<u>19 (755)</u>	<u>1851)</u>

1 Includes interest payments of C5m on lease liabilities 12020: Com]

2 Net debt is an Alternative Performance Measure defined and explained in the Glossary on page 156. Further information on the items in the above reconciliation are provided in Note 19

Group statement of changes in equity

For the year ended 31 August 2021

Balance at 1 September 2020

Loss for the year

Called up share Capital

344

13

capital and redemption Translation Other			
share premium	reserve ¹	reserve	reserves ²
114)	(279)		

Total equity attributable to the equity

158 (82)

Retained holders of the Non-controlling
earnings parent Interests Total equity
 227.

222 (82)

Other comprehensive loss:

Actuarial [(losses) on defined benefit pension schemes (Note 5)

Exchange differences on translation of
 foreign operations

Total comprehensive loss for the year

Issue of new shares (Note 23)

Issue of convertible bonds - value of
 conversion rights (Note 26)

Deferred tax on share-based payments

Employee share schemes

Non-cash movement on non-controlling
 interests

Balance at 31 August 2021

tl) (13)

(96) 1 40

1

5

173

(1) (13)

(94) 1 40

1

5 3

183

Balance at 31 August 2019

Impact of adoption of IFRS 16

Adjusted balance at 1 September 2019

Loss for the year

Called up share Capital

1274)

33

13

capital and redemption Translation Other Retained
share premium reserve reserve reserves earnings

455

[22)

12741

13

33

433 (239)

Total equity attributable to the equity holders of the Non-controlling

237

122)

235

paninl interests Total equity

215 (2391
122)
213 (2391
Other comprehensive income/(loss):
Actuarial gains on defined benefit pension schemes [Note 5] Cash flow hedges
Exchange differences on translation of
foreign operations
Total comprehensive loss for the year
Issue of new shares (Note 23)
Dividends paid (Note 9)
Net cash flows from non-controlling interests
Employee share schemes
Non-controlling interests arising on
acquisition [Note 27]
Balance at 31 August 2020

11

(228)

(47)

158

11

(2) (22)

(252)

311 (47)

(3)

222

11

[2] (22)

12521

311 (47) 1

(3) 2

227

For further explanation and analysis of Capital redemption reserve and Other reserves, see Note 26

Notes to the financial statements

1. Accounting policies at Basis of preparation

The consolidated Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The directors are required to assess whether the Group can continue to operate for the 12 months from the date of approval of these financial statements, and to prepare the financial statements on a going concern basis

The directors report that they have undertaken a rigorous assessment of current performance and forecasts, including expenditure commitments, capital expenditure and borrowing facilities, and have concluded that the Group is able to adequately manage its financing and principal risks, and that the Group will be able to operate within the level of its facilities and meet the required covenants for the period to February 2023 Based on this assessment, which is outlined below, it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

The Strategic report describes the Group's financial position, cash flows and borrowing facilities and also highlights the principal risks and uncertainties facing the Group. As a result of the Group's refinancing, announced on 28 April 2021, the balance sheet has been significantly strengthened.

The refinancing arrangements included a E250m multi-currency revolving credit facility (RCF), increased from £200m with an extended maturity from December 2023 to April 2025 and, provided by an expanded syndicate of lending banks. As at 31 October 2021, the Group has not drawn down on the RCF and has £107m cash on deposit

As part of the refinancing, the Group also raised £327m from the issue of convertible bonds, of which £50m was retained by the Group to fund the opening of c.100 new Travel stores won and yet to open over the next three years, including thirty new InMotion stores in UK Travel The remainder of the proceeds, net of costs, were used to partially pay down the term loans from both the Marshall Retail Group (MRG) and InMotion acquisitions, leaving the Group with £133m of term loans. The maturity of the remaining term loan has also been extended from 2023 to 2025 in line with the RCF.

In making the going concern assessment, the directors have modelled a number of scenarios for the period to February 2023. The base case scenario is consistent with the Board approved 2022 Budget and the three year plan. Under this scenario the Group has significant liquidity and comfortably complies with all covenant tests to February 2023.

A severe but plausible scenario has also been modelled which assumes a further three-month lockdown over the period December 2021 to February 2022 across the Group, with High Street store sales down over 40 per cent across December to February versus the equivalent months in the year ending August 2019 Sales under this scenario are assumed to recover gradually from March 2022 at around 35 per cent below the equivalent month in the year ending August 2019 to down 30 per cent at February 2023. In Travel UK we have also assumed a lockdown over the December 2021 to February 2022 period, with sales down 76 per cent versus the equivalent months in the year ending August 2019 We then assume a gradual recovery, reflecting our experience of the post-lockdown recovery period from 2020 and earlier in the year, to a position in February 2023 where Travel UK sales are forecast to be down between zero and 12 per cent versus February 2019 In the US we have assumed a lockdown over the December 2021 to February 2022 period followed by a gradual recovery, reflecting our experience of the post-lockdown period from earlier in the year. The severe but plausible scenario does not assume any further government financial support despite the continuation of lockdowns. However, the severe but plausible scenario includes a number of mitigating actions including savings in store and head office payrolls and rent relief in Travel UK, to mitigate the impact of lockdown with lower sales

In both the base case and severe but plausible scenarios the Group would continue to have sufficient liquidity headroom on its existing facilities, as described above.

The covenants on the above facilities are tested half-yearly. The covenant tests at 31 August 2021, 28 February 2022 and 31 August 2022 are based on minimum liquidity and under the base case and severe but plausible scenarios the Group would meet these covenant tests. The covenant test as at 28 February 2023 is based on fixed charges cover and net borrowings. Under both the base case and the severe but plausible scenarios, the Group would meet these covenant tests In addition, we have received excellent support from our banks who have granted covenant waivers throughout the pandemic The Strategic report also sets out the Group's business activities together with the factors that are likely to affect its future developments, performance and position. Note 22 outlines the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures

As a result of the above analysis, the directors believe that the Group has sufficient financial resources to continue in operation and meet its obligations as they fall due for the 12 months from the date of approval of these financial statements.

Financial statements

Notes to the financial statements continued

1. Accounting policies (continued)

a) Basis of preparation (continued) New standards

The Group has adopted the following standards and interpretations which became mandatory for the year ended 31 August 2021. .

Amendments to references to Conceptual Framework in IFRS standards

Amendments to IFRS 16 Covid-19 related rent concessions

Amendment to IFRS 9. Interest rate benchmark reform -

IAS 39 and IFRS 7 Phase 1

Amendments to IFRS 3 Definition of a business Amendments to IAS 1 Definition of material and IAS 8

The Group has considered the above new standards and amendments and has concluded that, with the exception of the amendments to IFRS 16, they are either not relevant to the Group or they do not have a significant impact on the Group's, consolidated financial statements.

The revised accounting policy in respect of the amendment to IFRS 16 is described in Note Kg)

At the date of authorisation of these consolidated Group financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

IFRS 17 Insurance Contracts

Amendments to IFRS 3 Reference to the

Conceptual Framework Amendments to IFRS 9. Interest Rate Benchmark Reform -IAS 39, IFRS.7. IFRS 4 Phase 2 and IFRS 16

Amendments to IAS 1 Presentation of financial statements

on classification of liabilities Amendments to IAS 16 Proceeds before intended use Amendments to IAS 37 Onerous contracts - cost of fulfilling a contract

Amendment to IAS 12 Deferred tax related to assets and

and IFRS 1 liabilities arising from a

single transaction Narrow scope amendments to IFRS 3, IAS 16 and IAS 37 Annual improvements to IFRS Standards 2018-2020

Amendments to IAS 1 Disclosure of accounting policies Amendments to IAS 8 Definition of accounting estimate

The directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the Group's financial statements.

Alternative Performance Measures 'APMs'

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These APMs are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs.

The key APMs that the Group uses include: measures before non-underlying items, Headline profit before tax, Headline earnings per share, trading profit, Headline trading profit, Headline Group profit from trading operations, like-for-like revenue, gross margin, fixed charges cover, EBITDA, Net debt/ funds and Headline net debt/funds and free cash flow. These APMs are set out in the Glossary on page 154 including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

Non-underlying items

The Group has chosen to present a measure of profit and earnings per share which excludes certain items, that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. These measures may exclude the financial effect of non-underlying items which are considered exceptional or occur infrequently such as, inter alia, restructuring costs linked to a Board agreed programme, costs relating to business combinations, impairment charges and other property costs, significant items relating to pension schemes, and impairment charges and items meeting the definition of non-underlying specifically related to the Covid-19 pandemic, and the related tax effect of these items. In addition, non-underlying measures exclude the income statement impact of amortisation of intangible assets acquired in business combinations, which are recognised separately from goodwill. This amortisation is not considered to be part of the underlying operating costs of the business and has no associated cash flows.

The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance.

Further details of the non-underlying items are provided in Note 4.

Accounting convention

The financial statements are drawn up on the historical cost basis of accounting, except for certain financial instruments, share-based payments and pensions that have been measured at fairvalue. The financial information is rounded to the nearest million, except where otherwise indicated. The principal accounting policies, which have been applied consistently throughout both years except as noted above, are set out on the following pages

1. Accounting policies (continued)

a) Basis of preparation (continued) Basis of consolidation

The consolidated Group financial statements incorporate the financial statements of WH Smith PLC and all its subsidiaries.

Subsidiary undertakings are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the fairvalue of consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the fairvalue of consideration transferred, after taking into account recognised goodwill, the excess is immediately recognised in the income statement. The separable net assets, both tangible and intangible, of the newly acquired subsidiary undertakings are incorporated into the financial statements on the basis of the fair value as at the effective date of control, if appropriate. Non-controlling interests are stated at the non-controlling interests' proportion of the fair values of the assets and liabilities recognised.

Results of subsidiary undertakings disposed of during the financial year are included in the financial statements up to the effective date of disposal. Where a business component representing a separate major line of business is disposed of, or classified as held for sale, it is classified as a discontinued operation. The post-tax profit or loss of the discontinued operations is shown as a single amount on the face of the income statement, separate from the other results of the Group.

A joint venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more other venturers under a contractual agreement. Management has assessed whether it has joint control of the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. In assessing this joint control no significant judgements have been necessary.

The Group's share of results of joint ventures is included in the Group consolidated income statement using the equity method of accounting. The results of joint ventures in the current and prior year are not material to disclose. Investments in joint ventures are carried in the Group consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value.

If the Group's share of losses in the joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so, or made payments on behalf of the joint venture.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

b) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services to customers (which is the most significant revenue stream), sale of wholesale goods to franchisees, and commission and fee income on concession and franchise arrangements. Revenue excludes discounts, estimated returns, VAT and other sales-related taxes.

Revenue is recognised when performance obligations have been met and control of the goods has transferred to the customer. The majority of the Group's sales are for standalone products made direct to customers at standard prices either in-store, online or through franchisees, where there is a single performance obligation. Revenue generated from different store formats are considered to be a single revenue stream and are subject to the same underlying economic risks.

For in-store transactions, control of the goods is deemed to have transferred to the customer at the point of sale. For online transactions and wholesale sale of goods to franchisees, control is deemed to have transferred to the customer at the point of delivery of the goods.

Revenue on in-store transactions is recognised at the point of sale. Revenue in respect of online and wholesale (including sales directly to franchisees) transactions is recognised on the transfer of control, which is on delivery of the goods to the customers. Revenue in respect of gift cards sold by the Group is recognised on the redemption of the gift card either in-store at the point of sale or on delivery for online redemptions. Franchise and concession fees and commission are recognised on the accruals basis in accordance with the substance of the contracts in place, which is typically on the basis of fixed fees spread evenly over the contract period, and/or variable amounts earned based on revenue.

c) Supplier arrangements

The Group receives income from its suppliers in the form of supplier incentives and discounts (collectively 'Supplier arrangements'). These incomes are recognised as a deduction from cost of sales on an accruals basis as they are earned for each supplier contract. The level of complexity and judgement is low in relation to establishing the accounting entries and estimates, and the timing of recognition.

Supplier incomes that have been invoiced but not received at the period end are recognised in Trade Receivables, or in Trade Payables where we have the right of offset. Incomes that have been earned but not yet invoiced are accrued and are recorded in Accrued income.

The types of supplier arrangements recognised by the Group, and the recognition policies are detailed overleaf.

1. Accounting policies (continued)

c) Supplier arrangements (continued) Retrospective discounts

Income earned based on sales or purchase volume triggers set by the supplier for specific products over specific periods.

Income is calculated and invoiced based upon actual sales or purchases over the period set out in the supplier agreement, and is recognised in the income statement as it is earned. Where the period of an agreement spans accounting periods, income is recognised based on forecasts for expected sales or purchase volumes, informed by current performance, trends, and the terms of the supplier agreement. Income is invoiced throughout the year in accordance with the specific supplier terms. The carrying value of inventories is adjusted to reflect unearned elements of supplier income as the product has not yet been sold. This income is subsequently recognised in cost of sales when the product has been sold.

Promotional and marketing activity

Supplier income from promotional and marketing activity includes income in respect of in-store marketing and point of sale, supplying dedicated promotional space or receiving margin support for products on promotion.

Income for promotional and marketing activity is agreed with suppliers for specific periods and products. Income is recognised over the period of the agreement. Income is invoiced when the performance conditions in the supplier agreement have been achieved.

d) Retirement benefit costs

Payments to the WHSmith Group defined contribution pension schemes are recognised as an expense in the income statement as they fall due.

The cost of providing benefits for the main defined benefit scheme, WHSmith Pension Trust, and the United News Shops Retirement Benefits Scheme are determined by the Projected Unit Credit Method, with actuarial calculations being carried out at the balance sheet date.

Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement in the Group statement of comprehensive income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan. Where the Group is considered to have a contractual obligation to fund the pension scheme above the accounting value of the liabilities, an onerous obligation is recognised.

e) Intangible assets Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control, of the

acquiree. Costs directly attributable to the business combination are recognised in the income statement in the period they are incurred. The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. Intangible assets are recognised if they meet the definition of an intangible asset contained in IAS 38 and their fair value can be measured reliably. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recognised as goodwill.

Where less than the entire equity interest of a subsidiary is acquired, the non-controlling interest is recognised at the non-controlling interest's share of the net assets of the subsidiary. Changes in the Group's ownership percentage of subsidiaries are accounted for within equity.

Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired.

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to the cash-generating units (CGUs) that have benefited from the acquisition. Each store is considered to be a CGU. Goodwill is allocated to the group of CGUs making up the Group's operating segments, as this is the lowest level at which management monitor goodwill. Where the Group's operating segments have changed, goodwill is allocated to the new operating segments identified on a relative value basis.

The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired. If the recoverable amount of the group of cash-generating units is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the units and then to the other assets of the units on a pro-rata basis. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Other intangible assets

The costs of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. These intangibles are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged so as to write off the costs of assets over their estimated useful lives, using the straight-line method, and is recorded in Distribution costs. The amortisation period for capitalised software costs is over a maximum period of five years.

1. Accounting policies (continued)

e) Intangible assets (continued)

Other intangible assets are valued at cost and amortised over their useful life, and the amortisation is recorded in administrative expenses, unless the asset can be demonstrated, to have an indefinite life. Other intangible assets, such as brands, arising on business combinations are amortised over their useful lives. Amortisation of other intangible assets arising on business combinations is included in non-underlying costs. The useful life and residual value of all intangible assets are determined at the time of acquisition and reviewed annually for appropriateness.

All intangible assets are reviewed for impairment in accordance with IAS 36 Impairment of Assets, when there are indications that the carrying value may not be recoverable. Assets with indefinite useful lives are tested for impairment annually.

f) Property, plant and equipment

Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value. The carrying values of tangible fixed assets previously revalued have been retained at their book amount. Depreciation is charged so as to write off the costs of assets, other than land, over their estimated useful lives, using the straight-line method, with the annual rates applicable to the principal categories being:

Freehold properties	- over 20 years
Leasehold improvements	- shorter of the lease period and the estimated remaining economic life
Fixtures and fittings	- up to ten years
Equipment and vehicles	- up to ten years

The residual values of property, plant and equipment are reassessed on an annual basis.

At each balance sheet date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows of the relevant cash-generating unit or fairvalue, less costs to sell, if higher. Any impairment in value is charged to the income statement in the period in which it occurs.

g) Leasing

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options, and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease payments change due to changes in an index, rent review or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

1. Accounting policies (continued) g) Leasing (continued)

Right-of-use assets are depreciated over the lease term

The depreciation starts at the commencement date of the lease

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the accounting policies in Note 1f) Property, plant and equipment

The lease contracts that include variable rents based on sales, which is the case with many of our retail concession contracts, are not included in the measurement of the lease liability and the right-of-use asset. The related rents payable are recognised as an expense in the period in which the event or condition that triggers those payables occurs and are included in profit or loss (see Note 3).

The Group has applied the Amendment to IFRS 16 issued in June 2020 and further extension granted in March 2021. This practical expedient allows the impact on the lease liability of temporary rent reductions/waivers affecting rent payments due on or before June 2022, to be recognised in the income statement in the period they are received, rather than as lease modifications, which would require the remeasurement of the lease liability using a revised discount rate with a corresponding adjustment to the right-of-use asset

For leases acquired as part of a business combination, the lease liability is measured at the present value of the remaining lease payments. The right-of-use asset is measured at the same amount as the lease liability adjusted to reflect favourable or unfavourable terms of the lease when compared to market terms

The Group as a lessor

The Group enters into lease agreements as an intermediate lessor with respect to some of its property leases. It accounts for the head lease and the sublease as two separate contracts. The sublease is classified as finance lease or operating lease by reference to the right-of-use asset arising from the head lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rents receivable from operating leases are recognised on a straight-line basis over the term of the relevant lease

h) Inventories

Inventories comprise goods held for resale and are stated at the lower of cost or net realisable value. Consignment stocks are not included within stocks held by the Group. Inventories are valued using a weighted average cost method.

Cost is calculated to include, where applicable, duties, handling, transport and directly attributable costs (including a deduction for applicable supplier income) in bringing the inventories to their present location and condition. Net realisable value is based on estimated normal selling prices less further costs expected to be incurred in selling and distribution. Cost of inventories includes the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases.

Provisions are made for obsolescence, markdown below cost and shrinkage.

i) Government grants and government assistance

Government grants are not recognised until there is reasonable assurance that the grants will be received and that the Group will comply with any conditions attached to them

Government grants are recognised in the income statement over the same period as the costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grant income is disclosed in Note 3.

In addition, the Group has benefited from government assistance in the form of business rates relief of £40m in the year (2020: £20m).

j) Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

kl) Foreign currencies

The consolidated financial statements are presented in pounds sterling (GBP), which is WH Smith PLC's functional and presentation currency. Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated into sterling at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions.

1. Accounting policies (continued) k) Foreign currencies(continued)

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see below for details of the Group's accounting policies in respect of such derivative financial instruments)

l) Taxation

The tax expense/credit included in the income statement comprises current and deferred tax.

Current tax is the expected tax payable or receivable based on the taxable profit or loss for the period, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Current and deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also recognised directly in equity

m) Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

i) Initial recognition and subsequent measurement

(a) Financial assets

Trade and other receivables

Trade receivables are measured at fair value at initial recognition, do not carry any interest and are subsequently measured at amortised cost using the effective interest rate method

Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement.

Allowances for doubtful debts are recognised based on management's expectation of losses, without regard to whether an impairment trigger has occurred or not (an expected credit loss' model under IFRS 9).

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(b) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Borrowings

Borrowings comprise interest-bearing bank loans and overdrafts and compound financial instruments (convertible bonds).

Bank loans are initially measured at fair value (being proceeds received, net of direct issue costs), and are subsequently measured at amortised cost, using the effective interest rate method. Transaction fees such as arrangement fees associated with the securing of financing are capitalised and amortised through the income statement over the term of the relevant facility. Finance charges, including premiums payable on settlement or redemptions and direct issue costs are accounted for on an accruals basis and taken to the income statement using the effective interest rate method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Compound financial instruments issued by the Group comprise convertible bonds. The convertible bonds are bifurcated into a liability component and an equity component on initial recognition. The carrying value of the liability at initial recognition is measured using a market interest rate for an equivalent non-convertible bond at the issue date. The remainder of the proceeds is allocated to the conversion option and recognised in equity (Other reserves), and not subsequently remeasured. Any directly attributable transaction costs are allocated to each component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. Any transaction costs apportioned to the liability is included in the carrying amount and recognised over the contractual life of the liability using the effective interest rate method.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Financial statements

Notes to the financial statements continued

1. Accounting policies (continued) m) Financial instruments (continued)

ij) Initial recognition and subsequent measurement (continued) (b) Financial liabilities and equity (continued) Equity instruments
Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

ii) Derecognition of financial assets and financial liabilities Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iii) Offsetting

Financial assets and financial liabilities are offset and the net position presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

iv) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. These are always measured at an amount equal to lifetime ECL. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort

This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment and forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off

(either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

v) Derivative financial instruments and hedge accounting

The Group uses certain derivative financial instruments to reduce its exposure to foreign exchange movements in accordance with its risk management policies. The Group primarily uses forward foreign currency contracts to manage its exposure to changes in foreign exchange rates. The Group does not hold or use derivative financial instruments for speculative purposes. Further details of the Group's risk management policies are provided in Note 22.

These instruments are initially recognised at fair value on the trade date and are subsequently measured at their fair value at the end of the reporting period. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument and the nature of the items being hedged

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement.

If the cash flow hedge of a highly probable forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period as the hedged item.

For an effective hedge of an exposure to changes in the fair value of a recognised asset or liability, changes in fair value of the hedging instrument are recognised in profit or loss at the same time that the recognised asset or liability that is being hedged is adjusted for movements in the hedged risk and that adjustment is also recognised in profit or loss in the same period.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to

those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

110 WH Smith PLC Annual Report and Accounts 2021

1. Accounting policies (continued)

n) Share schemes

WHSmith Employee Benefit Trust

The shares held by the WHSmith Employee Benefit Trust are valued at the historical cost of the shares acquired. They are deducted in arriving at shareholders' funds and are presented as an Other reserve.

Share-based payments

Employees of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

Equity settled share-based payments are measured at fair value at the date of grant. The fair value is calculated using an appropriate option pricing model. The fair value is expensed to the income statement on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

For cash-settled share-based payments, a liability is recognised at the current fair value determined at each balance sheet date, taking into account performance conditions and the extent to which employees have rendered service to date, with any changes in fair value recognised in the profit or loss for the year.

o) Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

p) Share capital, Share premium and Other reserves

Ordinary shares are classified as equity. Share premium arises on the excess between the fair value of the shares issued and the par value of the shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, against share premium. The par value of shares repurchased and cancelled under the Group's share buyback programme is reclassified from Share capital to the Capital redemption reserve.

For a description of Other reserves, see Note 26.

q) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting judgements and sources of estimation uncertainty in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgement. These relate to the classification of items as non-underlying, assessment of lease substitution rights, determination of the lease term, determination of the incremental borrowing rate, valuation of retirement benefit obligations, determination of operating segments and allocation of goodwill, valuation of other non-current assets and inventory valuation.

Critical accounting judgements . Non-underlying items

The Group has chosen to present a measure of profit and earnings per share which excludes certain items that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. These measures may exclude the financial effect of non-underlying items which are considered exceptional and occur infrequently such as, inter alia, restructuring costs linked to a Board agreed programme, amortisation of acquired intangible assets, costs relating to business combinations, impairment charges and other property costs, significant items relating to pension schemes, and impairment charges and items meeting the definition of non-underlying specifically related to the Covid-19 pandemic, and the related tax effect of these items. The Group believes that they provide additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance.

The classification of items as non-underlying requires significant management judgement. The definition of non-underlying items has been applied consistently year on year. Further details of non-underlying items are provided in Note 4.

IFRS 16 Lease accounting Substantive substitution rights

Judgement is required in determining whether a contract meets the definition of a lease under IFRS 16. Management has determined that certain retail concession contracts give the landlord substantive substitution rights because the contract gives the landlord rights to relocate the retail space occupied by the Group. In such cases, management has concluded that there is not an identified asset and therefore such contracts are outside the scope of IFRS 16. For these contracts, the Group recognises the payments as an operating expense on a straight-line basis over the term of the contract unless another systematic basis is more representative of the time pattern in which economic benefits from the underlying contract are consumed.

Determination of lease term

In determining the lease term for contracts that have options to extend or terminate early, management has applied judgement in determining the likelihood of whether such options will be exercised. This is based on the length of time remaining before the option is exercisable, performance of the individual store and the trading forecasts.

Notes to the financial statements continued

1. Accounting policies (continued)

q) Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements (continued)

Initial recognition of convertible bond

On initial recognition of the convertible bond, judgement is required in respect of the accounting treatment of embedded derivatives. The fixed principal amount of each bond is convertible into a fixed number of shares and as a result management has determined that the conversion feature meets the fixed-for-fixed criterion for equity classification. The bonds include anti-dilution provisions to ensure that the holder's potential interest in the equity of the Company is not diluted in specified circumstances. If these provisions are triggered, the number of shares that will be delivered to the holder is adjusted. Management considers that the provisions are anti-dilutive and exist to ensure that the holder's potential interest in the equity of the Company is not diluted under each of these circumstances. These provisions are not deemed to breach the fixed-for-fixed criterion, therefore the conversion feature is accounted for as equity.

Determination of operating segments

During the year the Group has reviewed its assessment of its operating segments, as a result of internal reorganisation and changes to the composition of information used by the Board to monitor the performance of the Group. This review has resulted in a change to the reportable segments identified, and prior year comparatives have been restated. There is no change to the total revenue or Group profit from trading operations.

Further information in respect of the Group's operating segments is included in Note 2.

Sources of estimation uncertainty Retirement benefit obligation

The Group recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirement of IAS 19 'Retirement Benefit Obligations'. The calculations include a number of judgements and estimations in respect of the discount rate, inflation assumptions, the rate of increase in salaries, and life expectancy, among others. Changes in these assumptions can have a significant effect on the value of the retirement benefit obligation. Further information and sensitivity analysis in respect of the Group's retirement benefit obligation is included in Note 5.

Valuation of goodwill

As a result of the change to the Group's identified operating segments described above, the goodwill previously allocated to the Travel operating segment has been allocated to the new operating segments using a relative value approach. This method of allocation requires the determination of value-in-use of each of the new segments. The key assumptions in the value-in-use

calculations include growth rates of revenue and expenses, and discount rates.

A sensitivity analysis of the goodwill impairment calculation has shown that no reasonably possible change in assumptions would lead to an impairment of goodwill in the next financial year. Further to this sensitivity analysis, an assessment of the goodwill allocation was performed which showed that an impairment assessment under the previous allocation of goodwill to the Travel operating segment, or under any other reasonable split of the goodwill balance, would not have resulted in an impairment of goodwill.

Intangible assets, property, plant and equipment and right-of-use asset impairment reviews

Property, plant and equipment, right-of-use assets and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

The key assumptions in the value-in-use calculations include growth rates of revenue and the pre-tax discount rate. Due to the ongoing Covid-19 global pandemic, there is an increased level of uncertainty in all of the above assumptions such that a reasonably possible change in these assumptions could lead to a material change in the carrying value of assets.

Further information in respect of the Group's property, plant and equipment and right-of-use assets is included in Notes 12 and 13 respectively.

Inventory valuation

Inventory is carried at the lower of cost and net realisable value which requires the estimation of sell through rates, and the eventual sales price of goods to customers in the future. Any difference between the expected and the actual sales price achieved will be accounted for in the period in which the sale is made. A description of the Group's accounting policy in respect of inventories is included in Note 1 [h]. A sensitivity analysis has been carried out on the calculation of inventory provisions, including consideration of the uncertainties arising from Covid-19. The key assumption driving the stock provision calculation is forecast revenue. A 10 per cent change in the revenue assumptions applied in the provision calculation, representing a reasonably possible outcome, would reduce the net realisable value of inventories by £2m.

2. Segmental analysis of results

IFRS 8 requires segment information to be presented on the same basis as that used by the Chief Operating Decision Maker for assessing performance and allocating resources. The Group's operating segments are based on the reports reviewed by the Board of Directors who are collectively considered to be the chief operating decision maker

During the year the Group has reviewed its assessment of its operating segments, as a result of internal reorganisation and changes to the composition of information used by the Board to monitor the performance of the Group. This review has resulted in a change to the reportable segments identified, and prior year comparatives have been restated. There is no change to the total revenue or Group profit from trading operations.

For management and financial reporting purposes, the Group is organised into two operating divisions which comprise four reportable segments - Travel UK, North America, Rest of the World within the Travel division, and High Street. The North America operating segment includes both MRG and InMotion from the dates of acquisition. For further information in relation to the acquisition of MRG in the prior year, see Note 27.

The information presented to the Board is prepared in accordance with the Group's IFRS accounting policies, with the exception of IFRS 16, and is shown below as Headline information in Section b). A reconciliation to statutory measures is provided below in accordance with IFRS 8, and in the Glossary on page 154 in Note A21.

a) Revenue

Cm	2021	2020
Travel UK	195 344	
North America	166 116	
Rest of the World	40j	93_
Total Travel	401 553	
High Street	485	468
Revenue	886 1.021	

Rest of the World revenue includes revenue from Australia of £20m (2020: £38m). No other country has individually material revenue, b) Group results

2021 2020

non-underlying non-underlying		Headline ¹ items ¹		Headline ¹ items ¹		IFRS 16		Total	
Cm	Items'	pre-IFRS 16	pre-IFRS 16	IFRS 16	Total	pre-IFRS 16	IFRS 16	Total	Total
Travel UK trading (loss)/profit	—	(32)	-	3	(29)	ID	-	ID	-
North America trading profit/loss		6	-	(4)	2'	118)	-	4 (14)	
Rest of the World trading (loss)/profit		(13)	-	(4)	(17)	114)	-	2 (12)	
Total Travel trading (loss)/profit		(39)	-	(51)	(44)	(33)	-	6 (27)	
High Street trading profit/loss		19	-	17	36 j	110)	-	6 (4[
Group (loss)/profit from trading operations				120)				12 (8)	(43)
Unallocated central costs		(19)	-	(19)	(19)	117)	-	(17)	
Group operating (loss)/profit before non-underlying items									1
Non-underlying items (Note 4)			(491)	(16)	(651)	(157)	(55)	(212)	
Group operating loss (157) (43) (260)					(39)	149)		(4) 1921	1601
Finance costs		(161)	-	(8)	124)	(9)	-	MI) (20)	
Loss before tax (54) (280)				(55)	(49)	(12)	(116)	(69)	(157)
Income tax credit		26	9	1	36!	16	1(3	7 41_	
Loss for the year				(29)	(40)	(11)	(80)	(53)	1139)
(47) (239)									

¹ Presented on a pre-IFRS 16 basis. Alternative Performance Measures are defined and explained in the Glossary on page 154

Financial statements

Notes to the financial statements continued

2. Segmental analysis of results (continued) c] Other segmental items

	Capital additions	Depreciation and amortisation	Non-current assets'		Right of use assets
			Impairment	Depreciation	
Travel UK North America Rest of the World					
Total Travel High Street Unallocated					
Headline, before non-underlying items					
<u>Headline non-underlying items (pre-IFRS 16)</u>					
Headline, after non-underlying items					
<u>Impact of IFRS 16 Non-underlying items (IFRS 16)</u>					11 15 2
28 16					
44					
44					
(48) (3)					(Hi 1101 (3) (27) (17) 14)
					(51) 1
(2)					
(2) (18)					
(20)					
<u>Group</u>					

£m	Capital additions	Depreciation and amortisation	Non-current assets'		Right of use assets
			Impairment	Depreciation	
Travel UK	18	(16) -			
North America	26	(10) -			
Rest of the World	4	16)	-	:	^
Total Travel	48	(32) -			
High Street	24	123) -			
<i>Unallocated</i>	-	(5)	:	:	-
Headline, before non-underlying items	72	(60) -			
<i>Headline non-underlying items (pre-IFRS 16)</i>	-	131	(551)	-	^
Headline, after non-underlying items	72	(63) 1551			
Impact of IFRS 16	-	8	- (110)		
<u>Non-underlying items (IFRS 16)</u>	-	15	15	:	[95]
<u>Group</u>	72	155)	(40)	(110)	[95]

Depreciation of right-of-use assets		
• land and buildings	80	105
• -other	45	
• Amortisation of intangible assets	14	12
• Impairment of property, plant and equipment	16	39
• Impairment of right-of-use assets	28	95
• Impairment of intangibles -	-1	
• (Income)/expenses relating to leasing		
• expense relating to short-term leases	14	22
• expense relating to variable lease payments not included in the measurement of the lease liability	27	12
• -income relating to Covid-19 rent reductions	(23)	(15)
• Other occupancy costs	27	49
• Staff costs (Note 6)	232	217
• Government grant income	(11)	(22)
■ Auditors' remuneration [see below]		

Audit services

Fees payable to the Group's auditors, included in the income statement, relate to:

Fees payable to the Group's auditors for the audit of the Group's financial statements	1.2	0.8
Fees payable to the Group's auditors for other services to the Group including the audit of the Company's subsidiaries	1	0.4
	1.5	

1.2

0.4 0.1

Total audit and audit-related services Non-audit services

Fees payable to the Group's auditors for other services. Reporting accountant services All other non-audit services

0.1'

0.5

0.1

1.6

1.7

Non-audit fees including taxation and other services

Total auditors' remuneration

Included in Administrative expenses is the auditors' remuneration, including expenses, for audit and non-audit services, payable to the Group's auditors PricewaterhouseCoopers LLP and its associates as set out above. A description of the work performed by the Audit Committee is set out in the Corporate governance section of the Directors' report and includes an explanation of how auditor objectivity and independence are safeguarded when non-audit services are provided by auditors

3 Write-down of inventories in the year are included within the amounts disclosed as Cost of inventories recognised as an expense, and recognised in Cost of sales.

Notes to the financial statements continued

4. Non-underlying items

Items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately Further details of non-underlying items are included in Note 1, Accounting policies and in the Strategic report on page 16

		2020
Costs relating to business combinations	, •	
• Transaction costs	J	-i 11
• Integration costs	j	2[9
• Amortisation of acquired intangible assets	1	3! 3
• Pension past service cost	-'	4
• Costs directly attributable to Covid-19	!	
- Impairment of property, plant and equipment		11 20

• Impairment of property, plant and equipment		14	39
• Impairment of intangible assets		11	
• Impairment of right-of-use assets		281	95
• Write-down of inventories	}	5	14
• Restructuring costs	:	9	25
• Costs associated with refinancing	■	6	
• Other		(21)	1
Non-underlying items, before tax			65
Tax credit on non-underlying items	:	1121	1251
Non-underlying items, after tax		53	187

Non-underlying items recognised in the year are as follows: Costs relating to

business combinations

During the year, the Group incurred further integration costs of £2m in relation to the acquisition of Marshall Retail Group ('MRG'), which completed on 20 December 2019. In the prior year transaction and integration costs of £20m were incurred in relation to the acquisition of MRG.

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets primarily relates to the MRG and InMotion brands (see Note 11). Costs directly

attributable to Covid-19

As described in the Strategic report the Covid-19 pandemic continues to have a substantial impact on the Group's operations. As a result, the Group continues to incur significant costs which have been separately recognised in non-underlying items, in accordance with the Group's accounting policy. The charges have arisen as a direct consequence of Covid-19, and reflect the impact of lost revenues as a result of ongoing store closures and travel restrictions, and downward revisions to budgeted revenues based on expectations of the rate of return to pre-pandemic levels of footfall and passenger numbers

Impairment of property, plant and equipment and right-of-use assets

The impact on the Group's operations of Covid-19 is expected to continue during the next year and beyond. As a result, the Group has carried out a review for potential impairment across the entire store portfolio. The impairment review compared the value-in-use of individual store cash-generating units, based on management's assumptions regarding likely future trading performance (taking into account the effect of Covid-19) to the carrying values at 31 August 2021. Following this review, a charge of £42m (2020: £135m) was recorded within non-underlying items for impairment of retail store assets, of which £14m (2020: £39m) relates to property, plant and equipment. £nil (2020: £1m) relates to intangible assets and £28m (2020: £95m) relates to right-of-use assets. Refer to Note 12 for details of impairment of store cash-generating units. The impairment recognised on a pre-IFRS 16 basis is provided in the Glossary on page 154.

Write-down of inventories

The Group assesses the recoverability of the carrying value of inventories at every reporting period and, where the expected recoverable amount is lower than the carrying value, a provision is recorded. During the year non-underlying provisions of £5m have been recorded against inventory, in addition to underlying provisions held of £13m, which relate to dated and perishable stock and stock subject to obsolescence where the sell through rate has significantly reduced due to store closures and lower footfall. The Group has recognised these charges as non-underlying as they meet the Group's definition of non-underlying

Restructuring costs

The charge of £9m (2020: £21 m) is principally attributable to redundancies and restructuring costs following a review of store operations across our High Street business, as a result of the impact of Covid-19 on footfall on the UK high street. These costs are presented as a non-underlying item as they are part of a Board-agreed restructuring programme, and are considered material and

WH Smith PLC Annual Report and Accounts 2021

one-off in nature. In addition, in the prior year the Group incurred costs of £4m relating to exiting the Paris bookshop and the Brazil joint venture.

4. Non-underlying items (continued)

Costs associated with refinancing

Costs associated with refinancing include £1m of non-cash charges relating to unamortised fees connected with extinguished liabilities. £3m of fees incurred in relation to amendment and extension of the Group's previous financing arrangements incurred in March 2021 prior to the issuance of the convertible bond, and £2m of professional fees relating to refinancing and debt structuring activity required as a result of Covid-19. Other fees incurred relating to refinancing activity have been recognised in underlying finance costs or recognised as a deduction from the value of liabilities recognised, and will be amortised over the period of the arrangement through underlying finance costs.

Other prior year non-underlying items Pension past service

cost
Past service cost of £Um was recognised in the year ended 31 August 2020. This relates to equalisation of pension benefits between men and women over the period from 1 April 1992 to 29 July 1993 (Barber equalisation). The WHSmith Pension Trust has historically been administered assuming gender equalisation was achieved on 1 April 1992, and thus a Barber equalisation window of 17 May 1990 to 1 April 1992 applied. A new Trust Deed and Rules reflecting the equalisation of normal retirement ages at 65 was executed on 29 July 1993. It has since been determined that Barber equalisation was not effective until 29 July 1993. Accordingly, this past service cost is the expected cost of providing these benefits based on a normal retirement age of 60 rather than 65 for the period between 1 April 1992 and 29 July 1993. See Note 5.

A tax credit of £12m (2020 £25m) has been recognised in relation to the above items.

5. Retirement benefit obligations

WH Smith PLC has operated a number of defined benefit and defined contribution pension plans. The main pension arrangements for employees are operated through a defined benefit scheme, WHSmith Pension Trust, and a defined contribution scheme, WHSmith Retirement Savings Plan. The most significant scheme is WHSmith Pension Trust, which is described in Note 5 a) i).

The retirement benefit obligations recognised in the balance sheet for the respective schemes at the relevant reporting dates were.

<u>Cm</u>	<u>am</u>	<u>2020</u>
WHSmith Pension Trust	(2) (31	
United News Shops Retirement Benefits Scheme	(1J	MI
Retirement benefit obligation recognised in the balance sheet	j3)	M
Recognised as:		
Current liabilities (1) (11		
Non-current liabilities	(2)	13)

a) Defined benefit pension schemes i) The WHSmith

Pension Trust

The WHSmith Pension Trust Final Salary Section is a funded final salary defined benefit scheme, it was closed to defined benefit service accrual on 2 April 2007 and has been closed to new members since 1996. Benefits are based on service and salary at the date of closure or leaving service, with increases currently based on CPI inflation in deferment and RPI inflation in payment

The WHSmith Pension Trust is independent of the Group and is administered by a Trustee. The Trustee is responsible for the administration and management of the scheme on behalf of the members in accordance with the Trust Deed and relevant legislation. Responsibilities include the investment of funds, the triennial valuation and determining the deficit funding schedule. Under the Articles of Association of WH Smith Pension Trustees Limited (the corporate trustee) there are four directors nominated by the sponsor, two independent directors and four member-nominated directors. Under the member-nominated director arrangements, the term of office of a member-nominated director is four years.

The WHSmith Pension Trust has assets valued at £1,456m. as at 31 August 2021 12020 £1,412ml managed by third party investment managers. In September 2005, the Pension Trust Trustee adopted a Liability Driven Investment (LDI) policy where the assets in the investment fund were invested such that they are expected to alter in value in line with changes in the pension liability caused by changes in interest rates and inflation. The LDI structure that is in place has a number of inflation and interest rate hedges, with collateral posted daily to or from the scheme to the relevant counterparty. The risk of failure of counterparties could expose the scheme to loss. The scheme's liabilities are also subject to changes in longevity.

The principal risks associated with the Group's defined benefit pension arrangements are as follows:

Financial statements

Notes to the financial statements continued

Longevity risk

Liabilities are sensitive to life expectancy, with increases in life expectancy leading to an increase in the valuation of liabilities. 5. Retirement benefit obligations (continued) a) Defined benefit pension schemes (continued) i) The WHSmith Pension Trust (continued)

Interest rate and inflation risk

Liabilities are sensitive to movements in interest rates and inflation, with lower interest rates or higher inflation leading to an increase in the valuation of liabilities. As a result of the LDI policy outlined above, these risks are largely hedged.

An Investment Committee of the Trustees to the scheme meets regularly to review the performance of the investment managers and the scheme as a whole. The Group is represented on this Committee. Although investment decisions are the responsibility of the Trustee, the Group is an active participant of the investment sub-committee to ensure that pension plan risks are managed efficiently.

The risk of failure of counterparties and of the investment manager is monitored regularly by the Committee. The Trustees have the right to determine the level of contributions and the Group has agreed with the Trustees a deficit funding schedule.

A full actuarial valuation of the Scheme is carried out every three years with interim reviews in the intervening years. The latest full actuarial valuation of the Pension Trust was carried out as at 31 March 2020 by independent actuaries using the projected unit credit method and has been completed. At 31 March 2020 the deficit was £9m. The Group has agreed a continuation of the annual funding schedule with the Trustees from March 2020 for the following 5 years, which includes the deficit recovery contributions and other running costs of just under £3m. During the year ending 31 August 2021, the Group made a contribution of £3m to the WHSmith Pension Trust 12020. £3m) in accordance with the agreed pension deficit funding schedule, being £1m of deficit funding payable to the Trustee and £2m in relation to investment management costs. The Group expects the cash payments for the year ended 31 August 2022 to be £3m. The weighted average duration of the defined benefit obligation is 18 years.

Amounts recognised in the financial statements Balance sheet
The amounts recognised in the balance sheet under IAS 19 in relation to this plan are as follows

<u>Cm</u>	<u>2021</u>	<u>2020</u>
Present value of the obligations	(1,172)	(1,144)
<u>Fair value of plan assets</u>	<u>1,456</u>	<u>1,412</u>
Surplus before consideration of asset ceiling	284	268
Amounts not recognised due to effect of asset ceiling	(284)	(268)
Additional liability recognised due to minimum funding requirements	121	13
Retirement benefit obligation recognised in the balance sheet	2	13

In accordance with the requirements of IFRIC 14 we have recognised the schedule of contributions as a liability of £2m (2020: £3m). The defined benefit pension schemes are closed to further accrual. The Group does not have an unconditional right to derive economic benefit from any surplus, as the Trustees retain the right to enhance benefits under the Trust deed, and therefore the present value of the economic benefits of the IAS 19 surplus in the pension scheme of £284m (2020 £268m) available on a reduction of future contributions is Enil (2020: Enil). As a result, the Group has not recognised this IAS 19 surplus on the balance sheet There is an ongoing actuarial deficit primarily due to the different assumptions and calculation methodologies used compared to those on interpretation of IAS 19.

Income statement
The amounts recognised in the income statement were as follows.

<u>Cm</u>	<u>2021</u>	<u>2020</u>
Net interest cost on the defined benefit liability	-	(14)
Past service cost	(14)	-

The net interest cost has been included in finance costs (Note 7) Actuarial gains and losses have been reported in the statement of comprehensive income.

In the prior year, past service costs of E 14m were recognised in relation to equalisation of pension benefits relating to a period between 1 April 1992 and 29 July 1993 (Barber equalisation). This past service cost was disclosed within non-underlying items, in accordance with the accounting policy in Note 1.

WH Smith PLC Annual Report and Accounts 2021

5. Retirement benefit obligations (continued)

a) Defined benefit pension schemes (continued) i) The WHSmith Pension Trust (continued)

Statement of comprehensive income

Total expense recognised in the statement of comprehensive income ('SOC').

Actuarial gain/(loss) on defined benefit obligations arising from experience
Actuarial loss on defined benefit obligations arising from changes in financial assumptions
Actuarial gain on defined benefit obligations arising from changes in demographic assumptions
Total actuarial loss before consideration of asset ceiling (50)

Return on plan assets excluding amounts included in net interest cost 58 (Loss)/gain resulting from changes in amounts not recognised due to effect of asset ceiling excluding amounts (11) recognised in net interest cost

(2)

Gain resulting from changes in additional liability due to minimum funding requirements excluding amounts 1' recognised in net interest cost

Total actuarial (loss)/gain recognised in other comprehensive income

2020
(531 (121 22 (43) 138] 92

11

A credit of £1m (2020- Enil) was recognised in the statement of comprehensive income in relation to actuarial gains in the year on the United News Shops Retirement Benefits Scheme.

Movements in the present value of the WHSmith Pension Trust defined benefit scheme assets, obligations and minimum funding requirement in the current year were as follows.

2021

At 1 September

Current service cost

Past service cost

Interest income/expense

Actuarial gains/losses

Contributions from the sponsoring companies

Benefits paid

At 31 August

Effect of asset

recognition of benefit

celling end Nel retirement

minimum obligation

(271)

Liabilities funding liability recognised

(191 (501

(51 (10)

1,412 (1,146)

24 58

3 (411

12)

1286)

41

1.456 (1.172)

1.461

26 (38)

3 (40)

1.412

Effect of asset ceding and Nel retirement

13) (14) 11

3

recognition of benefit minimum obligation

Liabilities funding liability recognised

(3571

11.107]

(6) 92

(14) 120) (43)

(2711

(3)

40

(1.144)

The actual return on scheme assets was a gain of £82m (2020. loss of £12m). During the year, asset returns outperformed the discount rate, leading to an asset remeasurement gain of £58m. Actuarial losses on scheme liabilities have arisen due to experience gains of £5m. as a result of the triennial valuation at 31 March 2020. which applied membership and other demographic movements over the last 3 years; the lower discount rate and RPI assumptions, offset by higher CPI inflation assumptions resulting in a loss of £56m; and changes in demographic assumptions that led to a £1 m reduction in plan liabilities.

The decrease in scheme liabilities combined with a increase in the scheme assets, resulted in a increase of £16m in the unrecognised IAS 10

The decrease in scheme liabilities combined with a increase in the scheme assets, resulted in a increase of £10m in the unrecognised IAS 19 surplus, to £284m.

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Notes to the financial statements continued

5. Retirement benefit obligations (continued)

a) Defined benefit pension schemes (continued) i) The WHSmith Pension Trust

(continued)

An analysis of the defined benefit scheme assets at the balance sheet date is detailed below:

	Quoted	Unquoted	Total	Quoted	Unquoted	Total	%	Em	Em	%
	Cm	Cm	Cm	Cm	Cm	Cm				
Bonds										
• Government bonds	1,211	-	1,211	83	1,157	-		1,157	82	
• Corporate bonds										
UK	264	-	264	18	286	-		286	20	
Non-UK	342	-	342	24	342	-		342	24	
Investment funds ¹	43	186	229	16	324	188		512	36	
Derivatives										
• Interest rate swaps - (85) (85) (6) - 28								28	2	
• -Inflation swaps - (157) (157) (11) - (143)								(143)	(10)	
• -Other ²	-	(503)	(503)	(35)	-	(530)		(530)	(37)	
Cash and cash equivalents³		155	155	17	12401			12401	117	
Total	2,015	(559)	1,566	100	1,869	(457)		1,412	100	

1 These actively managed pooled funds seek to provide long-term positive returns through diversified assets and strategies.

2 Other derivatives include asset swap contracts and open repurchase agreements

3 In the prior year, the negative cash and cash equivalents balance relates to our obligation to return cash collateral.

No amount is included in the market value of assets relating to either financial instruments or property occupied by the Group. The principal long-term assumptions used in the IAS 19 valuation were:

	2021	2020
Rate of increase in pension payments	3.35	3.04
Rate of increase in deferred pensions	2.55	2.30
Discount rate	1.75	1.75
RPI inflation assumption	3/5	3.10
CPI inflation assumption	2.55	2.30

The mortality assumptions in years underlying the value of the accrued liabilities for 2021 and 2020 are:

	2021		2020	
	Male	Female	Male	Female
Life expectancy at age *5				
Member currently aged 65	22.7	23.9	22.7	23.8
Member currently aged 45	22.2	25.2	22.2	25.2

member currently aged 40

2020 2020 2020 2020

Sensitivity to changes in assumptions

The valuation of the retirement benefit obligation is considered a significant source of estimation uncertainty, see Note 1(q), and therefore changes in assumptions can have a significant effect on the amounts recognised in the financial statements. Sensitivity information has been derived using scenario analysis from the actuarial assumptions as at 31 August 2021, while keeping all other assumptions consistent; in practice, changes in some of the assumptions may be correlated.

<u>Cm</u>	2021	Effect on liabilities at 31 August
Discount rate +/- 0.1% per annum -19/+19		
Inflation assumptions +/- 0.1% per annum +18/-18		
Life expectancy +/- 1 year	+66Z-66	

5. Retirement benefit obligations (continued)

a) Defined benefit pension schemes (continued)

ii) United News Shops Retirement Benefits Scheme

United News Shops Retirement Benefits Scheme ('UNSRBS') is closed to new entrants. The scheme provides pension benefits for pensioners and deferred members based on salary at the date of closure, with increases based on inflation. A full actuarial valuation of the scheme is carried out every three years with interim reviews in the intervening years. The latest full actuarial valuation of the scheme was carried out at 5 April 2018 by independent actuaries. Following this valuation, the deficit was less than £1 m

The valuation of the UNSRBS used for the IAS 19 disclosures is based on consistent assumptions to those used for valuing the WHSmith Pension Trust. Scheme assets are stated at their market value at the relevant reporting date. The deficit funding contributions are immaterial in the context of these financial statements.

The present value of obligations and fair value of assets are stated below.

<u>Cm</u>	2021	2020
Present value of the obligations	18) (8)	
Fair value of plan assets	7	7_
Retirement benefit obligation recognised in the balance sheet	1 11)	M)

All of the assets of the UNSRBS scheme have a quoted market price in an active market. There was a credit of E1 m (2020: Nil) recognised in the statement of comprehensive income in relation to actuarial gains in the year on the United News Shops Retirement Benefits Scheme.

b) Defined contribution pension scheme

The pension cost charged to income for the Group's defined contribution schemes amounted to E4m for the year ended 31 August 2021 (2020- E4m).

6. Staff costs and employees

a) Staff costs

The aggregate remuneration of employees was-

<u>Cm</u>	2021	2020
Wages and salaries	, 208, 200	
Social security costs	' 14, 13	
Other pension costs	i 4; 4	
Share-based payments	j 6j	^ _
<u>Total Group</u>	i 232 217	

b) Employee numbers

The monthly average total number of employees (including executive directors) was.

<u>Cm</u>	2021	2020
Total retailing	, 11,194	14,475
<u>Support functions</u>	4V;	39
<u>Total Group</u>	: 11,235	14,514

7. Finance costs

2020

Interest payable on bank loans and overdrafts ' 10. 9

Interest on convertible bonds ; 4: -

Interest on lease liabilities 10 11

Net interest cost on defined benefit pension liabilities	-	-
	24	20

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Notes to the financial statements continued

8. Income tax

Tax on loss		(15)	
<i>Standard rate of UK corporation tax 19.00% 12020:19.00X1</i>			
Adjustment in respect of prior years		(6)	
<u>Total current tax credit</u>			<u>HP</u>
Deferred tax-current year (Note 18)	i	(7)	
<i>Deferred tax - prior year (Note 18)</i>	<	2	
<i>Deferred tax - adjustment in respect of change in tax rates</i>	;	(8)	^
Tax on loss before non-underlying items		(16)	
Tax on non-underlying items - current tax	' (9)		
<u>Tax on non-underlying items - deferred tax (Note 18)</u>		<u>(121)</u>	<u>(16)</u>
Total tax on loss		(41)	

Reconciliation of the taxation credit

		2021	
Tax on loss at standard rate of UK corporation tax 19.00% (2020:19.00%)		(53)	
Tax effect of items that are not deductible or not taxable in determining taxable loss	,	15	
Unrecognised tax losses		4	
Differences in overseas tax rates	,	(3)	
Adjustment in respect of prior years	'	(4)	
Adjustment in respect of change in tax rates	■	(8)	^
Total income tax credit	"	(36)	[41]

The effective tax rate, before non-underlying items, is 47 per cent 12020: 23 per cent).

The UK corporation tax rate is 19 per cent effective from 1 April 2017. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25 per cent. This new law was substantively enacted on 24 May 2021, and the main impact of this change is an increase to the deferred tax assets and an increase in the current year tax income statement credit of £8m

9. Dividends

Amounts paid and recognised as distributions to shareholders in the year are as follows-

<u>Cm</u>		<u>2021</u>	<u>2020</u>
Dividends			
Final dividend for theyearended 31 August 2019 of 41.0p per ordinary share	' 47		
			:" <u>47</u> "

The directors have not declared an interim dividend during the year and do not propose a final dividend in respect of the year ended 31 August 2021.

10. Loss per share a) Loss/earnings

<u>Loss for the year, attributable to equity holders of the parent</u>	(82)	12391
<u>Non-underlying items (Note 4)</u>	53	187
Loss for the year before non-underlying items, attributable to equity holders of the parent	■ (29)	(52)

b) Weighted average share capital

<u>Millions</u>	<u>2021</u>	<u>2020</u>
Weighted average ordinary shares in issue	131 120	
Less weighted average ordinary shares held in ESOP Trust	-	^
Weighted average shares in issue for loss per share	131 120	
Add weighted average number of ordinary shares under option	-	^
Weighted average ordinary shares for diluted loss per share	131 120	

c) Basic and diluted loss per share

<u>Basic loss per share</u>	' (62.6)	(199 2)
<u>Adjustment for non-underlying items</u>	! 40.5	155.9
<u>Basic loss per share before non-underlying items</u>	' 122.1	(A3 31)

<u>Pence</u>	<u>2021</u>	<u>2020</u>
<u>Diluted loss per share</u>	: (62.6)	(199 2)
<u>Adjustment for non-underlying items</u>	■ 40.5	155.9
<u>Diluted loss per share before non-underlying items</u>	(22.1)	143 3)

Diluted loss per share takes into account various share awards and share options including SAYE schemes, which are expected to vest, and for which a sum below fair value will be paid. As the Group has incurred a loss in the years ending 31 August 2021 and 31 August 2020, the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.

At 31 August 2021 the convertible bond has no dilutive effect as the inclusion of these potentially dilutive shares would improve loss per share.

The calculation of loss per share on a pre-IFRS 16 basis is provided in the Glossary on page 154

WH Smith PLC Annual Report and Accounts 2021
Financial statements

Notes to the financial statements continued

11. Intangible assets

	Goodwill	contracts	Brands and franchise Tenancy rights
Cost			
<u>At 1 September 2020</u>	Acquisitions	(Note 27)	Additions
<u>At 31 August 2021</u>	Disposals	Foreign exchange	
Accumulated amortisation			
<u>At 1 September 2020</u>	Amortisation charge	Impairment charge	Disposals
<u>At 31 August 2021</u>	Foreign exchange		
			418ID
111)			
606			
96			
	570-11]		
			7 7 (1) (11 (12)
65 11			
(1)			
	563		
	77 14'		
75			
	II)		
	90		
<u>Net book value at 31 August 2021</u>			
Cost			
<u>At 1 September 2019</u>	Additions		
<u>At 31 August 2020</u>	Acquisitions (Note 27)	Disposals	Foreign exchange
Accumulated amortisation			
<u>At 1 September 2019</u>	Amortisation charge	Impairment charge	Disposals
<u>At 31 August 2020</u>	Foreign exchange		
96			
			109 314 11 11 1 288 (251 (251 118)
80 9 1			
(25)			
	570		
			89 12 1
65			

(25)

77

Net book value at 31 August 2020

Adjustments to goodwill include an adjustment of £1m to the consideration paid in relation to the acquisition of Marshall Retail Group (MRG). Additions to goodwill in the prior year relate to the acquisition of MRG. See Note 27 for further information. Goodwill of USD \$77m (£56m) relating to the acquisition of InMotion in 2018 is expected to be deductible for tax purposes in the future.

As a result of changes to the Group's reportable segments (as discussed in Note 2), goodwill previously attributable to the Travel operating segment has been reallocated to the new operating segments using a relative value approach

The carrying value of goodwill is allocated to the segmental businesses as follows:

On

Travel UK North America Rest of the World Total Travel High Street
2021

253 113

25 391

15 406

403 15 418

WH Smith PLC Annual Report and Accounts 2021

11. Intangible assets (continued)

Included within Tenancy rights are certain assets that are considered to have an indefinite life of £4m (2020: £4m), representing certain rights under tenancy agreements, which include the right to renew leases, therefore no amortisation has been charged. Management has determined that the useful economic life of these assets is indefinite because the Company can continue to occupy and trade from certain premises for an indefinite period. These assets are reviewed annually for indicators of impairment.

Impairment of goodwill and intangible assets

The Group tests goodwill for impairment annually or where there is an indication that goodwill might be impaired. For impairment testing purposes, the Group has determined that each store is a separate CGU, and goodwill is allocated to groups of CGUs in a manner that is consistent with our operating segments, as this reflects the lowest level at which goodwill is monitored. All goodwill has arisen on acquisitions of groups of retail stores. These acquisitions are then integrated into the Group's operating segments as appropriate. Acquired brands are considered together with goodwill for impairment testing purposes, and are therefore considered annually for impairment.

Goodwill and acquired brands have been tested for impairment by comparing the carrying amount of each group of CGUs, including goodwill and acquired brands, with the recoverable amount determined from value-in-use calculations. The value-in-use of each group of CGUs has been calculated using cash flows derived from the Group's latest Board-approved budget and three year plan, initially extrapolated to five years and taking into account the projected impact of Covid-19. The forecasts reflect knowledge of the current market, together with the Group's expectations on the future achievable growth and committed store openings. Cash flows beyond the initial forecast period are extrapolated using estimated long-term growth rates. Forecasts have taken into account the immediately quantifiable impacts of climate change, with no material impact on cash flows. Forecasts beyond the initial forecast period do not include a quantitative assessment of the impact of climate change on cash flows.

For certain groups of CGUs, additional adjustments to cash flows have been made during the extrapolation process for an extended period of up to 15 years before calculating a terminal value. This extended period of time is required to establish a normalised cash flow base on which a terminal value calculation can be appropriately calculated. The main reasons for cash flow adjustments include the need to forecast lease renewals under IFRS 16, and the unwinding of certain cash flow benefits arising from acquisitions in North America.

The key assumptions on which forecast three-year cash flows of the CGUs are based include revenue growth, product mix and operating costs, long-term growth rates and the pre-tax discount rate:

- The values assigned to each of the revenue, product mix and operating cost assumptions were determined based on the extrapolation of historical trends within the Group and external information on expected future trends in the travel and high street retail sectors.
- The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rate used in the calculation was 10.4 per cent.
- The long-term growth rate assumptions are between 0 per cent and 2 per cent.

The value-in-use estimates indicated that the recoverable amount of goodwill exceeded the carrying value for each group of CGUs. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year (2020: Nil).

As disclosed in Note 1, Accounting policies, the forecast cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and it is possible that significant changes to these assumptions could lead to an impairment of goodwill and acquired brands. Given the significant uncertainty surrounding the impact of Covid-19 on the Group's operations and on the global economy, management have considered a range of sensitivities on each of the key assumptions, with other variables held constant. The sensitivities include applying increases in the discount rate by 1 per cent and reductions in the long-term growth rates to 0 per cent Under these severe scenarios, the estimated recoverable amount of goodwill and acquired brands still exceeded the carrying value

The sensitivity analysis showed that no reasonably possible change in assumptions would lead to an impairment.

WH Smith PLC Annual Report and Accounts 2021
Financial statements

Notes to the financial statements continued

12. Property, plant and equipment

Land and buildings

Froehold properties
Leasehold Improvements
Fixtures and fittings
Equipment and vehicles

Cost or valuation:

At 1 September 2020 Additions

Acquisitions (Note 27) Disposals Reclassifications Foreign exchange

At 31 August 2021

Accumulated depreciation:

At 1 September 2020 Depreciation charge Impairment change Disposals Reclassifications Foreign exchange

At 31 August 2021

15 3

18

10

10

272 12 (1) 15) 14 (2)

290

185 17 9 15)

206	
198 15	
196	(5) 111)ID
(1)	127 12 5 15) 2
140	
108 7	
12)	
13)	
110	
79 7 2 121 12)	
86	
	593 37 ID 112)
13)	
616	
401, 361 16 [12],	
(II	
660	
<u>Net book value at 31 August 2021</u>	
Cost or valuation:	
At 31 August 2019	
<u>Adjustment on initial application of IFRS 16</u>	
<u>At 1 September 2019 Additions -Acquisitions (Note 27) Disposals Foreign exchange</u>	
At 31 August 2020	
Accumulated depreciation:	
At 31 August 2019	
<u>Adjustment on initial application of IFRS 16</u>	
At 1 September 2019	
Depreciation charge	
Impairment charge	
Disposals	
<u>At 31 August 2020</u>	
	236 13)
233 28 18 (5) (2)	
272	
	147 1
148 22 20 15)	
185	
	168 15)
163 23 14 ID ID	
198	
	103ID

102	12	14	ID
127			
	539	(301	
98	509		
10	61		
2	34		
(1)	17)		
ID	(4)		
78	(12)		
	593		
	338	112)	
66	326		
9	43		
5	39		
79			
[1]	17]		
	401		

Net book value at 31 August 2020

Impairment of property, plant and equipment

For impairment testing purposes, the Group has determined that each store is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified. The significant disruption to trading as a result of the Covid-19 pandemic has been identified as an indicator of impairment, and therefore all CGUs have been tested for impairment as at the balance sheet date

12. Property, plant and equipment (continued)

Property, plant and equipment and right-of-use assets have been tested for impairment by comparing the carrying amount of each CGU with its recoverable amount determined from value-in-use calculations. It was determined that value-in-use was higher than fair value less costs to sell as a result of the significant impact on fair values as a result of Covid-19. The value-in-use of each CGU has been calculated using discounted cash flows derived from the Group's latest Board-approved budget and three-year plan, taking into account the projected impact of Covid-19, and reflects historic performance and knowledge of the current market, together with the Group's views on the future achievable growth. Cash flows beyond this three-year period are extrapolated using growth rates and inflation rates appropriate to each store's location. Cash flows have been included for the remaining lease life for the specific store. These growth rates do not exceed the long-term growth rate for the Group's retail businesses in the relevant territory. Where stores have a relatively short remaining lease life, an extension to the lease has been assumed where management consider it likely that an extension will be granted

The key assumptions on which the forecast three-year cash flows of the CGUs are based include revenue and the pre-tax discount rate. Other assumptions in the model relate to gross margin, cost inflation and longer-term growth rates. The forecasts used in the impairment review are based on management's best estimate of revenue reductions versus a 'pre-Covid' base, and the recovery in revenue over the forecast period. In developing these forecasts, management have used available information, including historical knowledge of the store level cash flows, and knowledge gained during the pandemic up to the year end date.

The forecasts for the year for our High Street business assume that store like-for-like sales will be lower by around 20 per cent during the year ended 31 August 2022. In Travel UK, revenue is assumed to be initially down around 50 per cent recovering to around 5 per cent down by the end of that year. This is an average across all formats, with Hospitals recovering more quickly than Air. Our International locations outside of North America assume that like-for-like sales will be lower by around 75 per cent initially, and recovering to down around 25 per cent by the end of August 2022

In North America, revenue is assumed to be down around 25 per cent in the early part of the next financial year improving to around 2019 levels by the end of the August 2022 financial year. This is an average across all formats, with Resorts recovering more quickly than Air.

The second and third years of the three year plan include further gradual recoveries across all locations.

The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include the risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rate used in the calculation was 10.4 per cent

Where the value-in-use was less than the carrying value of the CGU, an impairment of property, plant and equipment and right-of-use assets was

where the value in use was less than the carrying value of the CGU, an impairment of property, plant and equipment and right-of-use assets was recorded. These stores were impaired to their recoverable amount of £56m, which is their carrying value at year end. The Group has recognised an impairment charge of £16m to property, plant and equipment and £28m to right-of-use assets as a result of impairment testing. Impairments of £42m have been presented as non-underlying items in the current year (see Note 4), and impairments of £2m have been included in underlying results.

As disclosed in Note 1. Accounting policies, the forecast cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and changes to these assumptions could lead to further impairments to assets. Given the significant uncertainty regarding the impact of Covid-19 on the Group's operations and on the global economy, management have considered sensitivities to the impairment charge as a result of changes to the estimate of future revenues achieved by the stores.

The Group has applied certain sensitivities in isolation to demonstrate the impact on the impairment of changes in key assumptions. The most significant assumption is the revenue assumption. The impact of a potential slower recovery from the pandemic has been modelled by incorporating a further 10 per cent reduction in revenue in High Street stores and a delay in recovery of one year in Travel UK and North America, with no change to subsequent forecast revenue growth rate assumptions. This would result in a £21m increase in the impairment charge of retail store assets in the year ended 31 August 2021. An increase or decrease of 1 percent in the discount rate would result in an increase or decrease in the impairment charge of around £2m.

Other changes in assumptions have been modelled and have shown that any reasonably possible changes would not lead to a significant impact on the impairment charge. Other modelled assumption changes include margin reductions and long-term growth rate reductions across all formats.

The impairment assessment has also been performed on a pre-IFRS 16 basis. See Glossary on page 154.

Notes to the financial statements continued

13. Right-of-use assets

At 1 September 2020 Additions

Modifications and remeasurements Disposals

Depreciation charge Impairment charge

Effect of movements in foreign exchange rates

Net book value at 31 August 2021

Land and buildings

400 65
(13) (1)
(80)
(28) (4)
319

413 45

(13) (1)
(841)
(281) (4)
328

At 1 September 2019

Additions

Acquisitions

Modifications and remeasurements Disposals

Depreciation charge Impairment charge

Effect of movements in foreign exchange rates

Trade and other receivables gross		35	39
Expected credit losses		(31	
<u>Trade and other receivables net</u>	■	<u>32</u>	<u>36</u>
Of which:			
Amounts neither impaired nor past due on the reporting date		25	26
Amounts past due but not impaired-			
Less than one month old	3	4	
Between one and three months old	2	2	
Between three and six months old			
Between six months and one year old		1	2
Trade and other receivables net carrying amount		32	36

The Group has limited exposure to expected credit losses due to the business model. An allowance has been made for lifetime expected credit losses from receivables at 31 August 2021 of £3m [31 August 2020: £3m]. The ageing analysis of these receivables is given in the table below. This expected credit loss allowance reflects the application of the Group's provisioning policy in respect of bad and doubtful debts and is based upon the difference between the receivable value and the estimated net collectible amount. The Group establishes its provision for bad and doubtful debts by reference to past default experience.

Ageing analysis of bad and doubtful debt provisions:

<u>£m</u>	<u>2021</u>	<u>2020</u>
Less than one month old		
Between one and three months old'		
Between three and six months old	1	1
Between six months and one year old	2	2

No trade and other receivables that would have been past due or impaired were renegotiated during the year. No interest is charged on the receivables balance. The other classes within trade and other receivables do not include impaired assets. The Group does not hold collateral over these balances. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Notes to the financial statements continued

15. Trade and other payables

<u>£m</u>	<u>2021</u>	<u>Restated</u>	<u>2020</u>
Trade payables	70	55	
Other tax and social security	24	24	
Other payables	1	72	63
Accruals	83	87	
Deferred income	16	2	
			265
			241

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 56 days (2020: 50 days). The directors consider that the carrying amount of trade and other payables approximates their fair value.

Trade payables is stated net of £4m [2020: £2m] amounts receivable from suppliers in relation to supplier income, that has been invoiced, for which the Group has the right to set off against amounts payable at the balance sheet date.

The classification of trade and other payables has been reviewed and it was noted that certain balances more closely related to deferred income have previously been classified in other categories. The analysis provided above more closely reflects the nature of the underlying balances. The comparatives have been restated for consistency by reducing Trade payables by £5m, reducing Other

creditors by £4m and increasing Deferred income by £9m. There is no impact on the total of trade and other payables. 16. Lease

liabilities

		Land and buildings	Equipment	Total	
<u>tm</u>					
At 1 September 2020	<		548	11	559
Additions	j		41	-	41,
Modifications and remeasurements			(37)	-	(37)
Disposals	'	(7)	- (7)		
Interest	j	10	- 10.		
Payments			(87)	(4)	(91)
<u>Effect of movements in foreign exchange rates</u>	\	(51)	=	151	
<u>At 31 August 2021</u>		<u>463</u>	<u>7</u>	<u>470</u>	

		Land and buildings	Equipment	Total
<u>Cm</u>	4			
At 3 August 2019		-	14 14	
<u>Adjustment on initial application of IFRS 16</u>		<u>476</u>	<u>3</u>	<u>479</u>
At 1 September 2019		476	17 493	
Additions		87	- 87	
Acquisitions		106	- 106	
Modifications and remeasurements		150)	- (50)	
Disposals		12)	- (2)	
Interest		11	- 11	
Payments		(72)	(6) (78)	
<u>Effect of movements in foreign exchange rates</u>		(8)		
<u>At 31 August 2020</u>		<u>548</u>	<u>11</u>	<u>559</u>

		2021	2020
<u>Cm</u>			
Analysis of total lease liabilities	'		
Non-current		.362 - 429	
Current		108	_30_
Total		470 559	

The Group leases land and buildings for its retail stores, distribution centres, storage locations and office property. These leases have an average remaining lease term of 4 years. Some leases include an option to break before the end of the contract term or an option to renew the lease for an additional term after the end of the term. Management assess the lease term at inception based on the facts and circumstances applicable to each property.

130 WH Smith PLC Annual Report and Accounts 2021

16. Lease liabilities (continued)

Other leases are mainly forklift trucks for the retail stores and distribution centres, office equipment and vehicles. These leases have an average remaining lease term of 3 years.

The Group reviews the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. The Group may exercise extension options, negotiate lease extensions or modifications. In other instances, the Group may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. Certain property leases contain rent review terms that require rent to be adjusted on a periodic basis which may be subject to market rent or increases in inflation measurements.

Many of the Group's property leases, particularly in Travel locations, also incur payments based on a percentage of revenue (variable lease payments) achieved at the location. In line with IFRS 16, variable lease payments which are not based on an index or rate are not included in the lease liability. See Note 3 for the expense charged to the Income statement relating to variable lease payments not included in the measurement of the lease liability.

In response to the Covid-19 pandemic, an amendment was issued to IFRS 16 in June 2020 and further extended in March 2021. This amendment (practical expedient) allows the impact on the lease liability of temporary rent reductions/waivers affecting rent payments due on or before June 2022, to be recognised in the Income statement in the period they are received, rather than as lease modifications, which would require the remeasurement of the lease liability using a revised discount rate with a corresponding adjustment to the right-of-use asset. The Group has applied this practical expedient to all Covid-19 rent reductions/waivers that meet the requirements of the amendment. This has resulted in a credit to the Income statement of £23m for the year ended 31 August 2021.

The Group's accounting policy for leases is set out in Note 1. Details of Income statement charges and income for leases are set out in Note 3. The right-of-use asset categories on which depreciation is incurred are presented in Note 13. Interest expense incurred on lease liabilities is presented in Note 7. The maturity of undiscounted future lease liabilities are set out in Note 22.

The total cash outflow for leases in the financial year was £123m. This includes cash outflow for short-term leases of £14m and variable lease payments (not included in the measurement of lease liability) of £18m. The total future income from sub-leasing the right-of-use assets is £1m.

WH Smith PLC Annual Report and Accounts 2021
Financial statements

Notes to the financial statements continued

17. Provisions

Contingent Progeny consideration provision provision

At 1 September 2020 Charge in the year Utilised in year Unwinding of discount

At 31 August 2021

At 1 September 2019

Adjustment on initial application of IFRS 16 Charge in the year Utilised in year

Unwinding of discount

Contingent Property consideration provision provision

3 12) 12

HI

5 12) 12 MI

At 31 August 2020

Total provisions are split between current and non-current liabilities as follows:

Cm

Included in current liabilities Included in non-current liabilities

2;
12
ik:

2020

9_

5

U

Property provisions relate to reinstatement liabilities for stores where the long-term viability has been impacted by Covid-19. These expected costs of store closures are reviewed frequently and are based on information available as at the reporting date as well as management's historical experience of similar transactions. Utilisations of the property provisions are expected to be incurred in line with the profile of the leases to which they relate.

In the prior year onerous lease provisions of £2m were derecognised on adoption of IFRS 16.

WH Smith PLC Annual Report and Accounts 2021

18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior years.

			Adjustment on		Credited /		Income	equity	At 31 August
			On acquisition of Initial application		Charged to	Credited to			
			All September	subsidiaries					
Accelerated tax depreciation	j	7	-	-	3	121.8			
Leases	i	4	-	-	1	-	- 5'		
Share-based payments	j	-	-	-	-	1	1.2		
Retirement benefit obligation	i	-	-	-	-	-	-		
• Intangible assets	•	(11)	-	(11)	-	-	-		
Losses		17	-	-	4	24	- 45		
Unutilised interest expense		3	-	-	-	2	-	5.	
Provisions		-	-	-	-	2	-	2_	
Year ended 31 August 2021	t	21	-	-	81	27	1	57_	
Accelerated tax depreciation		5	11]	-	-	3	- 7		
Leases		-	-	4	-	-	- 4		
Share-based payments		2	-	-	-	12)	-		
Retirement benefit obligation		1.1	-	-	-	-	-		

Retirement benefit obligation	131	181	-	-	-	- 111)	
Intangible assets	-	-	-	-	17	- 17	
Losses	-	-	-	-	3	-	3_
Unutilised interest expense	-	-	-	-	3	-	3_
Year ended 31 August 2020	5	19)	4	-	21	-	21^

Deferred tax assets have not been recognised in respect of the following tax losses:

<u>£m</u>	<u>2021</u>	<u>2020</u>
Capital losses	84.88	
Trading losses	23	33_
	<u>107.121</u>	

Substantially all of the deferred income tax assets are expected to be recovered after more than one year.

The UK corporation tax rate is 19 per cent effective from 1 April 2017. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25 per cent. This new law was substantively enacted on 24 May 2021, and the main impact of this change is an increase in the deferred tax assets and an increase in the current year tax income statement credit of £8m.

At 31 August 2021, deferred tax assets have been recognised in respect of tax losses and US unutilised interest expense. The deferred tax assets of £198m relates to carried forward tax losses which have been recognised to the extent that they will be recoverable using the estimated future taxable income based on the approved budgets for the Group. The Group has not recognised deferred tax assets on losses amounting to £107m (2020 £121m) due to uncertainty over the timing and extent of their utilisation. The losses can be carried forward indefinitely and have no expiry date.

All deferred tax assets and liabilities are offset where there is considered to be a legally enforceable right to do so. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes.

<u>£m</u>	<u>2021</u>	<u>2020</u>
Deferred tax liabilities (non-current liabilities)	- (2)	
Deferred tax assets	57	23_
	<u>57.21</u>	

Notes to the financial statements continued

19. Analysis of net debt

Movements in net debt can be analysed as follows

At 1 September 2020

Proceeds from borrowings

Repayments of borrowings

Bifurcation of convertible bond

Other non-cash movements

Other cash movements

Currency translation

Convertible Rewtvingcredil bonds faciUty

(327)

(180) (479) (2201)

69 (481 7

(851)

An explanation of Alternative Performance Measures, including Net debt on a pre-IFRS 16 basis, is provided in the Glossary on page 154

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Lease liabilities

Non-cash movements in lease liabilities mainly relate to new leases, modifications and remeasurements in the year. Term loans and revolving credit

facilities

On 28 April the Group announced new financing arrangements. These included the issuance of £327m of convertible bonds, the repayment of the existing £400m term loans and replacement with a new £133m term loan, and an increased revolving credit facility of £250m.

At 31 August 2021 the Group has in place a five-year committed multi-currency revolving credit facility of £250m with Santander UK PLC. BNP Paribas, HSBC UK Bank PLC. JP Morgan Securities PLC and Barclays Bank PLC. The revolving credit facility is due to mature on 28 April 2025. The utilisation is interest bearing at a margin over SONIA. As at 31 August 2021, the Group has drawn down Enil on this facility (2020: Enil drawn down on previous facility).

As part of the new financing arrangements the additional multi-currency revolving credit facility of £120m, which was undrawn and due to expire in November 2021, was cancelled

The Group has a four-year committed £133m term loan with Banco Santander S.A. London Branch, Barclays Bank PLC. BNP Paribas and HSBC UK Bank PLC. that was drawn down at the time of the refinancing in April 2021. This loan is interest bearing at a margin over SONIA and is due to mature on 28 April 2025

Transaction costs of Elm relating to the term loan are amortised to the Income statement through the effective interest rate method. Transaction costs of Elm relating to the RCF have been capitalised and are amortised to the Income statement on a straight-line basis.

134 WH Smith PLC Annual Report and Accounts 2021

19. Analysis of net debt (continued) Convertible

bonds

On 28 April 2021, the Group announced the launch of an offering of £327m of guaranteed senior unsecured convertible bonds due in 2026. Settlement and delivery of convertible bonds took place on 7 May 2021. The total bond offering of £327m covers a five-year term beginning on 7 May 2021 with a 1.625 per cent per annum coupon payable semi-annually in arrears in equal instalments. The bonds are convertible into new and/or existing ordinary shares of WH Smith PLC. The initial conversion price was set at £26.99 representing a premium of 40 per cent above the reference share price on 28 April 2021 (£17.85). If not previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed at par on 7 May 2026.

The convertible bond is a compound financial instrument, consisting of a financial liability component and an equity component, representing the value of the conversion rights. The initial fairvalue of the liability portion of the convertible bond is determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis using the effective interest rate method until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in equity (Other reserves), and not subsequently remeasured. As a result, £286m was initially recognised as a liability in the balance sheet on issue and the remainder of the proceeds of £41m, which represents the option component, was recognised in equity.

Transaction costs of £6m were allocated between the two components and the element relating to the debt component of £5m is being amortised through the effective interest rate method. The issue costs apportioned to the equity component of £1 m have been deducted from equity.

Further information regarding the Group's borrowings and revolving credit facilities is provided in Note 22.

20. Contingent liabilities and capital commitments

<u>Cm</u>	<u>2021</u>	<u>2020</u>
Bank guarantees and guarantees in respect of lease agreements	31	31

Other potential liabilities that could crystallise are in respect of previous assignments of leases where the liability could revert to the Group if the lessee defaulted. Pursuant to the terms of the Demerger Agreement with Smiths News PLC, any such contingent liability which becomes an actual liability will be apportioned between the Group and Smiths News PLC in the ratio 65:35 (provided that the actual liability of Smiths News PLC in any 12-month period does not exceed £5m). The Group's 65 per cent share of these leases has an estimated future rental commitment at 31 August 2021 of £1m (2020: £1m). The movement in the future rental commitment is due to the crystallisation of lease liabilities, lease expiries and the effluxion of time.

Contracts placed for future capital expenditure approved by the directors but not provided for in these financial statements amount to £26m (2020: £18m)

<u>Cm</u>	<u>2021</u>	<u>2020</u>
Commitments in respect of property, plant and equipment	25	17

Commitments in respect of other intangible assets

1 1_

26 18

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Notes to the financial statements continued

21. Cash generated from operating activities

<i>Cm</i>		<i>XX_</i>
Group operating loss	-	(9211260)
Depreciation of property, plant and equipment	:	36 63
Impairment of property, plant and equipment	16	39
Amortisation of intangible assets	14,	12
Impairment of intangible assets		1
Depreciation of right-of-use assets	¹ 84 ¹	110
Impairment of right-of-use assets	i	28 95
Non-cash change in lease liabilities	'	(231)[151
Non-cash movement in pension	-	14
Share-based payments	6	
Gain on disposal and remeasurement of leases	(31	
Other non-cash items	(2)	2
Decrease in inventories	14'	35
Decrease in receivables	4	27
Increase/(decrease) in payables	24'	[10)
Pension funding	(31.	13)
Income taxes paid	-:	132)
Income taxes refund	'	10.37
Movement on provisions (through utilisation or income statement)	;	HI
Cash generated from operating activities	[1_3_	94_

WH Smith PLC Annual Report and Accounts 2021

22. Financial instruments

Categories of financial instruments

	Carrying value	
	2021	
Financial assets		
Derivative instruments in designated hedge accounting relationships ¹		
<u>Receivables at amortised cost (including cash and cash equivalents)¹</u>	<u>167</u>	<u>161</u>
Financial liabilities		
<u>Amortised cost³</u>	<u>11,136</u>	<u>(1,188)</u>

¹ All derivatives are categorised as Level 2 within the fair value hierarchy. The fair value measurements relating to the instruments are derived from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

² Included within receivables held at amortised cost are trade and other receivables (excluding prepayments) and cash and cash equivalents.

³ Included within amortised cost are trade payables, other payables, accruals, borrowings, lease obligations and other non-current liabilities.

Comparison of carrying values and fair values

There were no material differences between the carrying value of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

Risk management

The Group's treasury function seeks to reduce exposures to interest rate, foreign exchange and other financial risks, and to ensure liquidity is available to meet the foreseeable needs of the Group and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed and approved by the Group's Audit Committee and are subject to regular Group Internal Audit review.

Capital risk

The Group's objectives with respect to managing capital (defined as net debt/funds plus equity) are to safeguard the Group's ability to continue as a going concern, in order to optimise returns to shareholders and benefits for other stakeholders, through an appropriate balance of debt and equity funding. Refer to Note 19 for the value of the Group's net debt/funds and refer to the Group statement of changes in equity for the value of the Group's equity.

In managing the Group's capital levels, the Board regularly monitors the level of debt in the business, the working capital requirements, forecast financing and investing cash flows. Based on this analysis, the Board determines the appropriate return to investors while ensuring sufficient capital is retained in the business to meet its strategic objectives. The Board has a progressive dividend policy and expects that, over time, dividends would be broadly covered twice by earnings calculated on a normalised tax basis.

The Group has in place a E250m committed multi-currency revolving credit facility, and a syndicated £133m term loan. The covenants, tested half-yearly, are based on minimum liquidity for the periods ending 31 August 2021, 28 February 2022 and 31 August 2022, and from 28 February 2023 are based on fixed charges cover and net borrowings (defined as total borrowings excluding lease liabilities that would have been treated as an operating

lease prior to the adoption of IFRS 16. less cash and cash equivalents).

On 28 April 2021, the Group announced the launch of an offering of £327m of guaranteed senior unsecured convertible bonds due in 2026 Settlement and delivery of the convertible bonds took place on 7 May 2021. The total bond offering of £327m covers a five-year term beginning on 7 May 2021 with a 1.625 per cent per annum coupon payable semi-annually in arrears in equal instalments. The bonds are convertible into new and/or existing ordinary shares of the WH Smith PLC The initial conversion price was set at £24.99 representing a premium of 40 percent above the reference share price on 28 April 2021 (£17.85). If not previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed at par on 7 May 2026

Liquidity risk

The Group manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short- and long-term cash flow forecasts The Group has a committed multi-currency revolving credit facility with a number of financial institutions which is available to be drawn for general corporate purposes including working capital. The facility is due to mature on 28 April 2025

The Group has a policy of pooling cash flows in order to optimise the return on surplus cash and also to utilise cash within the Group to reduce the costs of external short-term funding.

WH Smith PLC Annual Report and Accounts 2021
Financial statements

Notes to the financial statements continued

22. Financial instruments (continued)

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's financial liabilities-

	Due within	Due between	Due between 1year	1and2years	2 end 5 years
<u>Due over 5 years</u>					
Non-derivative financial liabilities					
Bank loans and overdrafts					
Trade and other payables					
Lease liabilities					
Total cash flows					
	10 267	115			
	376				
	30 92				
	122				
	661 159				
	620				
	501 269	516			
	<u>1,264</u>				

Due between . Due between land 2 years 2 and 5 years
Due over 5 years

Due within 1 year

Non-derivative financial liabilities
Bank loans and overdrafts Trade and other payables Lease liabilities
Total cash flows

229 139
375

10 97
107

110 220 611

7

419 229 011
1,259

Credit risk

Credit risk is the risk that a counterparty may default on their obligation to the Group in relation to lending, hedging, settlement and other financial activities. The Group's principal financial assets are trade and other receivables, and bank balances and cash which are considered to have low credit risk on initial recognition.

The Group has credit risk attributable to its trade and other receivables, including a number of sale or return contracts with suppliers. The amounts included in the balance sheet are net of allowances for expected credit losses. The Group has adopted the simplified approach to calculating expected credit losses allowed by IFRS 9. Historical credit loss rates are applied consistently to groups of financial assets with similar risk characteristics. These are then adjusted for known changes in, or any forward-looking impacts on, creditworthiness.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that credit risk might have increased significantly include the failure of the debtor to engage in a payment plan and failure to make contractual payments within 180 days past due, which is in line with historical experience of increased credit risk. Indicators that an asset is credit-impaired would include observable data in relation to the financial health of the debtor or if the debtor breaches contract.

The Group has low retail credit risk due to the transactions being principally high volume, low-value and of short maturity. The Group has no significant concentration of credit risk, with the exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds and derivative financial instruments is considered to be low, as the Board approved Group treasury policy limits the value that can be placed with each approved counterparty to minimise the risk of loss. These limits are based on a short-term credit rating of P-1.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. The Group does not hold collateral over any of these financial assets.

Interest rate risk

The Group is exposed to cash flow interest rate risk on floating rate bank loans and overdrafts.

At 31 August 2021, the Group had drawn down Enil (2020 Enil) from its £250m committed revolving credit facility. If the Group draws down on this facility, it does not view any draw down as long-term in nature and therefore does not enter into interest rate derivatives to mitigate this risk.

The Group has a four-year committed £133m term loan with Banco Santander S.A., London Branch, Barclays Bank PLC, BNP Paribas and HSBC UK Bank PLC, that was drawn down at the time of the refinancing (April 2021). This loan is interest-bearing at a margin over SONIA. The Group monitors the risk associated with the loan. At present, the Group has not entered into interest rate derivatives in respect of the loan.

WH Smith PLC Annual Report and Accounts 2021

22. Financial instruments (continued)

Foreign currency risk

Foreign exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Group's foreign currency exposures are principally to the US dollar, Euro and Australian dollar. The Group's treasury function uses financial instruments to mitigate foreign exchange risk, in line with treasury policies approved by the Board. Financial instruments include foreign exchange contracts, deposits and bank loans.

The Group uses forward foreign exchange contracts to hedge significant future transactions and cash flows denominated in currencies other than pounds sterling. The hedging instruments have been used to hedge purchases in US dollars and to minimise foreign exchange risk in movements of (the USD/GBP exchange rates. These are designated as cash flow hedges. At 31 August 2021, the Group had no material unhedged currency exposures.

The Group's US dollar, Euro and Australian dollar exposure is principally operational and arises mainly through the operation of retail stores in North America, France, Ireland, Spain, Germany, Italy and Australia. The Group does not use derivatives to hedge balance sheet and profit and loss translation exposure.

The fair value of cash flow hedges recognised on the balance sheet within derivative assets/liabilities is shown below:

Cm	2020
Fairvalue of derivative assets	-

At 31 August 2021, the total notional amount of outstanding forward foreign exchange contracts to which the Group has committed is US\$25m (2020 US\$15m). These instruments will be used to hedge cash flows occurring up to one year from the balance sheet date.

Gains of Enil (2020 £1 m) have been transferred to the income statement and gains of Enil (2020: £ 1 m) have been transferred to inventories in respect of contracts that matured during the year ended 31 August 2021. In the year to 31 August 2021, the fair value gain on the Group's currency derivatives that are designated and effective as cash flow hedges amounted to Enil (2020: Enil).

All the derivatives held by the Group at fair value are considered to have fair values determined by Level 2 inputs as defined by the fair value hierarchy. There are no non-recurring fair value measurements nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy.

There are no non-recurring fair value measurements nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy.

Sensitivity analysis as at 31 August 2021

Financial instruments affected by market risks include borrowings, deposits and derivative financial instruments. The following analysis, required by IFRS 7 'Financial Instruments': Disclosures, is intended to illustrate the sensitivity to changes in market variables, being UK interest rates, and USD/GBP, EUR/GBP and AUD/GBP exchange rates

The following assumptions were made in calculating the sensitivity analysis.

- Exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the hedging reserve in equity and the fair value of the hedging derivatives.
- Year end exchange rates applied in the analysis are USD/GBP 1.3769/1 (2020. 1.3347/1), EUR/GBP 1.1652/1 (2020. 1.1193/1) and AUD/GBP 1.8821/1 (2020. 1.8115/1).
- Group debt and hedging activities remain constant, reflecting the positions at 31 August 2021 and 31 August 2020 respectively.
As a consequence, the analysis relates to the position at those dates and is not necessarily representative of the years then ended.

The above assumptions are made when illustrating the effect on the Group's income statement and equity given reasonable movements in foreign exchange and interest rates before the effect of tax. The Group considers a reasonable interest rate movement in GBP SONIA/base rate to be one per cent, based on interest rate history. Similarly, sensitivity to movements in USD/GBP, EUR/GBP and AUD/GBP exchange rates of ten per cent are shown, reflecting changes of reasonable proportion in the context of movement in those currency pairs over time.

WH Smith PLC Annual Report and Accounts 2021
Financial statements

Notes to the financial statements continued

22. Financial instruments (continued)

Using these assumptions, the following table shows the illustrative effect on the Group income statement and equity.

Income gain/(loss)
Equity gain/(loss)
Income Loss/gain
Equity loss/in gain

GBP SONIA/base rate interest rates 1% increase

USD/GBP exchange rates 10% increase

EUR/GBP exchange rates 10% increase

AUD/GBP exchange rates 10% increase

GBP SONIA/base rate interest rates 1% decrease

USD/GBP exchange rates 10% decrease

EUR/GBP exchange rates 10% decrease

AUD/GBP exchange rates 10% decrease

(11 (1)

(471

1;
1.

57 (II
12)
13)
4
1
2
3
15)
111
121

137) 2 1

45 (21 ID

23. Called up share capital

Allotted and fully paid

Number
of shares (millions)

Number of shares (millions)

Nominal value Cn

Nominal value Em

Equity-

Ordinary shares of 22%7p

Total

During the year, 43,345 ordinary shares were allotted under the terms of the Company's Sharesave Scheme. The effect of the above share issues was to increase share premium by £1m.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

The ESOP reserve of £5m (2020: £4m) represents the cost of shares in WH Smith PLC purchased in the market and held by the WH Smith Employee Benefit Trust to satisfy awards and options under the Group's executive share schemes. The total shareholding is 304,641 (2020: 203,628).

Summary of movements in awards and options

Number of shares

Outstanding at 1 September 2020

Options and awards granted

Options and awards exercised

Options and awards lapsed

Outstanding at 31 August 2021

Sharesave Schemes

Cash-settled awards

307,077	1,179,064	513,695	17,0412,016.877	
272,790	1,103,099	180,468	56,330	1,612.687
143,345)	15,9151	110,833)	121,339)	181.4321

52,032 2,955.799

1148,043 (293,934) (150,356) (592,333)

388,479 1,982,316 532.974

Exercisable at 31 August 2021

Outstanding at 1 September 2019

Options and awards granted

Options and awards exercised

Options and awards lapsed

Outstanding at 31 August 2020

4,839	4,839						
379.398	1.189.362	526.922	34,0872.129.769				
				371.521	251.081	-	622.602
				(5.024)	(161.368)	(82.234)	(11.7911(260,417)

17,041 2,016,877

(67,297) (220,451) 1182,074) (5,255)(475,077)

307,077 1,179,064 513,695

Exercisable at 31 August 2020

Weighted average exercise price of awards:

• Outstanding at the beginning of the year	232.88'	272.76
• Granted in the year	236411	
• Exercised in the year	767.49	27.80
• Lapsed in the year	373.06	218.88
• Outstanding at the end of the year	192.20	232.88
• Exercisable at the end of the year	-	

Detail of movements in options and awards LTIPs

Under the terms of the LTIP, executive directors and key senior executives may be granted conditional awards to acquire ordinary shares in the Company (in the form of nil cost options) which will only vest and become exercisable to the extent that the related performance targets are met

Outstanding awards granted under the LTIPs are as follows-

Date of grant	Number of shares			Exercise	Exercise period
	2021	2020	price (pence)		
20 October 2016	-	136,613	136.613	Nil	Oct 2019 - 20 10.26
26 October 2017	,	38,315	338.164	Nil	Oct 2020 - 26 10.27
1 November 2018	,	332,766	332,766	Nil	Nov 2023 - 01.11 28
5 November 2019		371,521	371,521	Nil	Nov 2024 - 05 11 29
<u>19 November 2020</u>			<u>1,103,099</u>	-	<u>Nov 2025 -19.11.30</u>
	1,982,314	1,179,066			

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Notes to the financial statements continued

24. Share-based payments (continued)

Awards will first become exercisable on the vesting date, which is the third anniversary of the date of grant. Awards made on or after October 2016 are subject to holding periods preventing the delivery and sale of shares until the fifth anniversary of the date of grant. For awards made in October 2016 and October 2017, the holding period applies to 50 percent of any shares which vest. For awards made in November 2018, and all subsequent awards, the holding period applies to 100 percent of any shares that vest. The awards will accrue dividends paid over the performance and any holding period. LTIP awards are equity-settled.

Sharesave Scheme

Under the terms of the Sharesave Scheme, the Board grants options to purchase ordinary shares in the Company to employees with at least three months service who enter into an HM Revenue & Customs approved Save-As-You-Earn (SAYE) savings contract for a term of three years. Options are granted at up to a 20 per cent discount to the market price of the shares on the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract. SAYE options are equity-settled.

Outstanding options granted under the Sharesave Scheme at 31 August 2021 are as follows:

Date of grant	Number of shares		Exercise price (pence)	Exercise period
	2021	2020		
7 June 2017 (3 year)	140,310	140,310	1434.40	01.08.20-31.01.21
5 June 2019 (3 year)	115,689	166,767	1609.60	01.08.22-31.01.23
9 June 2021 (3 year)	272,790	140,000	1400.00	01.08.24-31.01.25
	388,479	307,077		

Performance Share Plan (PSP)

Under the terms of the Performance Share Plan, the Board may grant conditional awards to executives. The exercise of awards is conditional on the achievement of a performance target, which is determined by the Board at the time of grant. The executive directors do not participate in this plan. PSP awards are equity-settled.

Outstanding awards granted under the PSP are as follows:

Date of grant	Number of shares		Exercise price (pence)	
5 November 2012	870		Nil	Nil
17 October 2013	3,969		Nil	Nil
23 October 2014	137,553		Nil	Nil
22 October 2015	10,476	205,170	174,936	
20 October 2016				
26 October 2017				
1 November 2018				
7 December 2018				
5 November 2019				
19 November 2020				
			977,169	3,111,134
			8,772,128	867,141,392
			10,476,217	061

Nov 2015 Oct 2016 Oct 2017 Oct 2018 Oct 2019 Oct 2020 Nov 2021 Dec 2021 Nov 2022 Nov 2021

Exercise period

-05.11.22 -17.10.23 -23.10.24 -2210.25 -20.10.26 -26.10.27 -01 11.28 -0712 28 -05.11.29 - 19.11 30
532,976 - 513,695

Deferred Bonus Plan IDBP)

The Deferred Bonus Plan is applicable to executive directors only. Under the terms of the DBP, any bonus payable over target is deferred into shares for a period of up to three years. One third of the deferred shares are released on each anniversary of the bonus.

At 31 August 2021. 10.108 shares remain deferred in accordance with this plan.

WH Smith PLC Annual Report and Accounts 2021

24. Share-based payments (continued) Cash-settled schemes

Under the terms of the LTIP and PSP, the Board may grant cash-settled awards to executives. The exercise of options is conditional on the achievement of a performance target, which is determined by the Board at the time of grant. These awards will be settled in cash based on the share price at the date of exercise. As at 31 August 2021 there were 52,032 outstanding nil-cost cash-settled awards (2020- 17.041], which will be settled between November 2021 and November 2030. The carrying amount of liabilities arising from share-based payment transactions is less than £1m (2020: less than £1m)

Fair value information

	<u>2021</u>	<u>2020</u>
Weighted average share price at date of exercise of share options exercised during year - pence	1,558.60	2,223.56
Weighted average remaining contractual life at end of year - years	1	8 7_

Share options and awards granted

The aggregate of the estimated fair value of the options and awards granted in the year is.

<u>Cm</u>	16	—	<u>2020</u>
			1_2_

The fair values of the LTIP and PSP awards granted were measured using a Monte Carlo simulation model. The input range into the Monte Carlo models was as follows.

	<u>2021</u>	<u>2020</u>
Share price - pence		1,482,2,226
Exercise price - pence		Nil Nil
Expected volatility - per cent	j 42	22
Expected life - years		2.8 2.8
Risk-free rate-per cent		< (0.03) 0 53
Dividend yield-per cent		0%-2% Nil
<u>Weighted average fair value of options - pence</u>	<u>1,060.81</u>	<u>1.975 56</u>

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected life of the option.

The fair values of the Sharesave options granted in the year ended 31 August 2021 were measured using a Black Scholes model. None were granted in the year ended 31 August 2020 The input range into the Black Scholes models was as follows in the year ended 31 August 2021:

Share price - pence		1,785
Exercise price - pence		1,400
Expected volatility - per cent	;	37
Expected life - years	1	3.4
Risk-free rate - per cent	;	0.16
Dividend yield - per cent	'	Nil
<u>Weighted average fair value of options - pence</u>		<u>616.43</u>

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected life of the option.

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Notes to the financial statements continued

25. Related party transactions

Transactions between businesses within this Group which are related parties have been eliminated on consolidation and are not disclosed in this Note

Remuneration of key management personnel

The remuneration of the executive and non-executive directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures

Further information about the remuneration of individual directors is provided in the Directors' remuneration report on pages 58 to 84.

	2020
Short-term employee benefits	1,517
Post-employment benefits	176, 186
Share-based payments	[1,062- (4) 3,688 1.699

There are no other transactions with directors.

26. Other reserves and Capital redemption reserve

	Other reserve*	reserve	reserve	Hedging reserve	bond reserve	Revaluation	ESOP	Convertible
Balance as at 1 September 2020	1277)	2	(4)	-	-	- 1279)		
Issue of convertible bond-value of conversion rights	j	-	-	-	40	40		
Employee share schemes	.	-	111	-	-	-		111
Balance at 31 August 2021	1277)	2	-	-	-	60 1260)		
	Other reserves	Revaluation reserve	ESOP reserve	Hedging reserve	Convertible bond reserve	Total		
Balance as at 1 September 2019	(272)	2	(6)	2	-	- 1274)		
Employee share schemes	(5)	-	2	-	-	- 13)		
Cash flow hedges	-	-	-	12)	-	-		12)
Balance at 31 August 2020	(277)	2	(6)	-	-	(279)		

The Other reserves include reserves created in relation to historical capital reorganisation and proforma restatement. £[238)m I2020. £1238)m), demerger from Smiths News PLC in 2006. £69m I2020 £69m), and cumulative amounts relating to employee share schemes of £(108)m I2020: £(108)m)

The convertible bond reserve is a reserve created to recognise the equity component of the convertible bond issued in April 2021 [see Note 19) and represents the value of the conversion rights at initial recognition of £41 m, net of transaction costs of Elm.

The Capital redemption reserve of £13m (2020- £13m) represents the par value of shares repurchased and cancelled under the Group's share buyback programme and is reclassified from Share capital to the Capital redemption reserve.

144 WH Smith PLC Annual Report and Accounts 2021

27. Acquisitions Prior year acquisitions

On 20 December 2019, the Group acquired the entire issued share capital of Marshall Retail Group ('MRG'), for a total cash payment of USD \$402m (£317m) comprising \$243m enterprise value, \$U6m repayment of loans, \$12m working capital, and \$1m cash and restricted cash. During the year ended 31 August 2021, the Group received £1m as an adjustment to the consideration paid.

MRG is an independent travel retailer operating in high footfall airport and tourist locations in the United States. The acquisition builds further on the acquisition of InMotion in November 2018 and significantly strengthens the Group's offering in the United States, the world's largest travel retail market.

Included within the fairvalue of the net identifiable assets on acquisition is an intangible asset of £29m [US\$37m] representing the MRG brand. The Board believes that the excess of consideration paid over the net assets on acquisition of £257m is best considered as goodwill on acquisition representing future operating synergies. This amount is not tax deductible.

The provisional goodwill calculation included significant estimates that may be refined for a period of 12 months from the acquisition date. During the year ended 31 August 2021, final fairvalue adjustments were recognised of £1m to property, plant and equipment and £1m to goodwill.

Transaction and integration costs totalling £20m were incurred in the year to 31 August 2020 in respect of the acquisition. A further £2m integration costs have been incurred in the year ended 31 August 2021.

England & Wales England & Wales

England & Wales England & Wales

Ordinary

Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary & Preference Ordinary & Preference
Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary Ordinary & Preference Ordinary . Ordinary

100

100 100 100 100 100 100 100 100 100 100 100 100 100 100 100

100

100 100 100 100 100 100

100 100

Holding company

Retailing Retailing Dormant Retailing Dormant Dormant Retailing Retailing Dormant Dormant Dormant Holding Company Holding Company Retailing

Holding Company

Retailing Retailing Dormant Holding Company Holding Company Retailing

Holding Company Holding Company

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 August 2021

The Company will guarantee the debts and liabilities with section 479C of the Companies Act 2006. The
effects of the below UK subsidiary undertakings at the balance sheet date in accordance Company has assessed the probability of loss under the guarantee as remote.

Held indirectly:

- Books & Stationers Limited
- Card Market Limited
- WH Smith 1955 Limited
- WH Smith High Street Holdings Limited
- WH Smith Hospitals Holdings Limited
- WH Smith Promotions Limited
- WH Smith Travel 2008 Limited

07515820 8956574 549069 6560371
03896896 2339902 6560390

144 WH Smith PLC Annual Report and Accounts 2021

28. Subsidiary companies (continued) International joint ventures

The below entities are joint ventures and per the Group's accounting policies on page 105, the Group's share of results of these joint ventures is included in the Group consolidated income statement using the equity method of accounting.

Registered address	Class of shares	Country of Incorporation/ registration	Proportion of shares held by Group companies %

Held indirectly:

- WH Smith - DFA Brasil Cafeteria, Livraria E Conveniencia Eireli

Retailing

Retailing

Retailing

Retailing

Retailing

Retailing

Dormant

Retailing

Retailing

Holding Company

Holding Company

Holding Company

Holding Company

Retailing

Retailing

Retailing

Retailing

Retailing

Retailing

Retailing

Dormant

Dormant

Dormant

Retailing

Retailing

Retailing

WH Smith PLC Annual Report and Accounts 2021

Financial statements

Notes to the financial statements continued

28. Subsidiary companies (continued)

Retailing

Retailing

Retailing

Retailing

Retailing

Retailing

Retailing

Retailing

- Retailing

Registered addresses

- 1 Greenbridge Road, Swindon, Wiltshire SN3 3RX
- 2 Suites 13A01 -04,13 Floor. South Tower, World Finance Centre. Harbour City Tsim Sha Tsui, Kowloon. Hong Kong
- 3 Suite 401.80 William Street, Woolloomooloo NSW 2011. Australia
- 4 38 Rue des Mathurins, 75008 Paris 8, France
- 5 Terminal Ring 1. Zentralgebaude Ost, Zi 5 035.40474 Dusseldorf. Germany
- 6 6th Floor. Grand Canal Square. Dublin 2. Ireland
- 7 Via Borgogna, Cap 20122. Milano, Italy
- 8 72/74 King Street. St Helier. Jersey. JE2 4WE
- 9 27 Um Ghwalinah Road, 230 C-ring Road, Doha/Qatar
- 10 PO Box 3275, PC112. Ruwi, Oman
- 11 C2-6-1, Solans Dutamas. 1. Jalan Dutamas 1.50480. Kuala Lumpur. Malaysia
- 12 Wetenngschans 94,1017XS, Amsterdam. Netherlands
- 13 11 Keng Cheow Street #3-10 The Riverside Piazza. Singapore 059608
- 14 Paseo de Recoletos, 27,7ª. 28004. Madrid. Spam
- 15 Avenida das Americas, No 3434, Barra da Tijuca, CEP 22640-102, Rio de Janeiro, RJ, Brazil
- 16 3755 W Sunset Road. Las Vegas, Nevada, NV 89118. USA
- 17 2200 HSBC Building. 885 West Georgia Street. Vancouver. BC V6C 3E8. Canada

Financial statements

Company balance sheet

As at 31 August 2021

Non-current asset-Investments

835]

Current assets

Receivables- amounts falling due within one year

298

Current liabilities

Payables amounts falling due within one year

(168)

Net current assets

Non-current liabilities

Borrowings

(615)

Total net assets

Shareholders' equity

Called up share capital Share premium account Other reserves Capital redemption reserve Profit and loss account¹

10 10 i

29 316 40 13 152

29 315

13 166

Total equity

¹ The loss for the year attributable to shareholders was £14m (2020: loss of £7m). See Note 2

Carl Cowling

Group Chief Executive

Robert Moorhel

Chief Financial Officer and Chief Operating Officer

The financial statements of WH Smith PLC. registered in the UK and authorised for issue in the UK on 11 November 2021 and were approved by the Board of Directors on 11 November 2021.

Company statement of changes in equity

For the year ended 31 August 2021

Share capital

premium

Share

Capital
redemption
reserve Other reserves

Profit and loss account	
<u>Balance at 1 September 2020 Loss for the financial year</u>	
Total comprehensive loss for the year Premium on issue of shares	
<u>Issue of convertible bonds - value of conversion rights (Note 10)</u>	
<u>Balance at 31 August 2021</u>	
Balance at 1 September 2019 Loss for the financial year	
Total comprehensive loss for the year	
Premium on issue of shares	
Equity dividends paid during the year (Note 7)	
166	
114)	
(14)	
152	
220	
(7)	(7)
(47)	
523	
(14)	
(14) 1	
40	
550	
266	
	17)
(7) 311 (47)	
Balance at 31 August 2020	

Notes to the Company financial statements

1. Accounting policies

a) Basis of preparation

The Company's financial statements have been prepared on a going concern basis, as detailed in the Directors' report on page 85

The financial statements are prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 The Company meets the definition of a qualifying entity under FRS 100 (Application of Financial Reporting Requirements issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemption available under the standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of the Group.

The financial statements are prepared under the historical cost convention.

The principal accounting policies adopted are the same as those set out in Note 1 to the consolidated financial statements except as noted below No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 August 2021. have had a material impact on the Company.

On initial recognition of the convertible bond, judgement is required in respect of the accounting treatment of embedded derivatives. The fixed principal amount of each bond is convertible into a fixed number of shares and as a result management has determined that the conversion feature meets the fixed-for-fixed criterion for equity classification. The bonds include anti-dilution provisions to ensure that the holder's potential interest in the equity of the

fixed-for-fixed criterion for equity classification. The bonds include anti-dilution provisions to ensure that the holder's potential interest in the equity of the Company is not diluted in specified circumstances. If these provisions are triggered, the number of shares that will be delivered to the holder is adjusted. Management considers that the provisions are anti-dilutive in order to ensure that the holder's potential interest in the equity of the Company is not diluted under each of these circumstances. These provisions are not deemed to breach the fixed-for-fixed criterion, therefore the conversion feature is accounted for as equity.

In the application of the Company's accounting policies, the Directors do not consider that there are any further critical accounting judgements or sources of estimation uncertainty that could lead to a material change in the carrying amounts of assets and liabilities

b) Investments in subsidiary undertakings

Investments in subsidiaries are valued at historical cost less provision for impairment in value. Investments in subsidiaries are tested annually for impairment. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value and value-in-use.

c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

d) Receivables

Receivables represent amounts due from other Group companies. Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected credit loss on receivables is established at inception. This is modified when there is a change in the credit risk and hence evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

2. (Loss)/profit for the year

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

The loss for the year attributable to shareholders, which is stated on an historical cost basis, was £14m (2020: loss of £7m) comprising of finance costs of £14m (2020: £7m), non-underlying items of £6m (2020: £nil) offset by a tax credit of £6m. There were no other recognised gains or losses.

The Company did not have any employees during the year ended 31 August 2021 (2020 nil). All directors were remunerated by other Group companies.

3. Investments

A full list of the Company's subsidiary undertakings is included in Note 28 of the Notes to the consolidated financial statements. The registered office of WH Smith Retail Holdings Limited is Greenbridge Road, Swindon, Wiltshire SN3 3RX.

The investment in subsidiaries balance has been tested for impairment at the balance sheet date. The recoverable amount of the investment is assumed to approximate the Group's market capitalisation on the London Stock Exchange, adjusted for any assets or liabilities on the Company's balance sheet. There was substantial headroom between the recoverable amount of the investment and its carrying value. Consequently, no impairment has been recognised in respect of the investment.

WH Smith PLC Annual Report and Accounts 2021 151

Financial statements

Notes to the Company financial statements continued

U. Receivables.- amounts falling due within one year

<u>tm</u>	<u>2021</u>	<u>2020</u>		
Amounts owed by subsidiary undertakings	293	290		
Prepayments	1	1		
Current tax receivable	4	-		
			298	291

Amounts receivable from subsidiary undertakings are non-interest bearing and repayable on demand. The Company has undertaken a review of the liquidity position of the counterparty subsidiaries and noted that the subsidiaries continue to have sufficient immediately available funds to settle the receivables at the balance sheet date. As a result, no expected credit losses have been included in the profit and loss account in the current year in respect of these receivables.

5. Payables: amounts falling due within one year

<u>Cm</u>	<u>2021</u>	<u>2020</u>
Amounts owed to subsidiary undertakings	162	202
Bank overdrafts	3	
Accruals and deferred income		1
	<u>168</u>	<u>203</u>

Amounts owed to subsidiary undertakings are unsecured, non-interest bearing and repayable on demand.

6. Borrowings

Cm	2021	2020	
Term loans	132 400		
Convertible bonds	283	-	415 400

On 28 April the Group announced new financing arrangements. These included the issuance of £327m of convertible bonds, the repayment of the existing £400m term loans and replacement with a new £133m term loan, and an increased revolving credit facility of £250m.

Term loans and revolving credit facilities

At 31 August 2021, alongside other Group companies, the Company is a guarantor on a five-year committed multi-currency revolving credit facility of £250m with Santander UK PLC, BNP Paribas, HSBC UK Bank PLC, JP Morgan Securities PLC and Barclays Bank PLC. The revolving credit facility is due to mature on 28 April 2025. The utilisation is interest bearing at a margin over SONIA.

At 31 August 2021, the Company has a four-year committed £133m term loan with Banco Santander S A, London Branch, Barclays Bank PLC, BNP Paribas and HSBC UK Bank PLC, that was drawn down at the time of the refinancing in April 2021. This loan is interest bearing at a margin over SONIA and is due to mature on 28 April 2025.

Transaction costs of £1m relating to the term loan are being amortised through the effective interest rate method. Convertible bonds

On 28 April 2021, the Company announced the launch of an offering of £327m of guaranteed senior unsecured convertible bonds due in 2026. Settlement and delivery of convertible bonds took place on 7 May 2021. The total bond offering of £327m covers a five-year term beginning on 7 May 2021 with a 1.625 per cent per annum coupon payable semi-annually in arrears in equal instalments. The bonds are convertible into new and/or existing ordinary shares of WH Smith PLC. The initial conversion price was set at £24.99 representing a premium of 40 percent above the reference share price on 28 April 2021 (£17.85). If not previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed at par on 7 May 2026.

The convertible bond is a compound financial instrument, consisting of a financial liability component and an equity component, representing the value of the conversion rights. The initial fair value of the liability portion of the convertible bond is determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis using the effective interest rate method until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in equity (Other reserves), and not subsequently remeasured. As a result, £286m was initially recognised as a liability in the balance sheet on issue and the remainder of the proceeds of £41m, which represents the option component, was recognised in equity.

Transaction costs of £6m were allocated between the two components and the element relating to the debt component of £5m is being amortised through the effective interest rate method. The issue costs apportioned to the equity component of £1m have been deducted from equity.

WH Smith PLC Annual Report and Accounts 2021

7. Dividends

Amounts paid and recognised as distributions to shareholders in the year are as follows.

Dividends

Final dividend for the year ended 31 August 2019 of 41 Op per ordinary share

The Board of Directors have not declared an interim dividend during the year and do not propose a final dividend in respect of the year ended 31 August 2021.

8. Contingent liabilities

Contingent liabilities of Elm 12020 Elm) are in relation to insurance standby letters of credit.

The Company will guarantee the debts and liabilities of the below UK subsidiary undertakings at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Name	Company number
07515820 8956574 549069 6560371	
03896896 2339902 6560390	

Held indirectly:

- Books & Stationers Limited
- Card Market Limited
- WHSmith 1955 Limited
- WH Smith High Street Holdings Limited
- WH Smith Hospitals Holdings Limited
- WH Smith Promotions Limited
- WH Smith Travel 2008 Limited

9. Called up share capital Allotted and fully paid

Number of share* (millions)
Nominal Number of value shares Cm (millions)
Nominal value £m

Equity.

Ordinary shares of 22V»p Total

131 131

29 29

131 131

29 29

During the year, 43,345 ordinary shares were allotted under the terms of the Company's Sharesave Scheme. The effect of the above share issues was to increase share premium by £1m.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

10. Other reserves and Capital redemption reserve

Other reserves are reserves created to recognise the equity component of the convertible bond issued in April 2021 (see Note 61 and represents the value of the conversion rights at initial recognition of £41m, net of transaction costs of £1m.

The Capital redemption reserve of £13m (2020: £13m) represents the par value of shares repurchased and cancelled under the Company's share buyback programme is reclassified from Share capital to the Capital redemption reserve

WH Smith PLC Annual Report and Accounts 2021

Additional information

Glossary (unaudited)

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures, APMs', which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures.

Non-underlying items

The Group has chosen to present a measure of profit and earnings per share which excludes certain items that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. These measures may exclude the financial effect of non-underlying items which are considered exceptional and occur infrequently such as, inter alia, restructuring costs linked to a Board agreed programme, amortisation of acquired intangibles assets, costs relating to business combinations, impairment charges and other property costs, significant items relating to pension schemes, and impairment charges and items meeting the definition of non-underlying specifically related to the Covid-19 pandemic, and the related tax effect of these items. The Group believes that they provide additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance.

IFRS 16

The Group adopted IFRS 16 in the prior year. IFRS 16 superseded the lease guidance under IAS 17 and the related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model as the distinction between operating and finance leases is removed. The only exceptions are short-term and low-value leases. At the commencement date of a lease, a lessee will recognise a lease liability for the future lease payments and an asset (right-of-use asset) representing the right to use the underlying asset during the lease term. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

For the purposes of narrative commentary on the Group's performance and financial position in the Strategic report, the effects of IFRS 16 have been excluded, in order to provide meaningful year on year comparisons.

The impact of the implementation of IFRS 16 on the Income statement and Segmental information is provided in Notes A1 and A2 below. There is no impact on cash flows, although the classification of cash flows has changed, with an increase in net cash inflows from operating activities being offset by a decrease in net cash inflows from financing activities, as set out in Note A9 below. The balance sheet as at 31 August 2021, both including and excluding the impact of IFRS 16 is shown in Note A10 below.

financing activities, as set out in Note A9 below. The balance sheet as at 31 August 2021 both including and excluding the impact of IFRS 16 is shown in Note A10 below.

Leases policies applicable prior to 1 September 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value determined at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. These assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. Lease payments are apportioned between finance charges and a reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised directly in the income statement.

Rentals payable and receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term. The Group has a number of lease arrangements in which the rent payable is contingent on revenue. Contingent rentals payable, based on store revenues, are accrued in line with revenues generated.

WH Smith PLC Annual Report and Accounts 2021

Definitions and reconciliations

In line with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ('ESMA'), we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure.

Qo'est equivalent IFRS measure
Reconciling Items to IFRS measure

Income statement measures

M

WH Smith PLC Annual Report and Accounts 2021

Additional information

Glossary (unaudited) continued

Definitions and reconciliations (continued)

Closest equivalent IFRS measure
Reconciling Items to IFRS measure

Income statement measures continued

A1. Reconciliation of Headline to Statutory Group operating loss and Group loss before tax

2021

Headline, before non-underlying items	Headline non- underlying items	Headline	pre-IFRS 16 basis		IFRS 16 basis		Total
			IFRS 14	IFRS 15	IFRS 16	adjustments	
Revenue			886		886	- 886	
Cost of sales			(358)		(358)	1358	
Gross profit			528	-	528	- 528	
Distribution costs			(431)	-	(631)	12 (4191)	
Administrative expenses			(136)	-	(136)	14 (140)	
Other income						4 4	
Non-underlying items			-	(49)	(49)	(16)	(65)
Group operating loss			(39)	(69)	(88)	(4) (92)	
Finance costs			(16)		(16)	(8)	124
Loss before tax			(55)	(49)	(104)	(12) (116)	
Income tax credit			26	9	35	1	36
Loss for the period			(29)	(40)	(69)	(11)	(80)
Attributable to:							
Equity holders of the parent			(31)	(401)	(71)	(11) (821)	
Non-controlling interests			2	-	2	-	2
			(29)	(40)	(69)	(11)	(80)

Headline, before non-underlying items	Headline non-underlying items	Headline	pre-IFRS 16 basis		IFRS 16 basis		adjustments
			IFRS 16	IFRS 15	IFRS 16	IFRS 16	
Revenue		1,021	-	1,021	- 1,021		
Cost of sales		[441]		[66]		[441]	
Gross profit		580	-	580	- 580		
Distribution costs		1545	-	1545	7 1538		
Administrative expenses		197	-	197	5 (92)		
Other income 2-2-2							
Non-underlying items		-	(157)	(157)	155	1212	
Group operating loss		(60)	(157)	(217)	(43) 1260		
Finance costs		(9)	-	(9)	(1)	(20)	
Loss before tax		(69)	(157)	(226)	154 (280)		
Income tax credit		16	18	34	7	41	
Loss for the period		[53]	(139)	(192)	[47]	[239]	
Attributable to:							
Equity holders of the parent		(53)	(1391)	(192)	(47) (239)		
Non-controlling interests		-	-	-	z	2	
	(53)		(139)	(192)	(47)	[239]	

WH Smith PLC Annual Report and Accounts 2021
Additional information

Glossary (unaudited) continued

A2. Reconciliation of Headline to Statutory segmental trading loss/profit and Group loss/profit from trading operations

2021	pre-IFRS 16 basis		IFRS 16 basis		Total
	Headline, before non-underlying items	Headline non-underlying items	pre-IFRS 16	IFRS 16 adjustments	
Travel UK trading (loss/profit)	1321	-	(321)	3 (29)	
North America trading profit/loss]	6	-	6	(4) 2	
Rest of the World trading loss	(13)	.	(13)	(4)	(17)
Group loss/profit from trading operations					
Unallocated central costs					
Total Travel trading loss (39) - (39) (5) 144)					
High Street trading profit		19J	-	19	17
	(201 - (20) 12 (8)				
	(19)	-	(19)	-	(19)
	(39)	12 (27)			
J49J		(16)	165[
(391 (69)	(88)	(4)	(92)		
Headline Group operating (loss/profit (39)					
Non-underlying items		- (49)			
Group operating loss					

pre-IFRS 16 basis

Travel UK trading loss
North America trading (loss/profit
Rest of the World trading (loss/profit
Travel trading loss/profit High Street trading (loss/profit

(1) (18) (UI
(33) (10)

Headline, before non-underlying items pre-IFRS 16)

Headline non-underlying items pre-IFRS 16)

Headline pre-IFRS 16)

(1) (181 114)
(33) (10)

(1) (14) (12)
(27) (4)
Group loss/profit from trading operations
Unallocated central costs

(43) (17)

(431) (17)

(31) (17)

Headline Group operating (loss)/profit

Non-underlying items

(60) 1157)

12 (55)

(48) 1212)

Group operating loss

A3. Reconciliation of Headline to Statutory tax (credit)/expense

Headline IFRS 14 (pre-IFRS 161 adjustments)

Headline IFRS 16

IFRS 16 Ipie-IFRS 161 adjustment

Loss before tax and non-underlying items

Tax on loss - Standard rate of UK corporation tax 119.00%; 2020.19.00%

Adjustment in respect of prior years

Total current tax credit

Deferred tax - current year Deferred tax - prior year

Deferred tax - adjustment in respect of change in tax rates

Tax on Headline (loss)/profit

Tax on non-underlying items - current tax Tax on non-underlying items - deferred tax

Total tax on loss/profit

1551

(1)

111

113) (6) (81

(26)

(9)

(35)

(51)

(69)

(1)

(1)

15) (6)

1111

111) (7) (6) 2 (8)

(26)

(16) (5) (13)

136)

(121

(34)

(4) (3)

(7)

(68)

(5) (6)
(11)
(7) 2

(16) (9) (16)

141)

158 WH Smith PLC Annual Report and Accounts 2021

M. Calculation of Headline and Statutory loss per share

pre-IFRS 16 basis

Loss for the year.
attributable to equity holders of the parent (Note A1)

(71)

KOI
Mil

Headline, before non-underlying items	Headline non- underlying items	Headline	IFRS 16 adjustments
pre-IFRS 161	pre-IFRS 141	pre-IFRS 161	
			(31)

Weighted average shares in issue for basic earnings

per share (Note 10)

Weighted average shares in issue for diluted earnings

per share (Note 10)

Basic loss per share (pence)

Diluted loss per share (pence)

pre-IFRS 16 basis

Headline, before non-underlying items pre-IFRS 161
Headline non-underlying items pre-IFRS 161

Headline pre-IFRS 161

IFRS 16 adjustments

Loss for the year.

attributable to equity holders of the parent (Note A1)

Weighted average shares in issue for basic earnings per share (Note 10)

Weighted average shares in issue for diluted earnings per share (Note 10)

Basic loss per share (pence)

Diluted loss per share (pence)

A5. Fixed charges cover

Headline net finance costs (pre-IFRS 16) Net operating lease rentals (pre-IFRS 16)

Total fixed charges

Headline loss before tax and non-underlying items

At All

At

16 151

167 (55)

9

210

219 (69)

Headline profit before tax, non-underlying items and fixed charges

Fixed charges cover - times

WH Smith PLC Annual Report and Accounts 2021

Additional information

Glossary (unaudited) continued

A6. Non-underlying items on pre-IFRS 16 and IFRS 16 bases

Headline Headline
pre-IFRS 16 IFRS 16 Ipre-IFRS 16 IFRS 16

Costs relating to business combinations

- Transaction costs
- Integration costs

Amortisation of acquired intangible assets

Pension past service cost

Costs directly attributable to Covid-19

- Impairment of property, plant and equipment
- Impairment of intangible assets
- Impairment of right-of-use assets
- Other property costs
- Write-down of inventories
- Restructuring costs
- Costs associated with refinancing
- Other

Non-underlying items, before tax

Tax credit on non-underlying items

Non-underlying items, after tax

IB

1
49 191
40

21 3

14 28

5
9: 6' (2)
65 (12)
53

11 9 3
14

54 1

25 14 25

1
157 118)
139

11 9 3
14

39 1
95

14 25

1
212 (25)
187

Non-underlying items on a pre-IFRS 16 basis are calculated on a consistent basis with IFRS 16, with the exception of the below items. A tax credit of £12m has been recognised in relation to the above items (£9m pre-IFRS 16). Impairment of property, plant and equipment and right-of-use

assets

The impairment charge recognised on a pre-IFRS 16 basis differs from that recognised under IFRS 16. This is mainly due to a lower asset base pre-IFRS 16, coupled with lower expected store cash flows, with rental expenses being included in the forecast cash flows (treated as financing costs under IFRS 16), and a higher discount rate. The calculation of the Group's weighted average cost of capital differs under IFRS 16 versus pre-IFRS 16. The pre-tax discount rate used in the IFRS 16 calculation was 10.4 percent and the pre-tax discount rate used in the pre-IFRS 16 calculation was 13.9 percent.

Right-of-use assets are not recognised on a pre-IFRS 16 basis. Other property

costs

Other property costs on a pre-IFRS 16 basis include provisions for onerous lease contracts, on an IFRS 16 basis, onerous lease contracts are recognised as an impairment of the right-of-use asset. As a result of the impact of Covid-19, the Group has carried out a review of leases where the obligations of those leases exceed the potential economic benefits expected to be received under them. We anticipate that a number of stores will not fully recover to pre-Covid-19 sales levels and have accelerated our internal forecasts for the rate of sales decline in those locations. As a result, we have recognised onerous provisions of £5m for stores where we now anticipate we will make a cash loss over the remaining term of their leases.

The Group's pre-IFRS 16 property provisions represent the present value of unavoidable future net lease obligations and related costs of leasehold property (net of estimated sublease income and adjusted for certain risk factors) where the space is vacant, loss-making or currently not planned to be used for ongoing operations. The unwinding of the discount is treated as an imputed interest charge. These provisions represent the best estimate of the liability at the time of the balance sheet date, the actual liability being dependent on future events such as economic environment and marketplace demand. Expectations will be revised each period until the actual liability arises, with any difference accounted for in the period in

and marketplace demand. Expectations will be revised each period until the actual liability arises, with any difference accounted for in the period in which the revision is made

160 WH Smith PLC Annual Report and Accounts 2021

A7. Free cash flow

<u>Cm</u>	<u>2021</u>	<u>2020</u>
Cash generated from operating activities (Note 21)		113 94
Interest paid	113)	(13]
Net cash inflow from operating activities		100 81
Cash flow impact of IFRS 16 (Note A9) f		183) (66)
Add back-		
• Cash impact of non-underlying items		38- 20
• Pension funding		3 3
• Deduct:		
• Purchase of property, plant and equipment		137) (67)
• Purchase of intangible assets	(7)	(12)
Free cash flow	14	(61)

A8. Headline net debt

The table below shows Headline net debt (pre-IFRS 16). This includes lease liabilities that were previously presented as finance leases (applying the principles of IAS 17), and Group accounting policies as applicable prior to 1 September 2019, described in the Glossary on page 154), but excludes additional lease liabilities recognised on application of IFRS 16.

Borrowings

- Revolving credit facility
- Convertible bonds
- Bank loans

-Lease liabilities (Note 16)

Liabilities from financing activities

Cash and cash equivalents

Net debt (IFRS 16) (Note 19)

Add back lease liabilities recognised under IFRS 16¹

(283)

(959) 108

1132) (400) 14701 (559)

(851) 550

(885) 130

(755) 464

Headline net debt (pre-IFRS 16)

1 Excludes lease liabilities previously recognised as finance leases on a pre-IFRS 16 basis.

A9. Cash flow disclosure impact of IFRS 16

There is no impact of IFRS 16 on cash flows, although the classification of cash flows has changed, with an increase in net cash inflows from operating activities being offset by a decrease in net cash inflows from financing activities

Net cash inflows from operating activities Net cash outflows from investing activities Net cash inflows/outflows) from financing activities

Headline (pre-IFRS 16)

47 (20) 10

17 (63) 48
IFRSU adjustment
83

(83)
100 (43) (35)

Headline IFRSU Ipre-IFRS 16I

15 (395) 440
IFRS 16 adjustment
66

(66)

81 (395) 374

Net increase in cash in the period

WH Smith PLC Annual Report and Accounts 2021
Additional information

Glossary (unaudited) continued

A10. Balance sheet impact of IFRS 16

The balance sheet as at 31 August 2021 including and excluding the impact of IFRS 16 is shown below:

Goodwill and other intangible assets Property, plant and equipment Right-of-use assets Investments in joint ventures

Inventories

Payables less receivables

Headline Ipre-IFRS 16I

474

167

643 135 (237)

IFRS 16 adjustment

(1)

7 328

334

23

IFRS 16

473 174 32812

977, 135 (214)

Headline Ipre-IFRS 16I

495 190

687 150 (2261

IFRS 16 adjustment

12) 2

413

413

43

IFRS 16

493 192 413 2

1.100 150 (1831

Working capital

Derivative financial asset

Net current and deferred tax asset

Provisions

Operating assets employed Net debt

Net assets excluding pension liability Pension liability

Deferred tax asset on pension liability

Total net assets

46 (281

559 (2911

268 (3) 1

266

10 14

381 14641

(83)

1831

56 j (14)

960. (755)

185' 13) 1

183

17 (27)

601 1301)

300 (4) 1

297

11 13

480 (550)

(70)

(701

28 (14)

1.081 (851)

230 (4) 1

227

All. Operating lease expense

Amounts recognised in Headline Group operating profit on a pre-IFRS 16 basis are as follows.

Cm		2021	2020
Net operating lease charges	j	151	210_

In the prior year, the Group adopted IFRS 16. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model as the distinction between operating and finance leases is removed. In order to provide comparable information the Group has chosen to present Headline measures of operating profit/(loss) and profit/(loss) before tax, as explained in Note 2 segmental analysis.

The table above presents the pre-IFRS 16 net operating lease charges, applying the principles of IAS 17, and Group accounting policies as applicable prior to 1 September 2019, as described in the Glossary on page 154.

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The Group has a number of lease arrangements in which the rent payable is contingent on revenue. Contingent rentals payable, based on store revenues, are accrued in line with revenues generated.

The average remaining lease length across the Group is four years.

Rentals payable and receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Temporary rent reductions due to Covid-19, affecting rent payments due on or before June 2022, have been recognised in the Income statement in the period they are received.

WH Smith PLC Annual Report and Accounts 2021

Information for shareholders

Company Secretary and registered office

Ian Houghton. WH Smith PLC. Greenbridge Road, Swindon. Wiltshire SN3 3RX Telephone 01793 616161. WH Smith PLC is registered in England and Wales (number 5202036)

Company website

This Annual report and accounts together with other information, including the price of the Company's shares, Stock Exchange announcements and frequently asked questions, can be found on the WH Smith PLC website at whsmithplc.co.uk.

Annual General Meeting

The Annual General Meeting will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG on Wednesday 19 January 2022 at 11 30am. A separate notice convening the meeting is being sent to shareholders and includes explanatory notes on each of the resolutions being proposed. At the time of writing, UK public health regulations and guidance allow us to return to an in-person meeting this year, with shareholders physically able to attend the AGM should they wish to do so. We will continue to review our AGM arrangements in light of the latest government Covid-19 guidance, and therefore shareholders are encouraged to monitor the AGM page of the Company's website whsmithplc.co.uk/investors/shareholder-centre/ <<http://whsmithplc.co.uk/investors/shareholder-centre/>>agm for any updates.

Shareholder enquiries - the registrars

All enquiries relating to shareholdings should be addressed to the registrars, Computershare Investor Services PLC. The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. You can call the registrars on the shareholder helpline 0371 495 0100 or visit their website at investorcentre.co.uk <<http://investorcentre.co.uk>>. A textphone facility for shareholders with hearing difficulties is available by telephoning 0370 702 0005.

Sharedealing services

This can be done through a stockbroker, bank or building society.

Computershare, our registrars, also offer share dealing services for shareholders (in certain jurisdictions). For internet dealing, log on to computershare.com/dealing/uk <<http://computershare.com/dealing/uk>> and for telephone dealing call 0370 703 0084. You will need to have your Shareholder Reference Number (SRN) to hand when making this call. This can be found on your Form of Proxy or email notification of availability of AGM documents.

from documents.

Please note that dealing fees will apply and will vary between providers.

Financial calendar

The following dates are given for information purposes only. Please check the WH Smith PLC website at whsmithplc.co.uk <<http://whsmithplc.co.uk>> nearer the relevant time for full details, and to ensure that no changes have been made.

ShareGIFT

If you only have a small number of shares which are uneconomic to sell, you may wish to consider donating them to charity under ShareGIFT, a charity share donation scheme administered by the Orr Mackintosh Foundation. A ShareGIFT transfer form may be obtained from our registrar. Further information about the scheme can be found on the ShareGIFT website at sharegift.org <<http://sharegift.org>>.

WH Smith PLC Annual Report and Accounts 2021

Additional information

Information for shareholders continued

Warning to shareholders - boiler room scams

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. Information on how to avoid share fraud or report a scam can be found on our website at whsmithplc.co.uk <<http://whsmithplc.co.uk>>. You can also call the Financial Conduct Authority Consumer Helpline on 0800 111 6768 or go to fca.org <<http://fca.org>> uk/scamsmart.

UK Capital Gains Tax Demerger 31 August

2006
Following the demerger of the Company on 31 August 2006, in order to calculate any chargeable gains or losses arising on the disposal of shares after 31 August 2006, the original tax base cost of your ordinary shares of 2¹/₂p (adjusted if you held your shares on 26 September 2004 and 22 May 1998 to take into account the capital reorganisations of 27 September 2004 and 26 May 1998 respectively (see below)) will have to be apportioned between the shareholdings of ordinary shares of 20p in the Company and ordinary shares of 5p in Smiths News PLC.

The cost of your shareholding of ordinary shares of 20p in the Company is calculated by multiplying the original base cost of your ordinary shares of 2¹/₂p (adjusted where necessary to take into account the capital reorganisations of 27 September 2004 and 26 May 1998 (see below)) by 0.69585.

The cost of your shareholding of ordinary shares of 5p is calculated by multiplying the original base cost of your ordinary shares of 2¹/₂p (adjusted where necessary to take into account the capital reorganisations of 27 September 2004 and 26 May 1998 (see below)) by 0.30415.

As a result of the share consolidation on 22 February 2008, the nominal value of the Company's ordinary shares increased from 20p per ordinary share to 22¹/₂p per ordinary share.

Capital reorganisation 27 September 2004

Capital reorganisation 27 September 2004

If you acquired your shareholding on or before 24 September 2004, in order to calculate any chargeable gains or losses arising on the disposal of shares after 24 September, the original tax base cost of your ordinary shares of 55⁵p (adjusted if you held your shares on 22 May 1998 to take into account the capital reorganisation of 26 May 1998 (see below)) will have to be apportioned between the shareholdings of ordinary shares of 2¹³/iip and C shares resulting from the capital reorganisation

The cost of your shareholding of ordinary shares of 2¹³/iip is calculated by multiplying the original base cost of your ordinary shares of 55⁵p (adjusted where necessary to take into account the capital reorganisation of 26 May 1998 (see below)) by 0.73979.

Capital reorganisation 26 May 1998

If you acquired your shareholding on or before 22 May 1998, in order to calculate any chargeable gains or losses arising on the disposal of shares after 22 May 1998, the original tax base cost of your ordinary shares of 50p will have to be apportioned between the shareholdings of ordinary shares of 55V»p and redeemable B' shares resulting from the capital reorganisation.

The cost of your shareholding of ordinary shares of 55V»p is calculated by multiplying the original cost of your ordinary shares of 50p by 0.90714.

March 1982 values

If you acquired your shareholding on or before 31 March 1982, in order to calculate any chargeable gains or losses arising on disposal of shares, the tax base cost of your ordinary shares used the 31 March 1982 base values per share as follows.

	'A' ordinary shares	ordinary shares	Arising from an original shareholding of 'B'
Ordinary shares of 20p	61.62p	50.92p	
Smiths News PLC ordinary shares of 5p	26.93p	22.25p	

If you have a complicated tax position, or are otherwise in doubt about your tax circumstances, or if you are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

Company' means WH Smith PLC, a public limited company incorporated in England and Wales with registered number 5202036; and Group' means the Company and its subsidiaries and subsidiary undertakings

WH Smith PLC Annual Report and Accounts 2021

Designed and produced by Radley Yeldar www.ry.com <<http://www.ry.com>>

This Annual report is printed on Amadeus Silk. The manufacturers of Amadeus Silk hold ISO 9001 & ISO U001 certifications and are also FSC & PEFC certified. This report is printed by Pureprint, who hold ISO 9001, ISO U001, FSC and PEFC certification. If you have finished reading the report and no longer wish to retain it, please pass it on to other interested readers or dispose of it in your recycled paper waste.

MIX Popartam

FSC F5C»C02M.3

},

Contact details

WH Smith PLC

Greenbridge Road
Swindon, Wiltshire SN3 3RX
United Kingdom
T 01793 616161
W whsmithplc.co.uk <<http://whsmithplc.co.uk>>

WHSmith Travel

133 Houndsditch London EC3A 7BX United Kingdom T 020 3981 0900 W whsmithplc.co.uk <<http://whsmithplc.co.uk>>

WHSmith High Street

Greenbridge Road Swindon, Wiltshire SN3 3LO United Kingdom T 01793 616161 W whsmith.co.uk <<http://whsmith.co.uk>>
Investor Relations
T 020 3981 1285
W whsmithplc.co.uk/investors

Media Relations

T 01793 56335ft
W whsmithplc.co.uk/media <<http://co.uk/media>>

Sustainability

W whsmithplc.co.uk/sustainability <<http://whsmithplc.co.uk/sustainability>>Recruitment
W whsmithcareers.co.uk

Customer Service

Freepost SCEftlO Swindon, Wiltshire SN3 3XS United Kingdom T 01793 616161
cu5tomer.relations@whsmith.co.uk <<http://co.uk>>

EXHIBIT 12 AIRPORT CONCESSIONS HANDBOOK

AIRPORT CONCESSION PROGRAM HANDBOOK



CHICAGO DEPARTMENT OF AVIATION

CITY OF CHICAGO DEPARTMENT OF AVIATION

2021 Concessions Program Handbook

TABLE OF CONTENTS

INTRODUCTION	/	3
THE CONCESSIONS PROGRAM		3
THE MONITORING PROGRAM		4
<u>THE PRE-MONITORING PROCESS</u>		<u>4-4</u>
KEY ELEMENTS OF THE MONITORING PROGRAM		5^6
SUMMARY		6

APPENDICES:

- 1 PHYSICAL INSPECTION STANDARDS
- 2 CONCESSION INSPECTION FORMS
- 3 FINANCIAL AUDIT STANDARDS
- 4 CONCESSIONS OPERATING STANDARDS
- 5 LISTING OF KEY DEPARTMENT OF AVIATION PERSONNEL
- 6 LISTING OF KEY CONCESSIONS MANAGEMENT PERSONNEL
- 7 RULES AND REGULATIONS

2021 Concessions Program Handbook

INTRODUCTION:

The City of Chicago ("City") and the Chicago Department of Aviation ("CDA") welcome you to the family of concessionaires operating at the City's airports. Your concession represents an excellent business and professional opportunity to serve the traveling public as well as operate a profitable enterprise. In order to ensure quality and uniformity among all concessions, we have designed a Concessions Program that is outlined in this handbook. It is important that you review and adhere to these standards as they will serve as tools for the successful operation of your concession.

THE CONCESSIONS PROGRAM:

The CDA's Airport Concessions Program serves as the primary resource to meet the needs of the traveling public with regard to the provision of quality, reasonably-priced goods and services at Chicago's airports. To this end, CDA is further responsible for the outreach, selection, coordination and monitoring of concessionaires. In order to fulfill these responsibilities, CDA has several functional units that as part of

concessionaires. In order to fulfill these responsibilities, CDA has several functional units that, as part of their overall duties, operate as liaisons to prospective and existing concessionaires. The primary units and their concession-related functions are as follows:

CDA UNIT

Commissioner's Office

FUNCTIONS Policy generation and resolution.

Managing Deputy Commissioner

Overall coordination of revenue, finance, bonding, insurance, property management and concessions functions/issues including merchandising plans, outreach, proposal generation and evaluation, contract negotiation, and overall coordination and processing.

Assist in overseeing Concessions, the monitoring program and general airport guidelines.

Concession Management Representative ("CMR")

Planning/Coordinating Architects

Finance/Revenue Security

Entity retained by the CDA to assist in overseeing Concessions, including construction of Improvements at the airport.

Plan and design review; construction coordination and monitoring.

Financial reporting, review and auditing.

Coordination of security identification and other related issues.

2021 Concessions Program Handbook

THE MONITORING PROGRAM:

The Monitoring Program is designed to provide a process to ensure that concessions operating in the Airports comply with the ordinances and policies of the City, provisions of their respective Lease Agreements and specific airport guidelines as established by the CDA. The primary areas that will be reviewed include financial commitments, maintenance of concession space(s), licensing (where required), and overall adherence to the provisions of the Lease Agreement.

The intent of the Monitoring Program is to benefit the traveling public and other airport visitors, concessionaires and the City.

THE PRE-MONITORING PROCESS:

After a prospective concession is selected by CDA there are five stages that precede the commencement of the Monitoring Program.

STAGE 1 - CITY COUNCIL APPROVAL

Upon completing lease negotiations with the concessionaire, CDA forwards the lease agreement ("Agreement"), signed by the Tenant, to the City's Law Department. After the Law Department's review of the form and legality of the proposed concession agreement, the proposed tenant is introduced to the full City Council. City Council sends the Agreement to the Aviation Committee for review. The Aviation Committee approves, rejects or requests further information. Once approved by the Aviation Committee, the recommendation is forwarded to the full City Council for final approval. In most cases, recommendations submitted to the full Council by Committee are ratified, usually at the next meeting. This approval is documented in the "Journal of Proceedings." The documented approval and contract are then forwarded to the Mayor and other pertinent City departments for execution.

STAGE 2 - LEASE AGREEMENT

The Lease Agreement outlines a concessionaire's contractual relationship with the City. It delineates the responsibilities, expectations and the requirements of both parties, financial and non-financial. During negotiation of the terms of the agreement, you will have cause to interact with individuals from the CDA and the CMR Office. The Managing Deputy Commissioner of Concessions will oversee the processing of the Lease Agreement as well as the Monitoring Program.

STAGE 3 - DESIGN APPROVAL

All concessionaires must submit a conceptual, schematic drawing which shows the general design of the unit. The Planning and Architecture departments will review the concept, and if the approval is given, a letter will be sent giving conceptual approval and requesting 100% architectural drawings including a complete materials board, plans and specifications so the plans meet the CDA requirements and aesthetic appeal. Upon providing approval of the 100% plans, Architecture will send a letter to the concessionaire giving authority to apply to the City Buildings Department for building permits. In no case may construction begin prior to the receipt of this approval. The Planning Unit will also monitor construction in progress.

STAGE 4 - PRE-CONSTRUCTION APPROVAL

Prior to construction, each concession will meet with the CMR for the purpose of providing the concessionaire with general airport construction guidelines. Examples of these guidelines are locations and times for pick-ups,

deliveries, refuse disposal, elevator usage, and badging.

Following the operations meeting, the CMR will schedule a pre-construction meeting with CDA. Prior to the meeting, the General Contractor for the project will submit all documents, permits and approvals to CDA for review. Construction may begin following approval at the pre-construction meeting.

STAGE 5 - CONSTRUCTION

After the contract is finalized, each concessionaire has a specified period to commence and complete construction based on approved design and construction specifications. During this period each concessionaire has the responsibility to expeditiously begin and obtain all necessary approvals, licenses, insurances, etc. Each concessionaire should maintain communication with the CMR during the process to ensure that all construction and licensing requirements are addressed in a timely fashion. It is important that the concession be open to the public within the time parameters specified in the Agreement.

KEY ELEMENTS OF THE MONITORING PROGRAM:

The Concessions Monitoring Program consists of three primary elements: operations reviews, audits and pricing reports. Operations reviews will be conducted on an ongoing basis by the CMR. The operations review form in Appendix 2 will provide a frame work for this component of the Monitoring Program.

Financial and compliance audits will be conducted on an annual and periodic basis, respectively. Financial audits will review all financial, bonding and insurance related requirements.

As specified in the Agreement, each concession shall submit an annual pricing report.

PHYSICAL INSPECTIONS

5

The Monitoring Process will include ongoing site inspection of each concession site by the CMR. Typical inspections will consist of reviews of facilities, general maintenance, employee practices, product/price conformity and space utilization. Inspection staff will use the CMR Operation Review Form (Appendix 2) to record their findings and observations. Reviews will be sent to the concession manager for review and follow-up on all review items. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation.

FINANCIAL AUDITS

In accordance with the provisions of the standard Concession Lease Agreement, CDA reserves the right to require a certified public and/or City audit of all books, ledgers, journals, accounts and records of its concessions.

COMPLIANCE AUDITS

On a regular basis, the CDA will review compliance with insurance coverage, financial commitments

and financial reporting requirements. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation. Additionally, compliance with ACDBE Special Conditions will be audited.

SECRET SHOPPING

The CDA, from time to time, may hire an outside contractor to perform "secret shopping" and evaluate employee performance of each concession location. Such reviews shall be used to monitor customer service and cash handling procedures among other things.

SUMMARY:

The Monitoring Program will provide a basis of uniformity to all concessions. Adherence to the Concession Lease Agreement as well as the elements of this Handbook will contribute to the successful operation of your business.

The following Appendices will further delineate additional information/requirements stated above.

APPENDIX 1

PHYSICAL INSPECTION STANDARDS:

FACILITY MAINTENANCE STANDARDS ITEMS:

Overall appearance

Cleanliness of counters, displays, floors, fixtures, equipment, etc. Litter management/control Pest control

STANDARD:

Clean and neat to the eye.

Free of dust and litter upon inspection. ACTION:

Expect employees to clean/dust/sweep/vacuum/mop daily. Utilize covered metal waste receptacles. Have waste receptacles in high traffic areas.

Empty waste receptacles into designated compactor areas on a regular basis.

Have grease traps serviced and cleaned as often as necessary.

Instruct employees to look for and clean problem areas.

Provide for regular pest control service to sales and storage areas.

Have a plan/system for emergency clean-ups and replacement of broken or worn fixtures. Report any damage to the premises to CDA and your insurance company (if applicable) immediately.

ITEMS:

Lease line maintenance

"Pop-out" areas

STANDARD: />

All customer lines must be maintained within the Leased area.

Merchandise and displays must be maintained within the Leased area.

Solicitation and sampling must be maintained within the Leased area.

Only CDA approved fixtures may be placed in the pop-out area (if so designated in the Agreement) at the front of the space.

ACTION:

Train employees to direct customer lines so they do not spill out into the public corridor. Review tenant design criteria for approved merchandising and fixtures.

Obtain written approval from CDA prior to adding or removing any merchandise fixtures or other objects within the pop-out area.

ITEMS:

Altering of layout

Renovations/construction Signage/advertising STANDARD:

Written approval, prior to action, by the Commissioner of Aviation. ACTION:

Consider areas for improving the concession location either from layout changes or renovation.

Submit requested changes for approval with appropriate drawings, etc., to the CMR prior to initiation of the changes.

All signs must be professionally produced.

All signs and sign holders must be kept clean and in good repair.

All signs must be pre-approved by the Commissioner or a representative of the Commissioner. ITEMS:

Properly functioning equipment

STANDARD:

Preventative maintenance program.
Ongoing, reliable, licensed source for immediate repairs.

ACTION:

Have employees' spot check all equipment for possible malfunction. Maintain a back-up/alternative plan. Repair equipment as soon as possible.

EMPLOYEE STANDARDS

ITEMS:

Courteous and professional appearance Proper dress
Proper identification including CDA security badge Customer
Service

Attend customer service meetings, as offered STANDARD:

Employees should be polite and courteous to the traveling public. Employees must wear clean and neat uniforms or approved attire. Employees must not eat while on duty.

. Employees must display a CDA issued security badge in addition to any other employee identification. Only badged employees may work in the secured portion of the airport.

8

Employees must be familiar with the Merchant Handbook. Employees are to offer general public services:

- Making change
- Giving directions

ACTION:

Train employees in proper customer service techniques using the Merchant Handbook provided to all companies.

Give all new employees airport tours so they are familiar with the airport layout and available services.

Encourage employees to be polite and courteous.

Provide necessary employee breaks to discourage eating while on duty.

Supply employees with uniforms or at least a written standard, if they are responsible for their own, as well as guidelines for proper maintenance of the uniform.

Supply employees with company identification.

Obtain CDA security badges for all employees.

Supply employees with a company policies and procedures manual so that they know what is expected of them.

ITEMS:

Sanitary handling of foods/beverages

Proper cleaning and maintenance of food areas

STANDARD:

Employees must handle food in a safe and sanitary manner.

Employees must comply with all company and governmental health regulations and Lease requirements.

ACTION:

Provide explicit instructions to employees on the safe and sanitary handling of foods. Obtain and post proper instructions regarding health information available from City, State and Federal sources.

Provide explicit instructions for cleaning food areas in a manner that will not possibly lead to any harmful contamination.

A Certified Food Manger must be on-site during food preparation. A Safe Food Handling Certificate must be posted.

PRODUCT STANDARDS

ITEMS:

- Selling of authorized products only Adequate inventory
- level Proper/professional approved signage
- Merchandising Product pricing

9

STANDARD:

Only authorized products can be sold as determined in the Lease Agreement.

Only use professionally produced or printed signage as approved by CDA.

Merchandising permitted only within the confines of the locations, unless as authorized in writing, by CDA.

Must adhere to Value Pricing as provided in the Lease Agreement.

ACTION:

Use professionally produced, approved signage only.

Consider innovative ways to merchandise your products/services.

Obtain written approval from the Commissioner of Aviation prior to implementing merchandising that will go beyond the confines of your space or that is outside of the terms of the Lease Agreement. \ Maintain adequate inventory levels.

Notify the Department when adding, deleting or changing merchandise or changing prices. Maintain pricing as provided in the Lease Agreement.

AUXILIARY SPACE STANDARDS

ITEM:

- Storage Area
- Corridors, common areas
- Pick-up, delivery and disposal

STANDARD:

Safe use of storage space.

Proper storage of potentially flammable items in accordance with fire codes. Provide

adequate ingress and egress within storage space. Clear aisles and corridors.

Pick-ups and deliveries during designated hours at designated locations as determined by CDA. Refuse disposal during designated hours at designated locations as determined by CDA.

ACTION:

Use storage space wisely.

Maintain a system providing for access by authorized personnel only. Report any tampering with or malfunctioning of security locks, gates, etc. Keep corridors and common areas free of debris, trash, carts and stock. Provide pest control service on a regular basis. Refrain from using luggage carts for deliveries. Dispose of refuse during designated hours.

APPENDIX 2

CONCESSIONS INSPECTIONS ARE DOCUMENTED USING THE CHICAGO DEPARTMENT

Airport Concessions Program Handbook Page 11 Rev. 07/30/2020

F&B Storage Dishwashing Area

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay

Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Are Soda and Condiment Stations Clean and Maintained?

- Needs detail cleaning

Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?

- Equipment needs detail cleaning

Is Ice Machine Clean and in Good Repair?

- Leaking/needs repair
- Mold

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?
Are Hours of Operation Posted?
Are Signs/Items Infringing on Corridor?
Is Facade Clean and Maintained? Is
the Exterior in Good Condition?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?
Are Counters Clean and Maintained?
Are Fixtures and Furniture Clean and Maintained?
Are Light Fixtures and Lights Clean and Maintained?
Are Supplies/Product Raised off the Floor?
Are Trash Receptacles Clean and Maintained?
Is Bar Area Clean and Maintained?
Is Cash Wrap Clean, Free of Debris, and Maintained?
Is Front of House/Dining Area Clean and Maintained?
Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safe Food Handling

Does all Food Appear to be Fresh?

Is Safe Food Handling Practiced?

- Food Product
- Personal

Is the Food Service Manager on-site?

Safety Requirements

Are CO2 Tanks Secured?

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean?

- Drains need cleaning - Drains need cover/screen Hot Water? Is 3 Compartment Sink working properly?
- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed

- Standing water
- Water is not reaching Temp (110) Is Mop Sink working properly?
- Leaking/needs to be sealed
- Mop Sink not draining properly
- Mops not hung properly
- Standing water

Staff

- Are All Sales Being Rung Appropriately?
- Are Cash Handling Employees working in the Food Prep Area?
- Are Employee IDs Visible Above the Waist?
- Are Employees Courteous, Informed, and Greeting Customers?
- Are Employees Eating or on the Phone?
- Are Employees Wearing Appropriate Attire? Are Off-Shift Staff Affecting On-Shift Staff?

12

Monthly F&B Dishwashing Area

- Is Dishwashing Area Dry and Clean?
 - Debris on floor in dishwash area
 - Standing water in dishwash area

Documents/Logs

- Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site?
 - Food Temps have not been taken/Temps okay Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
 - External Temp gauges not working
 - Freezer needs repair
 - Inside of Cooler/Refrigerator/Freezer needs cleaning
 - Outside Doors of Refrigerator/Freezer needs cleaning .- Refrigerator needs repair
- Are Soda and Condiment Stations Clean and Maintained?
- Needs detail cleaning
- Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?
- Equipment needs detail cleaning
- Is Ice Machine Clean and in Good Repair?
- Leaking/needs repair
 - Mold

Exterior

- Are Blade, Facia, and Sign Holders in Good Condition?
- Are Hours of Operation Posted?
- Are Signs/Items Infringing on Corridor?
- Is Facade Clean and Maintained?
- Is the Exterior in Good Condition?

Interior

- Are Ceilings/Walls/Floors Clean and Maintained?
- Are Counters Clean and Maintained?

- Are Fixtures and Furniture Clean and Maintained?
- Are Light Fixtures and Lights Clean and Maintained?
- Are Supplies/Product Raised off the Floor?
- Are Trash Receptacles Clean and Maintained?
- Is Bar Area Clean and Maintained?
- Is Cash Wrap Clean, Free of Debris, and Maintained?
- Is Front of House/Dining Area Clean and Maintained?
- Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

- Are Merchandise/Product Levels Adequate?

Pest Control

- Is there Pest Evidence?
 - Flies
 - Mice
 - Mouse Droppings
 - Roach Droppings
 - Roaches

Safe Food Handling

- Does all Food Appear to be Fresh? Is Safe Food Handling Practiced?
 - Food Product
 - Personal
- Is the Food Service Manager on-site?

Safety Requirements

- Are CO2 Tanks Secured?
- Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?
- Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

- Are Floor Drains clean?
 - Drains need cleaning
 - Drains need cover/screen Are Sinks draining properly? Hot Water?
- Is 3 Compartment Sink working properly?
 - 3-Comp. Sink not draining properly
 - Clean Grease and debris around grease trap
 - Grease trap needs cleaning
 - Grease trap needs to be sealed
 - Leaking/needs to be sealed
 - Standing water
- Is Dishwashing Area Dry and Clean?
 - Debris on floor in dishwash area
 - Standing water in dishwash area Is Hand Sink working properly?
 - Hand Sink not draining properly
 - Leaking/needs to be sealed
 - Standing water
 - Water is not reaching Temp (110) Is Mop Sink working properly?
 - Leaking/needs to be sealed
 - Mop Sink not draining properly
 - Mops not hung properly
 - Standing water

Staff

- Are All Sales Being Rung Appropriately?
- Are Cash Handling Employees working in the Food Prep Area?
- Are Employee IDs Visible Above the Waist?

Are Employees Courteous, Informed, and Greeting Customers?
Are Employees Eating or on the Phone?
Are Employees Wearing Appropriate Attire?
Are Off-Shift Staff Affecting On-Shift Staff?

14

Retail

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay

Is the Pest Control Log on-site? Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Is Cash Register Clean and Maintained?

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted?-

Are Signs/Items Infringing on Corridor? Is

Facade Clean and Maintained?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?

Are Counters Clean and Maintained?

Are Fixtures and Furniture Clean and Maintained?

Are Light Fixtures and Lights Clean and Maintained?

Are Supplies/Product Raised off the Floor?

Are Trash Receptacles Clean and Maintained?

Is Cash Wrap Clean, Free of Debris, and Maintained?

Is Front of House/Dining Area Clean and Maintained?

Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safety Requirements

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Staff

Are Employee IDs Visible Above the Waist?

Are Employees Courteous, Informed, and Greeting Customers?

Are Employees Eating or on the Phone?

Are Employees Wearing Appropriate Attire?

15

Retail Storage

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay ..

Is the Pest Control Log on-site? Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair .

Is Cash Register Clean and Maintained?

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted?

Are Signs/Items Infringing on Corridor? Is

Facade Clean and Maintained?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?

Are Counters Clean and Maintained?

Are Fixtures and Furniture Clean and Maintained?

Are Light Fixtures and Lights Clean and Maintained?

Are Supplies/Product Raised off the Floor?

Are Trash Receptacles Clean and Maintained?

Is Cash Wrap Clean, Free of Debris, and Maintained?

Is Front of House/Dining Area Clean and Maintained?

Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safety Requirements

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Staff

Are Employee IDs Visible Above the Waist?

Are Employees Courteous, Informed, and Greeting Customers?

Are Employees Eating or on the Phone?

Are Employees Wearing Appropriate Attire?

16

Weekly F&B Dishwashing Area

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Interior

Are Ceilings/Walls/Floors Clean and Maintained? Is Bar Area Clean and Maintained?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safe Food Handling

Is the Food Service Manager on-site?

Safety Requirements

Are CO2 Tanks Secured?

Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean?

- Drains need cleaning
- Drains need cover/screen Hot Water?

Is 3 Compartment Sink working properly?

- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water
- Water is not reaching Temp (110)

Is Mop Sink working properly?

- Leaking/needs to be sealed
- Mop Sink not draining properly
- Mops not hung properly
- Standing water

APPENDIX 3

FINANCIAL AUDIT STANDARDS:

In accordance with the provisions of most Concession Lease Agreements, CDA reserves the right to audit and review the records of each concession as they relate to the operation of the concession. Therefore, the following will serve as the standards and practices that will govern those audits/reviews.

Lease Fees

Each concessionaire shall submit the rent and fees in accordance with its Agreement.

Records

Each concession is required to maintain true and accurate accounts, records, books and data recording all sales made and services performed on the premises for cash, credit or other conveyance including the gross receipts. The following represent appropriate practices that will reflect the prior stated requirements:

Maintenance of an internal control system (e.g. cash register, point of sale equipment) to insure proper reporting to the City.

Books, ledgers, journals, accounts and/or records must be maintained according to generally accepted accounting principles.

Each concession must provide timely submission of the audited "Statement of Sales and Fees" and annual audited financial statements based upon their individual reporting system.

Other items as required in the Agreement.

Insurances

The following insurances are customarily required during the terms of the Agreement and should be maintained at the levels specified by the Agreement:

Worker's Compensation Comprehensive
General Liability Comprehensive Automobile
Liability Property Insurance
Other insurance as required in the Lease Agreement

The City of Chicago will be named as "Additional Insured", with the following language: "The City, and its elected and appointed officials, agents, representatives, and employees shall be named as additionally insureds..."

Security Deposit/Letter of Credit

All concessions must provide a letter of credit or cashier's check per the terms of the Agreement.

APPENDIX 4

CONCESSIONS OPERATING STANDARDS:

General Airport Guidelines

The following guidelines are examples of the types of issues that will be reviewed with the City's CMR, who will provide each operator with specific guidelines for their concession.

Pick-up and deliveries to/from specific areas at specified times.

Refuse disposal at specific and designated areas/times.

Unauthorized use of restricted Airport areas.

Adherence to minimum business operating hours.

Agreement to emergency hours as may be determined by CDA under special conditions. Elevator use at designated times.

Ingress and egress from designated areas, as outlined in Agreement. Proper and improper use of signage.

Laws and Ordinances

CDA reserves the right to adopt and enforce reasonable rules and regulations with respect to the use of the Airport, terminal buildings, terminal concourse areas, and related facilities.

All concessions must observe all laws, ordinances, regulations and rules of the Federal, State, County and Municipal governments which may be applicable to the operation at the Airport.

Permits and Leases necessary for the operation of the concession areas must be obtained prior to the first day of operation, and renewed annually as needed.

Default Notices

The CDA reserves the right to issue a Default Notice to any concessionaire who is not in compliance with the Agreement.

APPENDIX 5

KEY DEPARTMENT OF AVIATION PERSONNEL:

<u>NAME/TITLE</u>	<u>TELEPHONE NUMBER</u>
Casta.ia Serna (773)894-3059 Deputy Commissioner of Concessions	
Glen Ryniewski	
Assistant Commissioner of Concessions Drew Homyk Projects Administrator / MDW	
Horatio Watson Projects Administrator	
Marc Wright Projects Administrator	
Russell Johnson Projects Administrator	
Michael Stein Projects Administrator (773) 686-3730	

(773) 838-3992 (773) 894-3321 (773) 894-5422 (773) 686-4899 (312) 489-9080

APPENDIX 6

KEY CONCESSION MANAGEMENT REPRESENTATIVE (CMR) PERSONNEL:

<u>NAME/TITLE</u>	<u>TELEPHONE NUMBER</u>
Joseph Crump Managing Director	(773) 894-3905
Yolanda Woodruff Director of Retail Operations	(773) 894-5463
Dorine Litman Property Manager / ORD	(773) 894-3908
Patricia G rzyb Property Manager / MDW	-(773) 838-0733
Sungjin Choi Construction and Design Manager	(773) 686-7606

APPENDIX 7

RULES AND REGULATIONS:

Lessee shall, at all times during the term of the Lease Agreement:

1. Use, maintain and occupy the Premises in a careful, safe, professional and lawful manner. Keep Premises and its appurtenances in a clean and safe condition.
2. Keep all glass in the doors and windows of the Premises clean and in good repair with floor displays and shelving cleaned daily.
3. Not place, maintain or sell any merchandise or place any signage in any vestibule or entry to the public area adjacent to the Premises, or place any signage in the public area adjacent to the Premises, or elsewhere on the outside of the Premises without the prior written consent of the Commissioner.
4. At its own cost, keep Premises in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pests.
5. Not permit accumulation of garbage, trash, rubbish and other refuse inside or outside the Premises, and keep refuse in closed containers within the interior of the Premises until removed. Not place any rubbish, litter, trash, or material of any nature in the parking areas, exterior areas, entryways, passages, doors, elevators, hallways, or stairways of the Airport. Comply with any recycling program as directed by the Commissioner.
6. Not use, or permit the use of any apparatus or instruments for musical or other sound reproductions or transmissions in such manner that the sound emanating therefrom or caused thereby shall be audible beyond the interior of the Premises, without the prior written consent of the Commissioner.
7. Not use helium balloons and blinking lights.
8. Not cause or permit objectionable odors to emanate from the Premises.
9. Not deliver or permit delivery of merchandise at any time other than those times allowed by the Commissioner or her designated representative.
10. Maintain and keep operational all electric signs, and where applicable, light the show windows and exterior signs of Premises during hours of operation.
11. Use only signage of professional quality. All signage must be approved by the Commissioner or her designated representative. Handwritten signs of any kind are not permitted. Signage or other materials may not be taped to windows.
12. Prominently sign or mark pricing on each product or mark with easily recognizable professional signage.
13. Keep all mechanical apparatus in good working order and free of vibration and noise.

14. Not overload the floors or electrical wiring or install any additional electrical wiring or plumbing without the Commissioner's prior written consent.
15. Not use show windows on the Premises for any purpose other than display of merchandise for sale. Merchandise must be kept in a neat, professional and attractive manner.
16. Not conduct, permit or suffer any public or private action sale to be conducted on or from the Premises.

24

- A7. Not solicit business in the common area of the Airport or distribute handbills or other advertising materials in the common area. If this provision is violated, the Lessee shall pay the City the cost of collecting same from the common area for trash disposal. Lessee shall not hold demonstrations in the Premises or any other area of the Airport. Lessee agrees to cooperate and assist the City in the prevention of canvassing, soliciting and peddling within the Premises or Airport.
18. Not use the plumbing facilities in the Premises for any purpose other than that for which they were constructed or dispose of any foreign substance therein, whether through the utilization of "garbage disposal units" or otherwise. If Lessee uses the Premises for the sale, preparation or service of food for on-premises consumption, Lessee shall install such grease traps as shall be necessary or desirable to prevent the accumulation of grease or other wastes in the plumbing facilities servicing the Premises. Lessee shall contract with a grease trap/plumbing service for periodic maintenance of its plumbing facilities. Lessee shall provide the City with a copy of said service contracts.
19. Not operate in the Premises or in any part of the Airport any coin or token operated vending machines or similar devices for the sale of any merchandise or service, except as may be allowed in the Lease Agreement or with the prior written consent of the Commissioner.
20. Not have slot machines, devices, or other gambling games on the Premises or in any part of the Airport without the prior written consent of the Commissioner.
21. Refer all contractors or contractor's representatives rendering any service on or to the Premises for the Lessee, to the City or the CMR for approval before performance of any contractual service provided that they meet insurance requirements.

Lessee's contractors and installation technicians shall comply with the City's rules and regulations pertaining to construction and installation. This provision shall apply to all work , performed on or about the Premises or the Airport, including installation of telecommunication devices, electrical devices, attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings and equipment, or any other physical portion of the Premises or project.

22. Keep from public view all personal property, cups, papers, cleaning and other supplies.
23. Not permit employees to eat, drink or sleep in public view.
24. Not at any time occupy any part of the Premises or project as sleeping or lodging quarters.
25. Not place, install or operate on the Premises or in any part of the Airport any engine, stove or machinery, or conduct mechanical operations or cook thereon or therein, or place or use in or about the Premises or project any explosives, gasoline, kerosene, oil, acids, caustics, or any flammable, explosive or hazardous material.
26. Insure that staff members are, at all times, appropriately dressed~(as designated in the Lease Agreement) with airport badges in view.
27. Not hold the City responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or the Airport regardless of whether such loss occurs when the area is locked against entry or not.
28. Not have dogs, cats, fowl, or other animals brought into or kept in or about the Premises or Airport.

29. Not use the public restrooms for any purpose other than those for which they were constructed, and any damage resulting to them from misuse or by the defacing or injury of any part of the

25

building shall be borne by the person who shall cause it. No person shall waste water by interfering with the faucets or otherwise.

30. ■ Not lay floor covering within the Premises without written approval of the Commissioner. The use of cement or other similar adhesive materials not easily removed with water is expressly prohibited.
31. Comply with and ensure that Lessee's employees comply with the City's non-smoking policy for the Airport.
32. Post any Emergency Evacuation Plan adopted by the City. Lessee shall post the Plan in a place which is non-visible to Lessee's customers, but visible to Lessee's employees. Train all employees regarding Lessee's Emergency Evacuation Plan and other emergency procedures.
33. Along with its employees, agents and invitees park their vehicles only in those parking areas allowed by the City. If requested, furnish the City with state automobile Lease numbers of Lessee's vehicles and its employees' vehicles and shall notify the City of any changes within five (5) days after such change occurs. Concessionaire or its employees shall not leave any vehicle in a state of disrepair (including without limitation, flat tires, out-of-date inspection stickers or Lease plates) on Airport property or in its parking areas.
34. Comply with all parking rules and regulations including any sticker or other identification system established by the City. Failure to observe the rules and regulations shall terminate Lessee's right to use the parking area and subject the vehicle in violation of the parking rules and regulations to removal or impoundment. No termination of parking privileges or removal or impoundment of a vehicle shall create any liability on the City or be deemed to interfere with Lessee's right to possession of its Premises. Vehicles must be parked entirely within the parking lines and all directional signs, security notices, arrows and posted speed limits must be observed. Parking is prohibited in areas not striped for parking, in aisles, where "No Parking" signs are posted, on ramps, in cross hatched areas, and in other areas as may be designated by the City. Parking stickers or other forms of identification, if any, supplied by the City, shall remain the property of the City and not the property of Lessee and are not transferable. Every person is required to park and lock his vehicle. All responsibility for

damage to vehicles or persons is assumed by the owner of the vehicle or its driver.

35. Follow all ID Badging procedures as may be required by the Commissioner or her designated representative.
36. Instruct employees to report spills, hazardous conditions and any suspicious activities to the appropriate party as directed by the Commissioner or her designated party.
37. Not use luggage carts for product deliveries.
38. Use only delivery carts and equipment as approved by the Commissioner or her designated party.
39. Use only designated elevators for deliveries.
40. Surrender all keys to the Premises to the Commissioner upon termination of this Lease Agreement.
41. Comply with the City's desire to maintain in the Airport the highest standard of dignity and good taste consistent with comfort and convenience for the Lessee. Any action or condition not

26

meeting this high standard should be reported directly to the City. Lessee's cooperation will be mutually beneficial and sincerely appreciated.

beneficial and sincerely appreciated.

The City reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be necessary for the safety, care and cleanliness of the Premises and for the preservation of good order therein.

EXHIBIT 13 LIQUIDATED DAMAGES

Tenant acknowledges the City's objective to provide the public and air traveler with the level and quality of service as described herein. Accordingly, the City has established liquidated damages and not penalties, as set forth in the table below, that it may assess, in its sole discretion, for various violations of the provisions of this Agreement, the Airport Concession Program Handbook, and/or City Rules and Regulations. Tenant and the City agree that the fines set forth herein are reasonable, and Tenant further agrees to pay to the City in accordance with amounts specified herein upon each occurrence of the specified violation and upon written demand by the City.

Notwithstanding any other liquidated damages provisions provided for in this Agreement, the liquidated damages shown on the table below are intended to reflect the inconvenience to the public and adverse effects on the Airport's operation. Payment of liquidated damages shall not relieve the Concessionaire of responsibility for damage, personal injury, or the harm caused by any of these violations. Tenant further acknowledges that the liquidated damages are not exclusive remedies and the City may pursue other remedies as allowed for in this Agreement and at law, at the Commissioner's or CMR's sole discretion. The City's waiver of any liquidated damages provided for below shall not be construed as a waiver of the violation or Tenant's obligation to remedy the violation.

1. For the first violation of a requirement during any 12-month rolling year, the City will provide written notice to Tenant to correct the violation within the time specified in the notice.
2. For the second and third violation of the same requirement during any 12-month rolling year commencing upon the first notice of violation, liquidated damages shall be immediately assessed with no grace period.
3. Further, after the third violation of the same requirement within any 12-month rolling year, the City reserves the right, in its sole discretion, to deem the repeated violations an Event of Default and to seek any other remedies available to it under this Agreement.

1

2

3

(Initial Here)

EXHIBIT A-3

CONCESSION LEASE AND LICENSE AGREEMENT

BETWEEN

THE CITY OF CHICAGO (CHICAGO DEPARTMENT OF AVIATION)

AND

Chicago Hospitality Partners, LLC

AT

CHICAGO O'HARE INTERNATIONAL AIRPORT

LORI E. LIGHTFOOT MAYOR

JAMIE L. RHEE COMMISSIONER

TABLE OF CONTENTS

	Page
<u>SIGNATURE PAGE</u> Signature Page	
<u>ARTICLE 1 CITY APPROVAL</u>	<u>2</u>
<u>ARTICLE 2 INCORPORATION OF BACKGROUND AND EXHIBITS</u>	<u>2</u>
1 Incorporation of Background	2
2 Incorporation of Exhibits	2
<u>ARTICLE 3 DEFINITIONS</u>	<u>2</u>
1 Interpretation-and Conventions	2
2 Definitions	3
<u>ARTICLE 4 LICENSE. LEASE AND TENANTS OPERATIONS</u>	<u>10</u>
1 Concession License and Lease	10
2 No Subleases, Assignments or Other Uses	11
3 Products and Value Pricing	11
4 General Requirements for Operation of Concessions	13
5 Hours of Operation	15
6 Personnel	166
7 Operation and Maintenance	188
8 Utilities	21

9	Refuse Handling	21
10	Promotion	222
11	Distribution and Storage; Deliveries	233
4; 12	Certain Rights Reserved By the City	23

ARTICLE 5 LEASED SPACE AND IMPROVEMENTS **25**

1	Leased Space	25
2	Title to Property in the Leased Space	288
3	Shell and Core	288
4	Tenant's Improvement Obligations	28
5	Work Requirements	299
6	Damage or Destruction of Improvements	33
7	City Resident Construction Worker Employment Requirement	35
8	Licensing of General Contractor	377
9	Prevailing Wages	377
10	Subcontractor Certifications	377
11	MBE/WBE Compliance	37

i

ARTICLE 6 TERM OF AGREEMENT **388**

1	Term	388
2	Holding Over	38
3	Return of the Leased Space and Removal of Improvements	38
4	Termination Due to Change in Airport Operations	39
5	Eminent Domain	39
6	Early Termination	40

ARTICLE 7 RENT AND FEES **40**

1	Rent Payable	40
2	Time of Payments	42
3	Material Underpayment or Late Payment	433
4	Reports	43
	- 7.5 Books, Records and Audits	44
6	Revenue Control	466
7	Lien	46

P

ARTICLE 8 INSURANCE, INDEMNITY AND SECURITY **46**

1	Insurance	46
2	Indemnification	477
3	Security	47

ARTICLE 9 DEFAULT, REMEDIES AND TERMINATION **499**

1	Events of Default	499
---	-------------------	-----

2	Remedies	511
3	Commissioner's Right to Perform Tenant's Obligations	533
4	Effect of Default and Remedies	544

ARTICLE 10 SPECIAL CONDITIONS **555**

1	Warranties and Representations	555
2	Business Documents, Disclosure of Ownership Interests and Maintenance of Existence	
2	:	588
3	Licenses and Permits	58
4	Confidentiality	599
5	Subcontracts and Assignments	599
6	Compliance with Laws	622
7	Airport Security	677
8	Non-Discrimination	699
9	Airport Concession Disadvantaged Business Enterprises (ACDBEs)	744
10	No Exclusive Rights	744
11	Airport Landing Area	744

ii

12	No Obstructions	744
13	Avigation Easement	755
14	National Emergency	755
15	2014 Hiring Prohibitions	755

ARTICLE 11 GENERAL CONDITIONS **766**

1	Entire Agreement	766
2	Counterparts	766
1 1.3	Amendments	766
4	Severability	766
5	Covenants in Subcontracts	777
6	Governing Law	777
7	Notices	777
8	Successors and Assigns; No Third-Party Beneficiaries	798
9	Subordination	79
10	Conflict	799
11	Offset by Tenant	809
12	Waiver; Remedies	809
13	Authority of Commissioner	809
14	Estoppel Certificate	809
15	No Personal Liability	80
16	Limitation of City's Liability	80
17	Joint and Several Liability	80
18	Non-Recordation	80
19	Survival	80

20 Force Majeure

80

SIGNATURE PAGE

SIGNED:

CITY OF CHICAGO

By:

Mayor

Date:

RECOMMENDED BY:

Commissioner of Aviation

APPROVED AS TO FORM AND LEGALITY:

Senior Counsel

By:

(TENANT)

Its:

[Title]

Date:

[Notary]

Signature Page

CONCESSION LEASE AND LICENSE AGREEMENT

This Concession Lease and License Agreement ("Agreement") is entered into as of _____, 20____ ("Effective Date"). The Agreement is by and between Chicago Hospitality Partners, LLC an Illinois limited liability corporation ("Tenant"), and the City of Chicago, a municipal corporation and home rule unit of local government under the Constitution of the State of Illinois ("City"), acting through its Chicago Department of Aviation ("CDA" or "Department").

BACKGROUND

The City owns and, through CDA, operates Chicago O'Hare International Airport ("O'Hare" or the "Airport"). O'Hare includes terminals 1, 2, 3, 5, a multimodal facility and a transportation center (collectively, the "Terminals"). The City has determined that certain portions of the Terminals will be used for food, beverage and retail concessions designed to serve the needs of Airport patrons and employees and desires to operate its concession program at the Terminals to strive to meet the needs and desires of Airport users by providing first-class food, beverage, retail and service facilities.

The City issued a Request for Proposals ("RFP") on April 23, 2021 for food and beverage, specialty retail, and travel essentials concession to be located at the Airport in Terminal 3 and 5, and Tenant responded with a proposal to operate a concession featuring Casual Dining, Bar with Small Plates and Grab and Go in Terminal 5. The City desires to grant Tenant, and Tenant desires to accept, a license to operate such a concession and a lease to operate the concession at the Terminal location(s) identified in this Agreement, all under the terms and conditions of this Agreement.

The City and Tenant acknowledge that the continued operation of the Airport as a safe, convenient and attractive facility is vital to the economic health and welfare of the City of Chicago, and that the City's right to supervise performance under this Agreement by Tenant is a valuable right incapable of quantification.

NOW, THEREFORE, the City and Tenant agree as follows:

ARTICLE 1 CITY APPROVAL

This Agreement is subject to approval by the City Council of the City of Chicago. The City is not bound by the terms of this Agreement until such time as it has been approved by the City Council and has been duly executed by the

Mayor of Chicago or the Mayors proxy. As provided in Section 11.13, where the approval or consent of the City is required under this Agreement, unless expressly provided otherwise in this Agreement, it means approval or consent of the Commissioner, the Commissioner's authorized representative or such other person as may be duly authorized by the City Council. As provided in Section 11.3, unless expressly provided otherwise in this Agreement, any amendment of this Agreement will require execution by the Mayor or the Mayor's proxy. As further provided in Section 11.3, any substantial amendment of the terms of this Agreement will require approval by the City Council.

ARTICLE 2 INCORPORATION OF BACKGROUND AND EXHIBITS

1 Incorporation of Background. The background set forth above is incorporated by reference as if fully set forth here.

2 Incorporation of Exhibits. The following exhibits are incorporated into and made a part of this Agreement:

- Exhibit 1 Leased Space(s) and Confirmation(s) of DBO
- Exhibit 2 Rent
- Exhibit 3 Development Plan
- Exhibit 4 City's Shell and Core Obligations, if any
- Exhibit 5 Products and Price List
- Exhibit 6 Form of Letter of Credit
- Exhibit 7 Insurance Requirements
- Exhibit 8 ACDBE Special Conditions and Related Forms
- Exhibit 9 MBEWVBE Special Conditions and Related Forms
- Exhibit 10 Design and Construction Standard Operating Procedures-Concessions
- Exhibit 11 Economic Disclosure Statements and Affidavits
- Exhibit 12 Airport Concessions Program Handbook
- Exhibit 13 Liquidated Damages

ARTICLE 3 DEFINITIONS 3.1 Interpretation and

Conventions.

A. The term "include" in all of its forms, means "include, without limitation," unless the context clearly states otherwise.

2

B. The term "person" includes firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

C. Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies of this Agreement are solely for convenience of reference and do not constitute a part of this Agreement, nor do they affect its meaning, construction or effect.

D. Words in the singular include the plural and vice versa. Words of the masculine, feminine or neuter gender include correlative words of the other genders. Wherever an article, section, subsection, paragraph

include conjunctive words of the other genders. Whenever an article, section, subsection, paragraph, sentence, exhibit, appendix, or attachment is referred to, the reference is to this Agreement, unless the context clearly indicates otherwise.

- E. Where the approval or consent of Tenant is required under this Agreement, it means the approval or consent of the Tenant's authorized representative. To be binding on the City, all approvals or consents must be in writing and signed by the appropriate City representative.
- F. Whenever time for completion or performance is listed as "days", if the number of days is 30 or more, it means calendar days, and if the number of days is less than 30, it means business days per the City of Chicago calendar.

3.2 Definitions

In addition to terms defined elsewhere in this Agreement, the following words and phrases, when capitalized, have the following meanings:

"Additional Rent" has the meaning set forth in Section 7.1.

"Additional Space" means Retail Space or Storage Space that is added to Leased Space after the Effective Date pursuant to Section 5.1 but does not include Relocation Space. Additional Space, if any that is offered to Tenant is solely at the discretion of the Commissioner. Tenant has absolutely no right or entitlement to be offered any Additional Space, and the concept of Additional Space is solely for the benefit of the Airport's concession program.

"Affiliate", except where otherwise defined, means any individual, corporation, partnership, trustee, administrator, executor or other legal entity that directly or indirectly owns or controls, or is directly or indirectly owned or controlled by, or is under common ownership or control with Tenant.

"Airport Concession Disadvantaged Business Enterprise" or "ACDBE" means an entity meeting the definition of airport concession disadvantaged business enterprise, as

3

defined in U.S. Department of Transportation Regulations Title 49, Code of Federal Regulations, Part 23, as amended from time to time, and certified as such in the State of Illinois in accordance with those regulations.

"Airport Concession Program Handbook" means the handbook developed by the CDA to govern the uniform operation of the concessions' programs at the Airports. The Airport Concession Program Handbook is available on the CDA website and may be amended from time to time by the Department. Any amendment of the Airport Concession Program Handbook by the Department during the Term of this Agreement will be binding on Tenant without need for amendment of this Agreement, provided that the amendment of Airport Concession Program Handbook does not conflict with the other terms and conditions of this Agreement.

"Airport Transit System" means the automated transit rail system that serves terminals and parking structures.

"Base Rent" means the fee payable by Tenant for the Lease, equal to the amount as set forth on Exhibit 2.

"Chief Procurement Officer" means the head of the Department of Procurement Services of the City and any City officer or employee authorized to act on the Chief Procurement Officer's behalf

City of employees authorized to act on the Chief Executive Officer's behalf.

"Commissioner" means the head of the Department and any City officer or employee authorized to act on the Commissioner's behalf. City contractors and consultants, including the Concession Management Representative, have no authority to grant approvals or consents required to be granted by the Commissioner under this Agreement, except where the Concession Management Representative is expressly authorized to do so. ;

"Common Areas" means those areas of the Terminals that are not leased, licensed, or otherwise designated or made available by the Department for exclusive or preferential use by specific party or parties.

"Comptroller" means the head of the Department of Finance of the City and any City officer or employee authorized to act on the Comptroller's behalf.

"Concession" means Tenant's business of offering the Products identified in Exhibit 5 for sale at retail to the public at the Airport pursuant to this Agreement.

"Concession Management Representative" or "CMR" means the entity retained by the City to assist in overseeing Concessions, including the construction of Improvements, at the Airport.

"Construction Documents" means the drawings and specifications for the construction of Improvements, approved by the Commissioner pursuant to Section 5.5.

4

"Date of Beneficial Occupancy" or "DBO" means, as to each Retail Space, the latest to occur of (A), (B) or (C) as follows:

- A. the date that is 180 days after the Delivery Date of the Retail Space in question;
- B. the date that is 180 days after the building permit for the Improvements for the Retail Space in question is issued; provided that the Tenant has demonstrated to the satisfaction of the Commissioner that Tenant timely submitted design drawings in accordance with Section 5.5 hereof and promptly applied for, and diligently pursued the issuance of, such building permit; or
- C. the date set forth in the Development Plan for the commencement of retail sales in the Retail Space in question; provided, however, that the date set forth in the Development Plan for commencement of retail sales shall be extended one day for each day Tenant has demonstrated to the satisfaction of the Commissioner that Tenant was delayed due to force majeure pursuant to Section 11.20 or delays otherwise beyond Tenant's control. Under no circumstance can this date exceed 60 days beyond the date established in A. above.

Notwithstanding the foregoing, if Tenant completes the Improvements in any Retail Space and commences retail sales in such Retail Space before the DBO determined in accordance with the foregoing, the DBO for that Retail Space is the date that retail sales commence.

The DBO for each Retail Space shall be confirmed in writing by the parties, and such written "Confirmation(s) of DBO" shall thereafter be attached to Exhibit 1 of this Agreement without need for a formal amendment of this Agreement.

The Date of Beneficial Occupancy for any Storage Space is the Delivery Date for that Storage Space.

The Date of Beneficial Occupancy for any Storage Space is the Delivery Date for that Storage Space.

"Default Rate" means 12% per annum.

"Delivery Date" means the date upon which the City gives Tenant possession of the Retail Space or Storage Space in question, which such date the City shall set forth in writing.

"Department" means the Chicago Department of Aviation, also known as CDA.

"Design and Construction Standard Operating Procedures- Concessions Projects" or "C-SOP" means those certain design standards and policies prepared by the Department for the Concession areas at the Airport, as amended by the Department from time to time.

"Development Plan" means, as further described in Section 5.5, the Tenant's conceptual plans, budget and other design specifications for construction of its Improvements and its schedule for commencement of retail sales in each Retail Space. The Development Plan is attached hereto as Exhibit 3. The Development Plan may be updated from time to time

5

without the need to amend the Agreement.

"Distribution Fee" means the amount, if any, payable pursuant to Section 4.11 for the Tenant's use of a centralized distribution and storage facility.

"Environmental Laws" means collectively, all applicable federal, state and local environmental, safety or health laws and ordinances and rules or applicable common law, including the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. §651 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. §5101 et seq.), the Resource Conservation and Recovery Act (42 U.S.C.

§6901 et seq.), the Toxic Substances Control Act of 1976, as amended (15 U.S.C. §2601 et seq.), the Clean Air Act (42 U.S.C. §7401 et seq.), the Clean Water Act (33 U.S.C. §1251 et seq.), the Safe Drinking Water Act (42 U.S.C. §300(f) et seq.) as any of the foregoing may later be amended from time to time; any rule or regulation pursuant to them, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order or directive addressing environmental, health or safety issues of or by the federal government, or any state or other political subdivision of it, or any agency, court or body of the federal government, or any state or other political subdivision of it, exercising executive, legislative, judicial, regulatory or administrative functions.

"Event of Default" has the meaning set forth in Article 9.

"Food Court Common Area" means the space immediately adjacent to specific Retail Spaces where shared seating is provided to the public.

"Gross Revenues" or "gross receipts" means the total amount in dollars at the actual sales price of all receipts, whether for cash or on credit, that are derived from business conducted in, on or from the Leased Space, all mail or telephone orders received or filled at or from the Leased Space, all deposits not refunded to purchasers, all orders taken in and from the Leased Space, including catalog and on-line sales whether or not the orders are filled elsewhere, and receipts or sales by Tenant and any other person or persons doing business in or from the Leased Space, including receipts from promotions, advertising, and income derived from retail display advertising or any other use of the Leased

receipts from promotions, advertising, and income derived from retail display advertising or any other use of the Leased Space by Tenant. Gross Revenues do not, however, include the following:

- A. any sums collected and paid out by Tenant for any sales, retail excise, use, privilege, or retailers occupation taxes now or later imposed by any duly constituted governmental authority;
- B. the amount of any cash or credit refund made upon any sale, but only if the original sale was made in or from the Leased Space and included in Gross Revenue;

6

- C. bona fide transfers of Products to or from the Leased Space to any other stores or warehouses of Tenant;
- D. sales of Tenant's fixtures and store equipment not in the ordinary course of Tenant's business;
- E. returns to shippers, suppliers or manufacturers;
- F. bulk sales of Products inventory not sold to the public and not in the ordinary course of business;
- G. receipts from the sale of grease or other scrap material resulting from Tenant's operations at the Leased Space;
- H. payments made to Tenant by subtenants for services provided by Tenant for the operation of the Leased Space; for the avoidance of doubt, this provision shall not relieve Tenant from its full obligation to pay to City the agreed Percentage Fee on all Gross Revenues of subtenants or rents paid by subtenants to Tenant;
- I. the amount of any tips paid or given by customers to employees of Tenant; and
- J. insurance proceeds received from the settlement of claims for loss of or damages to Improvements, Products, fixtures, trade fixtures and other Tenant personal property other than the proceeds of business interruption insurance.

A "sale" is deemed to have been consummated for purposes of this Agreement, and the entire amount of the sales price must be included in Gross Revenues, at the time that: (i) the transaction is initially reflected in the books or records of Tenant; or (ii) Tenant receives all or any portion of the sales price; or (iii) the applicable goods or services are delivered to the customer, whichever occurs first.

"Imposition" means real estate taxes, permit fees, license fees, and any other fee or charge not specified in this Agreement but otherwise payable by Tenant pursuant to a statute, ordinance, or regulation in order for Tenant to operate the Concession at the Airport.

"Improvements" means the improvements to be made to the Leased Space by Tenant that add or maintain value to the Leased Space, including fixtures and trade fixtures (but excluding trademarked or proprietary trade fixtures) and any other enhancements of a permanent or temporary nature made to the Leased Space, other than the Shell and Core, so that the Leased Space can be used for Concession operations. The Improvements must be described, along with a budget of Improvement Costs and depicted conceptually in the Development Plan and must conform to Tenant's response to the RFP.

"Improvement Costs" means the total amount paid by Tenant for categories of labor, services, materials and

supplies used in the design, development, installation and construction

7

of the Improvements. The minimum Improvement Costs must not be less than 95% of the budgeted Improvement Costs included in the approved Development Plan. Tenant's actual, reasonable Improvement Costs will be memorialized in the written Confirmation of DBO that will be attached to Exhibit 1 upon approval by the Commissioner. Whenever this Agreement refers to amortization of Improvement Costs for a Leased Space, such amortization will be calculated on a monthly straight-line basis over the term of the Agreement from the DBO of the Leased Space in question, and the amount being amortized will be the actual Improvement Costs for that Leased Space as memorialized in the Confirmation of DBO for that Leased Space.

"In-Line Site" means a Retail Space, other than a Kiosk, that may be permanent or temporary, typically operated as a walk-up, quick serve facility often with other Retail Spaces directly adjacent or in-line to the left or right or both.

"Kiosk" means a Retail Space that is a non-mobile, free-standing, permanent or temporary facility that is not affixed to the Terminals, whether completely free-standing or located against a wall.

"Lease" means the lease granted by the City to the Tenant in Section 4.1 to use and occupy the Leased Space in order to conduct and operate the Concession pursuant to the License.

"Leased Space" means the total Retail Space and Storage Space leased to Tenant under this Agreement, identified in Exhibit 1, which may be amended from time to time as space may be added to, deleted from, or relocated during the Term in accordance with the provisions of this Agreement. Leased Space shall be used for operation of the Concession and for no other purpose unless otherwise approved in writing by the Commissioner.

"Lease Year" means

- A. for the initial Lease Year of this Agreement, a period beginning on the first Date of Beneficial Occupancy of any Retail Space and ending on December 31 of that calendar year, and
- B. for the balance of the Term, each successive calendar year, but including only that portion of the calendar year prior to the date on which the Term expires, or the Agreement is otherwise terminated.

"License" means the privilege granted to Tenant under this Agreement to operate the Concession at the Airport. '

"License Fee" means the fee payable by Tenant for the License, equal to the greater of the "Percentage Fee" or "Minimum Annual Guarantee" as set forth in Section 7.1 and Exhibit 2.

8

"Marketing Fee" means the Tenant's contribution for promotions at the Airport, as set forth in Section 4.10.B.

"Minimum Annual Guarantee" or "MAG" means the minimum amount payable each Lease Year for the License Fee. If this Agreement covers more than one Retail Space, Exhibit 2 must prorate the MAG for the Agreement among the

various Retail Spaces in proportion to their anticipated Gross Revenue volumes. The MAG for each Retail Space will commence upon the DBO for that Retail Space.

"Percentage Fee" means the product of the Percentage Fee Rate and Gross Revenues.

"Percentage Fee Rate(s)" has the meaning set forth in Exhibit 2.

"Products" means the convenience merchandise, food and beverage menu items, Chicago oriented gift items, vending items and related merchandise that Tenant is permitted to sell in its Retail Space and maintain in inventory in its Storage Space under the terms of this Agreement, as set forth by category or item in Exhibit 5. As set forth in Article 4, Tenant was selected by the City specifically to sell the Products identified in Exhibit 5 and is not permitted to sell any items or types of items not identified in Exhibit 5 or conduct any other business from the Leased Space unless otherwise agreed in writing by the Commissioner.

"Relocation Space" means space to which Tenant must relocate a Retail Space or Storage Space at the request of the Commissioner pursuant to Section 5.1.

"Rent" means all amounts payable by Tenant in connection with this Agreement, including but not limited to Base Rent, License Fees, Additional Rent and any liquidated damages specified in the Agreement- for non-compliance with the City's requirements for Concession operations.

"Retail Space" means a Leased Space used by Tenant for the sale at retail of Products, including any Additional Space or Relocation Space used for that purpose.

"Shell and Core" means those improvements to the Leased Space to be completed by the City as specified in Exhibit 4 and, with respect to Additional Space or Relocation Space, as may be agreed in writing by the Commissioner.

"Storage Space" means a Leased Space used by Tenant for storage of Products inventory to support a Retail Space. No Products may be sold to the public from Storage Space.

"Subcontractor" means all entities providing services and materials to Tenant necessary for its Concession operations or for the construction, repair, and maintenance of the Leased Space and Improvements. The term "Subcontractor" also includes subconsultants of any tier, subcontractors of any tier, suppliers and materialmen, whether or not in privity with Tenant.

9

"Subcontracts" means all oral or written agreements with Subcontractors.

"Sustainable Airport Manual" or "SAM" means the manual developed by the CDA regarding environmentally sustainable practices in the construction and operation of the Airports. The manual is available on the CDA website and may be updated from time to time by the CDA. Any amendment of the SAM by the Department during the Term of this Agreement will be binding on Tenant without need for amendment of this Agreement, provided that the amendment of SAM does not conflict with the other terms and conditions of this Agreement.

"Term" means the period of time beginning on the Effective Date and ending at 11:59 p.m. on the tenth anniversary of the DBO of the Retail Space to open for business, excluding any Retail Space that is Additional Space or Relocation Space.

"Third Party Use Agreement" has the meaning set forth in Section 4.4(1).

"Use Agreements" means those certain airport use and facility lease agreements between the City and the airlines operating out of the Airport regarding the use and operation of the Airport, as amended or executed from time to time.

"Value Pricing" has the meaning set forth in Section 4.3.

"Work" means everything necessary for the design, engineering, construction and installation of the Improvements; when referring to restoration of Improvements after Major Damage, it means everything necessary for the replacement, repair, rebuilding, or restoration of the Improvements.

ARTICLE 4 LICENSE, LEASE AND TENANT'S OPERATIONS

4.1 Concession License and Lease. As of the Effective Date, the City grants Tenant a License to operate a Concession at the Airport and, upon delivery of the Leased Space or portion thereof, a Lease to operate the Concession from the Leased Space so delivered. Tenant accepts the License and Lease from the City and assumes the duties of Tenant provided in this Agreement and in the Airport Concession Program Handbook. TENANT ACKNOWLEDGES AND AGREES THAT ALL AMOUNTS PAYABLE TO THE CITY UNDER THIS AGREEMENT CONSTITUTE RENT AND THAT THIS AGREEMENT CREATES A TAXABLE LEASEHOLD UNDER THE ILLINOIS PROPERTY TAX CODE, 35 ILCS 200/1 et seq. Tenant understands and agrees that both its License to operate a Concession and its right to occupy the Leased Space will terminate upon the expiration or earlier termination of this Agreement. If Tenant complies with the terms of this Agreement, Tenant will have the right of ingress to and egress from the Leased Space, for Tenant, its officers, employees, agents, Subcontractors, vendors, suppliers, and invitees, subject, however, to all statutes, ordinances, rules and regulations from time to time enacted or established by the City, the FAA, the TSA or any other governmental agency or authority having jurisdiction. Tenant must not conduct its Concession operations in a manner that, in the judgment of the

10

Commissioner:

- A. interferes or might interfere with the reasonable use by others of Common Areas or the leased or licensed space of other tenants or licensees at the Airport;
- B. hinders or might hinder TSA, Airport security, police, fire-fighting or other emergency personnel in the discharge of their duties;
- C. would, or would be likely to, constitute a hazardous condition at the Airport;
- D. would, or would be likely to, increase the premiums for insurance policies maintained by the City, unless the operations are not otherwise prohibited under this Agreement and Tenant pays the increase in insurance premiums occasioned by the operations; or
- E. would involve any illegal purposes.

2 No Subleases. Assignments or Other Uses. Tenant understands and agrees that the Lease and the License granted under this Agreement are interdependent and that the locations of the Retail Spaces were determined by the City so that the Concession operated by Tenant is an element of an overall concession program and, as such, complements and

does not conflict with other concessions in the vicinity of the Retail Space(s). Accordingly, Tenant acknowledges that the principal purpose of this Agreement is to provide Tenant a License to operate its Concession, without right of sublease or assignment, from the Leased Space and that any attempted sublease, assignment or other use of the Leased Space without the written consent of the City in accordance with the terms of this Agreement is absolutely prohibited and is an Event of Default.

3 Products and Value Pricing.

A. Exhibit 5 to this Agreement constitutes the listing, by general category or specific item, of all Products that Tenant is allowed to sell from each Retail Space and the prices to be charged to the public. Those items of Products that Exhibit 5 indicates are mandatory, if any, must be offered for sale to the public by the Tenant as a part of the Airport's overall concession program. If Exhibit 5 is stated in general terms, upon request, Tenant must within 5 days provide the Commissioner with a complete list of all Products and prices. The City's execution of this Agreement constitutes its approval of the sale of the products, services, and pricing as reflected on Exhibit 5 on the Effective Date. Any changes to Exhibit 5 are subject to the Commissioner's prior written approval. Upon such approval, Exhibit 5 may be amended without need for formal amendment of this Agreement pursuant to Section 11.3.

B. Tenant must stock a sufficient amount of each item comprising its Products within the Retail Space so as to maximize Gross Revenues, subject to and consistent with Tenant's and the City's desire to accommodate the convenience and needs of the Airport's

patrons. The Products must be new, fresh and of top quality. Tenant must store Products inventory in excess of the amount needed to stock displays out of sight of customers before restocking a display.

C. Value Pricing. The City has established a Value Pricing policy for all Tenants at the Airport. The policy generally requires Tenants to charge a price for a product or service at the Airport as the same price charged for the same product or service at similar stores in the City (each hereinafter referred to as a "Benchmark Store"). Benchmark Stores will be proposed by the Tenant subject to approval by the City. The following locations and areas shall be excluded when establishing Benchmark Stores: hotel restaurants or kiosks, bus and train transportation centers, entertainment centers, arenas, theaters, convention centers or similar venues. Benchmark Store exclusions may change throughout the Term as determined necessary by the City. If the Tenant or its subtenants currently operate the exact other locations in the City of Chicago, then these locations may be designated Benchmark Stores. Otherwise, Benchmark Stores will be selected based on stores that are comparable to the proposed concept. Notwithstanding the aforementioned exclusions, in the case of a news and gift store where Tenant or its subtenant currently operate a same-brand location in the City of Chicago, in a transportation center, and that location has its own customer walk-up street access, the City may consider allowing Tenant to propose that location as a Benchmark Store. In such a case, the Value Pricing policy prohibits mark-up of pricing higher than that of the applicable Benchmark Store because that store already is in a transportation center.

Other Pricing Policy. The Commissioner may adopt other reasonable pricing policies, with which Tenant and subtenants shall comply, to restrict overcharging and price gouging by subtenants due to their dominant market position and any exclusive rights granted, but in no event shall the Commissioner require prices lower than the established Value Pricing.

Tenant must submit to the CMR, within 30 days after the end of each Lease Year, or as requested from time to time by the Commissioner or CMR, a pricing report demonstrating compliance by Tenant with the Value Pricing requirements. Any

the Commissioner or CMR, a pricing report demonstrating compliance by Tenant with the Value Price requirements. Any prices that the Commissioner or CMR determines to be inconsistent with the Value Price requirements must be adjusted accordingly. At any time, and from time to time, the Commissioner or CMR may review the prices of the Products then being offered for sale by Tenant and require adjustments in prices of the Products or particular items in order to comply with the Value Price requirement. Following the CMR's written notice to Tenant, Tenant shall promptly adjust the price of the Products or particular items, as applicable. Failure to comply within five days will constitute an Event of Default.

Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after the five-day cure period, the Commissioner will assess Tenant, as liquidated damages and not as a penalty, in amounts as outlined in Exhibit 13.

D. At any time, the Commissioner or the CMR may review the quality of the Products then being offered for sale by Tenant and require reasonable improvements in quality of the Products or particular items or may require elimination of particular items that the Commissioner determines to raise safety or security issues. Following the Commissioner's written notice to Tenant, Tenant shall within 5 days rectify or modify the quality of the Products or particular items or eliminate the particular items, as applicable. Failure to comply within five days will constitute an Event of Default. Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after the five-day cure period, the Commissioner will assess Tenant, as liquidated damages and not as a penalty, an amount as outlined in Exhibit 13.

4.4 General Requirements for Operation of Concessions. Tenant has the authority to manage and administer the Concession in the Leased Space, subject to the rights of the City under the law, in equity, and under this Agreement to direct Tenant in order to ensure that the Airport operates in the most effective and efficient way possible and to supervise the Tenant's performance. Tenant covenants to take all commercially reasonable measures to maintain, develop, facilitate and increase the business of the Concession so as to maximize Gross Revenues. Failure to operate the concession as included in the Development Plan, attached as Exhibit 3, constitutes an Event of Default. Tenant further covenants that neither it nor any Affiliate of Tenant will divert or cause or allow to be diverted any business from the Leased Space to other locations not at the Airport that are operated by Tenant or any Affiliate of Tenant. A material condition of this Agreement is that Tenant must operate the Concession operations in accordance with the Airport Concession Program Handbook, the Sustainable Airport Manual, and the following general requirements:

A. Unless otherwise approved by the Commissioner in writing, Tenant must conduct business in its Retail Space only in the Tenant's trade names The Hampton Social, Bar Siena and FarmAir Market, that which is identified in its response to the RFP or other trade name approved by the Commissioner.

B. Due to the nature of the concession, Tenant is not authorized to install and operate any coin, card, token or otherwise activated vending machines as part of the Tenant's Development Plan unless otherwise approved by the Commissioner.

C. Tenant must conduct its Concession operations in a first-class, businesslike, efficient, courteous, and accommodating manner consistent with the "Physical Inspection Standards" that appear in Appendix I of the Airport Concession Program Handbook. The Commissioner or the CMR has the right to make reasonable objections to the appearance and condition of the Leased Space if they do not comply with the Physical Inspection Standards. Tenant

must discontinue or remedy any non-compliant practice, appearance or condition within five days following receipt of a written notice by the Commissioner or CMR (or immediately upon receipt of such a notice if the Commissioner or CMR deems non-compliance hazardous or illegal). Tenant's failure to timely cure the non-compliance as required by the Commissioner

13

or CMR would cause the City damages including, among other things, loss of goodwill, which would be difficult or impossible to prove or quantify. Accordingly, if Tenant fails to timely cure non-compliance, then, in addition to all other remedies the City may have at law, in equity or under this Agreement, and beginning on the first day after expiry of the five-day cure period, Tenant must pay the City, as liquidated damages in connection with the loss of good will among visitors to the Terminals, and not as a penalty, as outlined in Exhibit 13 per Retail Space for each non-compliant practice, appearance or condition specified in the notice that remains uncured after the cure period.

D. Tenant must neither commit nor allow any nuisance, noise or waste in the Leased Space or annoy, disturb or be offensive to others in the Terminals. Tenant must employ all reasonable means to prevent or eliminate unusual, nauseating or objectionable smoke, gases, vapors or odors from emanating from the Leased Space. Tenant must employ all reasonable means to eliminate vibrations and to maintain the lowest possible sound level in the operation of the Concession.

E. Tenant must offer payment systems that are widely accepted in the industry for the sale of all Products. Tenant must offer a receipt, which may be virtual, with each purchase. Failure to comply with this Section will constitute an Event of Default. Tenant's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, if Tenant is found to prohibit the acceptance of the above payment option, the City may assess, as liquidated damages and not as a penalty for non-compliance as further defined in Exhibit 13.

F. Tenant's Concession must be and remain compliant with Payment Card Industry Security Standards ("PCI Standards") at all times as the PCI Standards are in effect at such time. Any breach of compliance with PCI Standards in effect and related to the Concession, at such time, must be reported to the City within 24 hours of the Tenant's knowledge of such event.

Tenant's failure to be in compliance with the PCI Standards with respect to its Concession on numerous occurrences (more than one) shall be an Event of Default under this Agreement.

G. Tenant must not place or install any racks, stands, or trade fixtures directly on or over the boundaries of its Leased Space. Tenant must not use any space outside the Leased Space for sale, storage or any other undertaking, other than in connection with deliveries made in a prompt, timely and efficient manner.

H. In its capacity as Tenant under this Agreement, and not as an agent of the City, Tenant must manage the Concession operations and the Leased Space in accordance with this Agreement, in furtherance of which Tenant must, among other things:

- (i) use reasonable efforts to remedy problems and issues raised by Airport patrons

with respect to the operation of the Leased Space;

ii) answer in writing all written customer complaints within 72 hours after receipt, furnishing a copy of the complaint and the answer to the Commissioner within that period; and,

iii) furnish the Commissioner within 72 hours after their receipt copies of all written notices received by Tenant from any governmental authority or any Subcontractor with respect to any part of the Leased Space or any Subcontract.

If Tenant fails to timely respond to customer correspondence or governmental notices and furnish the requisite copies to the Commissioner, Tenant acknowledges that the City may suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess liquidated damages against Tenant, and not as a penalty: as outlined in Exhibit 13. Tenant's failure to perform either (A) or (B) for a period of 30 days or more will be grounds for the City declaring an Event of Default pursuant to Article IX, in which event Tenant will have no longer than 10 days to cure the Event of Default.

I. Tenant, or Tenant's subtenant approved pursuant to Section 4.2, shall at all times operate the Concession. To the extent Tenant utilizes a third party to operate the Concession, Tenant shall, at all times during the Term: (i) be licensed or permitted by such third party to operate the concession, (ii) provide the City with copies of any agreements or other evidence the City may reasonably request demonstrating such arrangement ("Third Party Use Agreements"), (iii) comply in all material respects with the terms and conditions of Third Party Use Agreements, unless Tenant's compliance with such terms and conditions would cause Tenant to breach its obligations hereunder, (iv) not be in default under any Third Party Use Agreement, (v) notify the City in writing immediately upon notification by any party to a Third Party Use Agreement of Tenant's breach under such or termination of any Third Party Use Agreements. Failure to comply with this Section 4.4(1) shall be an Event of Default under this Agreement.

4.5 Hours of Operation.

A. Tenant must begin conducting its Concession operations in each Retail Space on the Date of Beneficial Occupancy applicable to that Retail Space and continue them uninterrupted after that date during all required hours of operation. The Retail Space shall be open, at a minimum, from 5:30 a.m. until 10:30 p.m. daily, to serve the public seven (7) days per week and three hundred sixty-five (365) days per year. Concession may close periodically for restocking, cleaning and routine maintenance. Closure times must be during daily periods of lowest passenger traffic volumes at the Airport. In no event shall the hours of operation be curtailed to an extent that the service contemplated under this Lease shall be diminished. Except as otherwise stated herein, the hours of service shall be determined in light of changing public demands and Airport's flight schedules. The Retail Space must be open, as stated above, unless otherwise approved by the Commissioner or CMR in writing. The Tenant is required to allow access to the Retail Space, 24 hours per day, 365 days per year.

B. Except as otherwise permitted under this Agreement, if Tenant fails to operate its Concession from any portion of the Retail Space during all times that Tenant is required to do so under this Agreement and the failure continues for more than three days after the City gives Tenant notice, it is an Event of Default. In addition, Tenant acknowledges that failure to provide Concession services to the public would cause the City substantial damages, a portion of which may be ascertainable but another portion of which, related to loss of goodwill due to the public's inability to obtain the Products, the provision of which is one of the key purposes of this Agreement, might be difficult or impossible to prove or quantify. Accordingly, in addition to other remedies available to the City for an Event of Default, Tenant must pay the City as

liquidated damages (and not as a penalty) in connection with such loss of goodwill the amounts as outlined in Exhibit 13 per Retail Space, beginning as of the time that the City first notifies Tenant that it is not operating the Concession in accordance with the time requirements of this Agreement. The obligation to make payments of liquidated damages will continue until the earliest of: (i) the time that the affected portion of the Retail Space re-opens for business; (ii) the date that this Agreement expires or is terminated with respect to the affected portion of the Retail Space; and (iii) the date that the Commissioner receives possession of the affected portion of the Retail Space.

4.6 Personnel.

A. Staff.

i) Tenant must maintain a full time, fully trained staff during the Term of this Agreement having sufficient size, expertise and experience to operate the Concession. Tenant must maintain an adequate sales force so as to maximize Gross Revenues and use the utmost skill and diligence in the conduct of its Concession operations. A staff member for each concession location must be physically available during all hours of operation.

ii) All employees of Tenant must at all times be clean, courteous, neat in appearance and helpful to the public, whether or not on duty. While on duty, Tenant's employees must wear Airport identification badges (and any other form (s) of identification that may be required by the Commissioner or CMR from time to time) and are required to wear uniforms in good taste, the color and style of which Tenant selects. Tenant may make the arrangements with its own employees as it considers appropriate regarding the purchase and maintenance of standard uniforms. The City is entitled at any time to direct Tenant to require any of its employees not properly attired to immediately conform to the requirements of this Section or leave the Leased Space. Tenant must not permit its employees to use any portion of the Terminal Common Spaces, including the public washrooms located there, for the changing of clothes or the storage of their personal effects, nor may Tenant permit its employees to loiter in the Common Areas of the Terminals, including but not limited to the Food Court Common Area.

iii) Tenant and its personnel must at all times participate and cooperate fully in all quality assurance programs that may be instituted by the Commissioner or CMR from time to time. Tenant must cause its personnel to attend all customer service training meetings and

16

participate in such other programs as may be required by the Commissioner or CMR. An appropriate officer or management representative of Tenant must meet with the Commissioner or CMR as requested by the Commissioner or CMR to discuss matters relating to this Agreement, including merchandising and marketing plans. In addition, at the request of the Commissioner or CMR, an appropriate officer or management representative of Tenant must attend other meetings with the City, airlines, other users of the Terminals or any other parties designated by the Commissioner or CMR.

iv) The Commissioner reserves the right to object to any of the personnel responsible for the day-to-day operation of the Concession. Upon receipt of such objection, Tenant must use its best efforts to resolve the cause for Commissioner's objection or replace the objectionable personnel with personnel satisfactory to the Commissioner.

v) In the event that Tenant was not the existing tenant in the Leased Space prior to the Effective Date, Tenant and its subtenants, if any, will work cooperatively in attempting to retain existing concession employees working in the Leased Space. This will be accomplished by giving the existing concession employees working in the Lease Space prior to the Effective Date preferential interviews for jobs in the Leased Space during the term of this Agreement.

vi) Tenant acknowledges that failure to comply with the provisions of this Section 4.6(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

B. General Manager. Tenant must designate a General Manager experienced in management and supervision who has sufficient authority and responsibility to administer and manage the Concession. The General Manager (or authorized representative) must be immediately available to the Department whenever any of the Retail Spaces are open. The base of operations of the General Manager must be at the Airport, and the General Manager must spend substantially all of his or her working hours at the Airport, unless the Commissioner approves in writing another arrangement. The General Manager is subject to removal at the direction of the Commissioner if the Commissioner reasonably determines, in the Commissioner's sole discretion that the General Manager is not performing up to standards consistent with the fulfillment of Tenant's obligations after providing Tenant notice.

C. Salaries. Salaries of all employees of Tenant and its Subcontractors performing services or Work under this Agreement must be paid unconditionally and not less often than once a month without deduction or rebate on any account, except only for those payroll deductions that are mandated by law or permitted by the applicable regulations issued by the United States Secretary of Labor under the "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; 18 U.S.C. § 874, and 40 U.S.C. § 276c). Tenant must comply with all applicable "Anti-Kickback" regulations and must insert appropriate provisions in all Subcontracts covering Work under this Agreement to ensure compliance of all Subcontractors

with those regulations and with the other requirements of this subsection and is responsible for the submission of affidavits required under them, except as the United States Secretary of Labor may specifically provide for variations of, or exemptions from, the requirements of them.

4.7 Operation and Maintenance.

A. The City, at its sole cost and expense, will keep in good repair the Common Areas, including the roof structures, foundations and central mechanical, plumbing and electrical systems in the Airport providing heating, ventilation, cooling, water, sewage and electrical service to the terminals, concourses, and other structures at the Airport related to the Concession. The City will provide, without separate charge to Tenant, heating, ventilating and cooling of the Common Areas. The Commissioner reserves the right to interrupt temporarily the heating, air cooling, ventilation, plumbing or electrical services furnished to the Common Areas, the Terminals or the Airport as a whole to make emergency repairs or for other reasonable purposes, and the Commissioner will restore the services as soon as reasonably possible. The City has no responsibility or liability for failure to supply heat, air cooling, ventilation, plumbing, electrical or any other service to the Leased Space, the Common Areas, the Terminal or the Airport, when prevented from doing so by laws, orders or regulations of any federal, state or local governmental requirement (including any requirement of any agency or department of the City) or as a result of the making of repairs or replacements, fire or other casualty, strikes, failure of the utility provider to provide service or due to any other matter not within the City's reasonable control. Tenant must provide all cleaning and janitorial services to the Leased Space. Tenant must clean, maintain and repair (including replacements, where necessary) the Leased Space and Improvements in first-class condition and repair during the entire Term.

i) Tenant is responsible for pest control within the Leased Space by contracting with a professional pest control service to provide service on a regular basis or as needed, or at the Commissioner's election, the City or CMR

may provide or contract for the pest control and charge Tenant a reasonable charge for the service. If the Commissioner so requires, Tenant must coordinate all pest control service with the City's or CMR's pest control contractor. Tenant must furnish the Commissioner and CMR a copy of its pest control contract and service records upon request.

ii) Tenant must, at its own expense, keep the exhaust system, including all risers, piping and fans used in connection with the exhaust systems, whether located in or outside of the Leased Space, and all other pipes or ducts used by Tenant, including black iron duct, in good repair and so as to meet the highest standards of cleanliness, health, and safety, in a manner consistent with the operation of a first-class Concession and in accordance with all applicable laws, codes and regulations of any governmental authority having jurisdiction. Tenant must not permit any grease to be discharged into the City's plumbing lines. If fixtures or equipment are installed in or attached to roof vents or other openings in the structure or to ducts that connect with the openings, Tenant must keep the ducts, vents and openings free from the accumulation of grease, dirt and other exhaust matter and must furnish and service any filters or other equipment necessary to prevent such accumulation. Tenant must keep the exhaust fan in good

condition and repair so as to provide at least the air flow velocities required by applicable codes and regulations. Without limiting the foregoing, Tenant must clean black iron duct twice yearly, or more often as may be required by any local governmental codes, regulations or officials, insurance requirements or applicable industry standards, whichever is more restrictive.

Tenant must maintain all fire detection and fire suppression systems and mechanisms in accordance with all applicable laws, codes and the requirements of all applicable policies of insurance and insurance inspectors and of the City. Tenant must not cause or permit any damage to insulation and fire protection materials surrounding the black iron duct. In addition to Tenant's obligation to maintain utility lines in the Leased Space as set forth in Section 4.8 below, Tenant must install and maintain in good working order and in accordance with the rules and regulations of all insurers and applicable laws, codes, and regulations of any governmental authority, all fire extinguishing systems in the Leased Space.

Upon request, Tenant must provide CMR with monthly repair and maintenance reports detailing all repair and maintenance undertaken with respect to its Leased Space. In the event that such repair and maintenance reports indicate that Tenant is not complying with its repair and maintenance obligations, it shall be an Event of Default. In addition to any other remedies available to the City, if Tenant fails to undertake required repair or maintenance within 5 days after receiving notice from the Commissioner (or such shorter time as may be required due to health or safety reasons) the City may undertake the required repair or maintenance through a City contractor or its own forces and charge Tenant the reasonable cost thereof as Additional Rent.

(iii) To the extent any City ordinance imposes a stricter standard than the requirements of this section, the stricter standard must govern. With respect to a Leased Space that has been designated to be relocated, if any, Tenant's obligations with respect to repair and maintenance will continue until such time as Tenant has completed the Improvements in the Relocation Space to which the affected Leased Space is being relocated.

iv) Any damage to property of the Airport or property of other tenants arising out of Tenant's failure to

perform its maintenance obligations is expressly deemed a "Loss" subject to Tenant's indemnification obligations under Section 8.2.

v) Tenant acknowledges that failure to comply with the provisions of this Section 4.7(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13. '

B. Food Court Common Areas.

To the extent that any of Tenant's Retail Space is located adjacent to a Food Court Common Area, the following provisions apply to such Retail Space:

19

i) Tenant has the non-exclusive right to use the Food Court Common Area, in common with other tenants and their customers, on the terms and conditions established by the City and as may be revised during the Term at the City's sole discretion. That use does not include the right to wait on customers in the Food Court Common Area. The City reserves the right to establish and enforce the policies for the Food Court Common Area and tenants whose customers use the Food Court Common Area that the City determines are in the best interest of the overall operation of the Food Court Common Area, so that the City may properly and efficiently operate and manage it as a whole. Tenant must comply with these policies.

ii) Tenant must at all times in operating its business in the Retail Space abide by all rules and regulations applicable to tenants whose customers use the Food Court Common Area including those relating to: (a) the health and sanitary conditions of the Retail Space, the Food Court Common Area and the employees of Tenant; (b) standards and quality of Products, services, and merchandising as determined by the City; (c) customer relations; and (d) other matters as the City determines applicable with respect to the operation of the Food Court Common Area and the business conducted by Tenant and all other tenants whose customers use the Food Court Common Area.

iii) The City will be responsible for the operation, repair and maintenance of the Food Court Common Area. Food Court CAM Costs include all costs incurred by the City in the repair and maintenance of the Food Court Common Area, including corridors and seating areas, and include, but are not limited to costs of: painting; cleaning; trash and grease removal; operation, maintenance and repair and replacement of all lighting, electrical, plumbing, HVAC and other mechanical and utility systems; cleaning and retrieval of trays; water, power, gas and sewerage charges; wages and salaries (including employee benefits, unemployment, Social Security and Medicare, and any other payroll taxes) for employees performing operation, maintenance and repair of the Food Court Common Area; materials, equipment, supplies and services purchased for operation, maintenance and repair of Food Court Common Area; required permits and licenses; reasonable straight-line depreciation of movable equipment (including tables and chairs) used in the operation, maintenance or repair of the Food Court Common Area; rental of any equipment used in the operation, maintenance or repair of the Food Court Common Area; and all other direct costs and expenses properly chargeable to the operation, maintenance or repair of the Food Court Common Area. Neither the City nor any company, firm or individual operating, maintaining, managing or supervising the Food Court Common Area, nor any of their respective agents or employees, are or will be liable to Tenant or to any of Tenant's employees, agents, customers or invitees or anyone claiming through or under Tenant, for any damage, injuries, losses expenses, claims or causes of action because of any interruption or discontinuance at any time for any reason in furnishing services relating to operation, maintenance and repair of the Food Court Common Area, nor will any such interruption or discontinuance be deemed a disturbance of Tenant's use or possession of the Leased Space or any part of it; nor will any such interruption or discontinuance relieve

Tenant from full performance of Tenant's obligations under this Agreement. Tenant is responsible for providing seating and chairs for Food Court Common Area directly adjacent to Tenant's Leased Space.

Utilities

A. Tenant must pay for all utilities furnished to the Leased Space, to the extent separately metered. All utilities must be separately metered for usage within a Leased Space except to the extent that the Commissioner agrees otherwise in writing. Notwithstanding the foregoing, in the event that water/sewage is not separately metered, the City may charge Tenant for water/sewage based on a reasonable estimate of usage given the nature of the Concession.

B. In addition to payment for utility service, Tenant must maintain utility lines to the Leased Space as follows:

(i) where the utility lines, including gas, electrical, telephone, hot and cold water,

fire sprinkler, gas, and sewer serve both the Leased Space and other areas of the Terminals,

Tenant is only obligated to maintain those branch lines and facilities that exclusively serve the

Leased Space; and

ii) where such utility lines are entirely for the exclusive service of the Leased Space, Tenant is obligated to maintain the utility lines from the Leased Space up to the main entry point of the utility to the Terminal(s). Alternatively, the City may, at the Commissioner's sole discretion, maintain such utility lines and charge Tenant the reasonable cost of the maintenance.

iii) Tenant must maintain all electrical cables, conduits, wiring, fire alarm systems, electrical panels and associated equipment located within and serving the Leased Space.

4.9 Refuse Handling.

A. Tenant, at its own cost and expense, must provide for the handling of all refuse, including trash, garbage, recycling and other waste created by its Concession operations and for their disposal at a centrally located collection area within the Airport designated by the Commissioner from time to time. Within its Leased Space, Tenant must provide a complete and proper arrangement for the adequate sanitary handling and disposal of trash, garbage, recycling and other refuse resulting from its Concession operations. Tenant must provide and use suitable covered metal receptacles for all trash, garbage, recycling and other refuse in accessible locations within the boundaries of each Leased Space. Piling of boxes, cartons, barrels or other similar items in an unsightly or unsafe manner on or about the Leased Space or the Common Areas is forbidden. The Commissioner reserves the right, from time to time, to establish time periods or schedules during which Tenant must remove refuse from the Leased Space.

B. Tenant must comply with all present and future laws, orders and regulations and any rules and regulations promulgated by the Commissioner regarding the separation, sorting and recycling of garbage, refuse and trash, including but not limited to those policies, rules and regulations incorporated in the Airport Concessions Program Handbook and the Sustainable Airport Manual. Tenant must separate and appropriately dispose of recyclable and non-recyclable waste, including organic materials. Recyclable waste includes newspaper, unsoiled paper

products, cardboard, plastic, aluminum and glass. Tenant is encouraged to use service goods made from recycled and recyclable materials. All recyclable waste will be disposed at the direction of the CDA. The CDA may also require sorting and disposal of compostable/organic wastes, including food scraps and soiled paper products. Tenants must therefore also provide for the separation of pre-consumer compostable\organic waste for composting. Tenants are expected to fully comply with CDA's waste recovery program by sorting, to the maximum extent possible, recyclable and compostable waste from that which will be sent to landfill.

C. Tenant acknowledges that any failure to comply with the provisions of this Section 4.9 may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

4.10 Promotion.

A. Signs and Advertising. Tenant may, at its own expense and subject to obtaining any necessary permits, install and operate necessary and appropriate identification signs in and on the Retail Space for its promotional use (identifying the Concession operations at the Retail Space in question or the Products sold there). All such signage (especially all signage visible from the Common Areas) must be in compliance with signage and other applicable criteria adopted by the Commissioner or other City agencies from time to time and subject to the prior written approval of the Commissioner as to the number, size, height, location and design (as applicable). Tenant must not install, affix, or display any signage outside the Retail Space except as permitted by the Department. Without the prior written consent of the Commissioner, Tenant and its Subcontractors must not distribute any advertising, promotional or informational pamphlets, circulars, brochures or similar materials at the Airport except within the Retail Space and except as are related to Tenant's Concession. Tenant acknowledges that any failure to comply with this Section 4.10(A) may cause the City to suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess, as liquidated damages against Tenant, and not as a penalty, the amounts outlined in Exhibit 13.

B. Marketing and Advertising Fund. The Department operates a marketing fund ("Fund") for the purpose of financing a program for advertising and promoting Concessions at the Airport. The Program may include advertising, media placements, special events, promotional events, brochures, videos and catalogs, mystery shops, market research and surveys, customer service training etc., as appropriate. The Program will be funded by contributions from the Tenant and other tenants at the Airport. Tenant will contribute an amount of one-half of one percent (0.5%) of Gross Revenues per Lease Year to the Fund. All contributions to the Fund may only be expended for the promotion of concessions and marketing-related staff activities at the Airport and for no other purposes. Tenant shall make its contributions to the Fund monthly in arrears concurrently with its Rent payment under this Agreement.

The City may, but is not required to, contribute to the Fund. Tenant has no ownership or beneficial interest whatsoever in the Fund or any unspent moneys therein.

11 **Distribution and Storage; Deliveries.**

A. It is necessary, due to the number of Concession tenants in the Airport, that the Commissioner protect the Common Areas and the Terminal curb front for the flow of airline passengers. Therefore, Concession deliveries must be made only within the times and at the locations authorized by the Commissioner or the Commissioner's designated representative and otherwise in accordance with the terms of this Agreement. All deliveries that require access to the aircraft operations area ("AOA") must be made by vehicles and drivers qualified and permitted to drive over AOA roadways.

B. O'Hare. There is currently no central distribution and storage facility at O'Hare; however, the City intends to implement such a facility during the Term of this Agreement. Thereafter, at the option of the Commissioner, after first giving reasonable notice to Tenant, the Commissioner may require Tenant to arrange for all deliveries to the central distribution and storage facility, except where delivery to a third party is prohibited by law, such as delivery of liquor, or as otherwise approved by the Commissioner in writing. At the Commissioner's sole discretion, the central distribution and storage facility, if implemented, may be operated by a third-party contractor selected or approved by the Commissioner. If the central distribution and storage facility is implemented, Tenant must pay the City, or the third-party operator, Tenant's proportional share of the cost for deliveries to and distribution from the facility ("Distribution Fee") as determined by the Commissioner. Such Distribution Fee will be intended to cover the costs of delivery as well as development, utility, operation and maintenance costs and other costs associated with the opening and/or operation of the central distribution and storage facility and is considered to be Additional Rent.

C. Tenant acknowledges that the City will not be responsible for and will have no liability related to the operation of (or the failure to operate) the central distribution and storage facility at either Airport, including lost profits, consequential damages or any other losses or damages whatsoever.

12 Certain Rights Reserved By the City.

A. Except as expressly provided otherwise in this Agreement: the City has the rights set forth below, each of which the City may exercise with notice to Tenant and without liability to Tenant for damage or injury to property, person or business on account of exercising them; the City's exercise of any such rights is not deemed to constitute a breach of this Agreement or a disturbance of Tenant's use or possession of or Lease to the Leased Space; the City's exercise does not give rise to any claim, including for set-off or abatement of Rent; the City's exercise also does not relieve Tenant of any obligation to pay all Rent when due. The rights include the rights to:

23

i) Install, affix and maintain any and all signs on the exterior and on the interior of the Terminals;

ii) Decorate or to make repairs, inspections, alterations, additions, or improvements, whether structural or otherwise, in and about the Terminals, or any part of them, and for such purposes to enter upon the Leased Space, and during the continuance of any of the work, to temporarily close doors, entryways, public space and corridors in the Terminals, and to interrupt or temporarily suspend services or use of facilities, all without affecting any of Tenant's obligations under this Agreement, so long as the Leased Space is reasonably accessible and usable;

iii) Upon request, require Tenant to furnish the Department with copies of door keys for the entry doors of the Leased Space, where applicable, and to retain them at all times, and to use in appropriate instances, keys, including master keys and passkeys, to all doors within and into the Leased Space, but the keys will at all times be kept under adequate and appropriate security by the Department. Tenant must not change any locks, nor affix locks on doors

without the prior written consent of the Commissioner. Notwithstanding the provisions for the Department's access to the Leased Space, Tenant releases the City from all responsibility arising out of theft, robbery, pilferage and personal assault unless the same results from the City's gross negligence or willful misconduct. Upon the expiration of the Term of this Agreement or Tenant's right to possession of the Leased Space, Tenant must return all keys to the Concession Management Representative and must disclose the combination of any safes, cabinets or vaults left in the Leased Space;

iv) Approve the weight, size and location of safes, vaults and other heavy equipment and articles in and about the Leased Space and the Terminals so as not to exceed the legal load per square foot designated by the structural engineers for the Airport, and to require all such items and furniture and similar items to be moved into or out of the Terminals and the Leased Space only at the times and in the manner as the Commissioner directs in writing. Tenant must not install or operate machinery, or any mechanical devices of a nature not directly related to Tenant's ordinary use of the Leased Space without the prior written consent of the Commissioner. Movements of Tenant property into or out of the Terminals or the Leased Space and within the Terminals are entirely at the risk and responsibility of Tenant, and the Commissioner reserves the right to require permits before allowing any property to be moved into or out of the Terminals or the Leased Space;

(v) Establish controls for the purpose of regulating all property and packages, both personal and otherwise, to be moved into or out of the Terminals and the Leased Space;

(vi) Regulate delivery and service of supplies and the usage of the apron area, loading docks, receiving areas and freight elevators and designate the times within which, and the locations at which, deliveries may be made to or by Tenant;

(vii) Show the Leased Space to prospective Tenants and subtenants at reasonable

24

times and, if vacated or abandoned, prepare the Leased Space for re-occupancy;

viii) Erect, use and maintain pipes, ducts, wiring and conduits, and appurtenances to them, in and through the Leased Space at reasonable locations;

ix) Enter the Leased Space for the purpose of periodic inspection for fire protection, maintenance and compliance with the terms of this Agreement, including but not limited to the Airport Concession Handbook, and exercise any rights granted to City or retained by City in this Agreement; except in the case of emergency, however, the right must be exercised upon reasonable prior notice to Tenant and with an opportunity for Tenant to have an employee or agent present;

x) Grant to any person the right to conduct any business or render any service in or to the Terminals or the Airport.

xi) Promulgate from time-to-time rules and regulations regarding the operations at the Airport; and

xii) Maintain newspaper vending machines at any location in the Airport.

D. If Tenant is required to perform any regular Work, City reserves the right to perform the Work and charge

b. If Tenant is required to perform any sprinkler work, City reserves the right to perform the work and charge the Tenant for the cost of the sprinkler Work and specify charges as Additional Rent under the Agreement or to approve Tenant's proposed sprinkler contractor, at the Commissioner's sole option. If any sprinkler work requires a temporary shut-down and/or drainage of the sprinkler system or portion thereof in the Terminal, Tenant must pay an up-front fee of \$500 per occurrence in the form of a certified check or money order.

ARTICLE 5 LEASED SPACE AND IMPROVEMENTS

5.1 Leased Space. As provided in Section 4.1, the City grants Tenant the right to use the Leased Space identified in Exhibit 1, or portions thereof, from the date of delivery of each portion of the Leased Space through the remainder of the Term of this Agreement for the operation of the Concession, except as otherwise provided for herein. Exhibit 1 may be amended by agreement of the Tenant and the Commissioner from time to time to reflect changes in Leased Space, including but not limited to any Additional Space or Relocation Space. As of the Effective Date, all square footage identified in Exhibit 1 is approximate, and is subject to final correction in accordance with field measurements to be taken after completion of the Improvements. All such measurements relating to the Leased Space will be made to and from the "lease lines" as identified on Exhibit I. Tenant must confine all of its Concession operations to its Leased Space. Any conduct of Concession operations outside of Tenant's Leased Space is an Event of Default.

A.- Retail Space. The Leased Space includes the Retail Space identified in Exhibit 1. Retail Space is to be used for the sale of Products at retail to the public.

25

B. Storage Space. The Leased Space includes the Storage Space, if any, identified in Exhibit 1. Storage Space is to be used to store inventory and supplies for use in the Retail Space. It may be used for other purposes relating to the Concession with the consent of the Commissioner, but not as a point of retail sale of Products. If the Commissioner determines that Tenant is using Storage Space for purposes unrelated to the Concession, the Commissioner may unilaterally delete the Storage Space from the Leased Space. If the Commissioner determines that the size of the Storage Space exceeds the needs of the Tenant, the Commissioner may unilaterally reduce the size of the Storage Space.

C. Additional Space.

(i) During the Term, the Commissioner may from time to time, at the Commissioner's sole discretion, make Additional Space available in the Terminals for Tenant's Concession operations. In such event, the Commissioner will send written notice to Tenant to advise Tenant of the following:

- a. size and location of the Additional Space being offered, if any;
- b. whether the Additional Space is being offered as Retail Space or Storage Space; and
- c. the City's Shell and Core obligations and Tenant's Improvement obligations for the Additional Space.

Within 30 days after receiving the notice from the Commissioner, Tenant must notify the Commissioner if it accepts or rejects the Additional Space and, if the Additional Space is Retail Space, the proposed Improvements and the amount by which Tenant proposes to increase its Minimum Annual Guarantee to reflect the anticipated increase in Gross Revenues from the Additional Space. Upon notification from Tenant to the Commissioner that Tenant accepts the Additional Space and, if the Additional Space is Retail Space, acceptance by the Commissioner of the proposed Improvements and increase

in the Minimum Annual Guarantee, the square footage will be added to the Retail Space or Storage Space, as applicable, under this Agreement and Exhibits I and 2 modified accordingly. Upon notification from Tenant to the Commissioner that it rejects the Additional Space or if Tenant fails to notify the Commissioner within 30 days that it accepts the Additional Space, the offer will terminate, and the Commissioner may offer the Additional Space to others.

ii) **Nothing in (i) above requires the Commissioner to offer any Additional Space to Tenant or limits or restricts the Commissioner's or the City's right to enter into any Concession agreement with any third party for such space. Additional Space, if any, offered to Tenant is solely for the benefit of the Airport to enhance Airport revenues, and whether or not to offer such Additional Space to Tenant is at the Commissioner's sole and absolute discretion. TENANT HAS NO RIGHT TO BE OFFERED ANY ADDITIONAL SPACE.**

iii) The maximum aggregate amount of Retail Space that may be offered to Tenant as Additional Space is 2,000 sq. ft.

D. Relocation Space. The Commissioner may at any time during the Term require Tenant to relocate all or portion of the Leased Space to another location within the Airport and

26

terminate the Lease with respect to the Leased Space being vacated when, in the sole discretion of the Commissioner, the relocation is necessary for other Airport purposes or is in the best interest of the City. In such an event:

i) The Commissioner will notify Tenant in writing within a reasonable period of time prior to the relocation of all or part of the Leased Space. Such notice will be not less than 90 days in advance of the relocation but, in any event, notice is not required more than 180 days in advance.

ii) If a Retail Space is being relocated and the Relocation Space has, in Tenant's reasonable business judgment, diminished size, visibility, and/or exposure to passenger traffic in comparison to the Retail Space being vacated, Tenant may so notify the Commissioner in writing no later than 15 days after Tenant receives the Commissioner's notice. Such notice must detail with reasonable specificity why Tenant believes that the Relocation Space is not comparable to the Retail Space being vacated and the projected adverse impact on Tenant's sales. Tenant and Commissioner may thereafter negotiate an adjustment in the Percentage Fee and/or the Minimum Annual Guarantee for the Relocation Space to reflect the differences in size, visibility, and/or passenger traffic. If the Tenant and Commissioner fail to agree on such an adjustment or if Tenant otherwise rejects the Relocation Space, then the Lease for the Retail Space being vacated will terminate on the date for the relocation set forth in the Commissioner's notice, and the Minimum Annual Guarantee as of such date will be adjusted in proportion to the percentage of Tenant's Gross Revenues from prior Lease Year that were generated at the Retail Space being vacated. Further, if the Lease of the Retail Space being vacated is terminated, Tenant is entitled to a credit, equal to the unamortized portion of Tenant's actual Improvement Costs for the Retail Space being vacated (but excluding any Improvement Costs for Tenant personal property or any portion of the Improvements that can be moved and used by Tenant elsewhere), against Rent due and owing to the City from Tenant until the full amount of the credit has been applied against Rent.

iii) Except when Tenant rejects Relocation Space pursuant to (ii) above, the City is responsible for costs incurred in the relocation or replication of the Improvements in the Leased Space being vacated, including the cost of moving Tenant's equipment and inventory and the cost of constructing replacement Improvements comparable to the condition of the Improvements in the Leased Space being vacated as of the date of relocation, to the extent comparable Improvements do not already exist in the Relocation Space. In the case of a relocation, Tenant must promptly vacate the portion of the Leased Space required to be vacated and as to which this Agreement is being terminated and return the portion of the Leased Space in as good or better condition as existed as of the date that the City gave Tenant possession of the Leased Space being vacated, unless the Commissioner otherwise agrees in writing. The City will endeavor not to require Tenant to move from the Leased Space being vacated to the Relocation Space before Work on Improvements in

the Relocation Space is completed, but the Leased Space being vacated may be needed for other Airport purposes prior to the completion of Improvements in the Relocation Space. Because the City is replacing Improvements in kind, Tenant is not entitled to any credit for unamortized Improvement Costs for the Leased Space being vacated, and the unamortized Improvement Costs for the Leased Space being vacated will

27

deemed to be the unamortized Improvement Costs for the Relocation Space and continue to be amortized on the same schedule as the original Leased Space.

2 Title to Property in the Leased Space. Tenant shall retain title and ownership to all Products and other Tenant personal property and proprietary trade fixtures in the Leased Space, except in the event of deemed abandonment, as provided in Section 6.3. The City owns all other property in the Leased Space, including the Shell and Core and, upon completion, Tenant Improvements.

3 Shell and Core. The City is responsible for providing Shell and Core, if any are specified in Exhibit 4, for the Leased Space. The City makes no warranty, either express or implied, as to the design or condition of the Leased Space, including the Shell and Core, or the suitability of the Leased Space, including the Shell and Core, for the Tenant's purposes or needs. The City is not responsible for any patent or latent defect, and Tenant must not, under any circumstances, withhold any amounts payable to the City under this Agreement on account of any defect in the Leased Space, including the Shell and Core; if feasible, however, the City will assign to Tenant any warranties obtained from the City's contractor for the Shell and Core and/or the right to enforce City's rights under its contract for the Shell and Core. After the City delivers the Shell and Core to Tenant, Tenant must immediately notify the Commissioner of any defects in the Shell and Core.

4 **Tenant's Improvement Obligations.**

A. Retail Space and Storage Space. Unless otherwise agreed in writing by the Commissioner, Tenant must complete, or cause to be completed, the Improvements as described in the Development Plan. Improvements shall be at Tenant's sole cost and expense and must be completed on or before the Date of Beneficial Occupancy set forth for each portion of the Leased Space in accordance with the schedule set forth in the Development Plan, subject to Section 11.20, "Force Majeure". Failure to achieve DBO for the Improvements in accordance with the schedule in the Development Plan will result in liquidated damages pursuant to Section 5.5(J).

B. Additional Space. Tenant must complete or cause to be completed, at Tenant's sole cost and expense, the Improvements for each Additional Space approved by the Commissioner by the proposed Date of Beneficial Occupancy applicable to each such Additional Space, at a total investment in Improvement Costs for each permanent Additional Space of at least 95% of the budget approved by the Commissioner.

C. Temporary Relocation Space and Additional Space. The Commissioner may require Tenant to operate the Concession, prior to the Date of Beneficial Occupancy applicable to any Relocation Space and Additional Space, from a temporary Relocation Space, at City's sole cost and expense. If approved by the Commissioner, Tenant may use temporary or used fixtures, trade fixtures and equipment and is not required to install Improvements except to the extent necessary to make the temporary Relocation Space or Additional Space useable.

D. Improvement Costs. Only Improvement Costs of the types set forth in the budget in the Development Plan are deemed to be validly incurred Improvement Costs for purposes of this Agreement. Tenant must provide the Commissioner with a statement certified by Tenant,

setting forth the aggregate amount of the Improvement Costs expended by Tenant for each Leased Space, with such detail as may be reasonably requested by the Commissioner. The certified statement must be submitted at the same time as the "as-built" drawings for the Leased Space. Tenant must make available to the Commissioner, at the Commissioner's request, receipted invoices for labor and materials covering all Improvement Costs. The Commissioner has the right to audit the Improvement Costs. If there is a discrepancy of 5% or more, the cost of the audit must be paid promptly by Tenant upon request. If the Tenant's actual Improvement Costs for any portion of the Leased Space are less than 95% of the amount set forth in the Development Plan for said portion of the Leased Space, Tenant must, within 30 days after the date of completion of the Work or the Date of Beneficial Occupancy, whichever is earlier, pay the City the difference between 95% of the amount set forth in the Development Plan and the actual Improvement Cost for said portion of the Leased Space. The actual Improvement Costs, as approved by the Commissioner, will be memorialized in the confirmation of DBO for the Leased Space in question and attached to Exhibit I.

5.5 Work Requirements.

A. TIME IS OF THE ESSENCE IN THE PERFORMANCE OF WORK UNDER THIS AGREEMENT.

B. Compliance with Standards. Tenant must comply in its design, construction, use, occupancy and operation of the Leased Space, at its own cost, with:

i) all regulations and directives now or later promulgated by the United States Federal Aviation Administration ("FAA") or Transportation Security Administration ("TSA") pertaining to airport security, as such regulations and directives may be amended or modified from time to time during the Term of this Agreement;

ii) all federal, State of Illinois, and City laws, rules, regulations and ordinances, including all building, zoning and health codes and all Environmental Laws; and

(iii) the Design and Construction Standard Operating Procedures- Concessions Projects ("C-SOP") C-SOP, the Airport Concession Program Handbook, and the Sustainable Airport Manual.

Tenant must complete or cause to be completed all Improvements in accordance with all rules, regulations and standards, including the C-SOP, and the approved Construction Documents (as defined below) for any Improvements. If there is a conflict between work requirements stated in this Agreement and those set forth in the C-SOP, the Commissioner has the sole discretion to determine which prevails. No construction must take place until the Commissioner has approved the Construction Documents.

Tenant must provide for any supplemental heating, cooling and exhaust facilities that Tenant may require to properly heat, cool, ventilate and exhaust air in the Leased Space. All such supplemental facilities must be designed and installed in accordance with the C-SOP and applicable building codes and must be approved by the Commissioner prior to installation. If at any time the Tenant's supplemental heating, cooling and exhaust facilities fail to comply with the design and operational standards set forth in the C-SOP, Tenant must, on notice from

the City, cause repairs to be made so that Tenant is in compliance with this requirement.

In addition to the requirements set forth in the C-SOP, Tenant acknowledges the City's goal to incorporate environmentally sustainable design in building, infrastructure, and tenant improvements at the Airport. Accordingly, Tenant agrees to use best efforts to incorporate sustainable design practices in the development and build out of the Leased Space, to engage a LEED® (Leadership in Energy and Environmental Design) accredited professional on its architectural team, to create an operational plan that incorporates sustainable practices in all aspects of the daily operation of the Leased Space, and to comply to the extent that it is commercially reasonable to the requirements of the Sustainable Airport Manual.

C. Development Plan. Tenant's Development Plan, as approved by the Commissioner, is attached hereto as Exhibit 3. It describes and depicts the Tenant's thematic concept for the Retail Space (including storefront design images, as appropriate), floor plan(s) of the Retail Space, its plan and schedule for implementing the Improvements and commencing Concession operations in the Leased Space, temporary facilities that may be necessary to meet the requirements of this Agreement, and its other submission requirements as set forth in the C-SOP. The Development Plan must include the anticipated Date of Beneficial Occupancy of each Retail Space, the budgeted Improvement Costs for each Retail Space, and the dates by which City must complete the Shell and Core and the Delivery Date necessary in order to achieve the anticipated DBO for each Retail Space.

D. 30, 60, 90 and 100 Percent Design Phase. Tenant must submit to the Commissioner its proposed 30, 60, 90, 100 Percent design drawings and specifications prepared as required under the C-SOP. The C-SOP outlines the timing and expectations for submissions at each percentage of the design phase. The C-SOP also provides the timing of the review by the Commissioner. Tenant must adhere to the time required to respond to the Commissioner's comments as outlined in the C-SOP. If Tenant fails to provide acceptable designs, after 5 attempts, an Event of Default can be declared by the Commissioner.

E Start of Construction. For each portion of the Leased Space, within 10 days after the latest of occur of: 1) the date the City delivers to Tenant possession of said portion of the Leased Space, 2) the date Tenant has obtained applicable building permits for said portion of the Leased Space, and 3) the date of commencement of construction set forth in the Development Plan, Tenant must begin construction of the Improvements under and consistent with the approved Construction Documents, in a diligent, first-class and workmanlike manner. Commissioner may require Tenant and its Subcontractors to meet with the Department's construction manager and Concessions Management Representative prior to starting construction. Among other requirements, the Improvements:

- i) Must conform with all architectural, fire, safety, zoning and electrical codes and all federal, State, City and other local laws, regulations and ordinances pertaining to them, including the ADA, and all Airport standards, procedures and regulations.
- ii) Must be free and clear of any mechanics' or materialmen's liens or similar liens or encumbrances.
- iii) Except as otherwise provided in this Agreement, must be completed entirely at

Tenant's cost and expense and in accordance with the requirements of this Agreement including, but not limited to, the requirements and procedures set forth in the C-SOP.

(iv) Upon the request of the Commissioner, Tenant must purchase and install a security camera and connect the camera feed into a junction box at a location to be determined by the Commissioner. Tenant will permit the Commissioner to connect the security camera to the Airport security system.

Approval of the Construction Documents by the Commissioner does not constitute the Commissioner's or the City's representation or warranty as to their conformity with any architectural, fire, safety, zoning, electrical or building code, and responsibility therefore at all times remains with Tenant. Tenant must not permit its design and construction Subcontractors to make any modifications to base building systems without prior written consent of the Commissioner.

F. Change Order Review. Tenant must cause all Work to be performed in a first class, good and workmanlike manner and in accordance with the Construction Documents. Tenant may request in writing that change orders relating to the Work be responded to by the City, and the City will so respond within 10 days, unless a response within 10 days is unreasonable in the circumstances, in which case the response period will be as reasonably determined by the City but in no event longer than 20 days. At all times during the Work, Tenant must have on file with the Commissioner and on the construction site for inspection by the Commissioner, a copy of the approved Construction Documents. Tenant must immediately begin to reconstruct or replace and diligently pursue to completion, at its sole cost and expense, before or after completion of the Work, any Work that is not performed in accordance with the Construction Documents as approved by the Commissioner.

G. Inspection of Improvements in Progress. The Department has the right to enter upon the Leased Space for the purposes of inspecting and recording the Improvements in progress, ensuring that Tenant's construction complies with the Construction Documents, and rejecting any such construction that does not so conform.

H. Notice of Substantial Completion and Inspection. At least 10 days prior to anticipated substantial completion of the construction of a Leased Space, Tenant must deliver to the Commissioner a "notice of substantial completion" in order for the Commissioner to schedule a representative to inspect the Improvements. On the date specified in the notice of substantial completion, the Department will perform a final inspection of the Improvements for compliance with the Construction Documents for the Improvements, and will, not later than 10 days after inspection, provide a punch list to Tenant describing in sufficient detail any discrepancies between the Improvements and the Construction Documents. Tenant must cause all discrepancies (other than those approved by the Commissioner as variances) to be reconstructed, replaced or repaired in substantial accordance with the Construction Documents. Within 10 days after the date of substantial completion and prior to commencing Concession operations in Leased Space, Tenant must provide, as evidence of the substantial completion of the Work, copies of any and all Certificates of Occupancy and other approvals, if any, necessary for Tenant to occupy the portion of the Leased Space for its intended use. Tenant

shall not commence Concession operations in the Leased Space until such documents have been received by the Commissioner and until authorized to do so by the Commissioner.

L Timeliness - Punch Lists; Opening for Business. Tenant acknowledges that if it fails to comply with Construction Document requirements (including all tasks necessary to satisfy them, such as, but not limited to, applying at the earliest possible time for and diligently pursuing all necessary building permits), the delay may cause the City to suffer substantial damages, including loss of goodwill, that might be difficult to ascertain or prove. For that reason, but subject to extensions that may be approved by the Commissioner, or day-to-day extensions for delays caused by a force majeure event pursuant to Section 11.20, if Tenant has not caused the Improvements to be substantially completed in accordance with the Construction Documents and Retail Space to be open to the public for business not later than the scheduled Date of Beneficial Occupancy in the Development Plan:

i) Tenant must pay the City liquidated damages at the rate of \$250 per day for each day from and after the Date of Beneficial Occupancy, until the date on which the Retail Space actually opens to the public for business; and

ii) Tenant must cooperate with the Commissioner in providing the interim Concession operations from kiosks or other temporary locations, as the Commissioner may reasonably require, to serve the patrons of the Terminals until the applicable Improvements have been completed and the Retail Space is open to the public for business; and

iii) if, for any reason, Tenant fails to substantially complete the Improvements in accordance with the approved Construction Documents relating to them and open the Retail Space to the public for business within 30 days after the Date of Beneficial Occupancy, the failure is an Event of Default, and the City has the right to exercise any and all remedies under this Agreement, at law or in equity; and further,

iv) if Tenant is permitted to open for business in accordance with the schedule in the Construction Documents but any punch list items are not completed within 30 days following the date on which Tenant opens to the public for business, the Commissioner will assess liquidated damages against Tenant at the rate of \$250 per day per punch list item not timely completed; and

v) if Tenant is permitted to open for business but any punch list items are not completed within 60 days following the date on which Tenant opens to the public for business, the City reserves the right, at the Commissioner's sole discretion, to either:

- a. complete the punch list Work at the City's cost and bill the Tenant for this Work, in which case the charges are considered Additional Rent; or
- b. close the affected Retail Space until all outstanding punch list items are completed.

J. Post-construction Documentation. Tenant must submit a complete set of "as-built" drawings and documentation as outlined in the C-SOP to the Commissioner within 30 days after the date the Commissioner authorizes Tenant to begin Concession operations in the

Leased Space. The as-built drawings and documentation are and become the property of the City, except to the extent of any intellectual property reflecting Tenant's trademarks, trade names or trade dress contained in them.

K. Mechanics' Liens. Tenant must not permit any mechanics' lien for labor or materials furnished or alleged to have been furnished to it to attach to any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement in any way relating to any work performed by or at the direction of Tenant. Upon making payments to Subcontractors, Tenant must obtain from each Subcontractor a waiver of mechanics' liens against any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement arising out of any Work done by the Subcontractor and each and every of the Subcontractor's materialmen and workmen. If, nonetheless, any such mechanics' lien is filed upon any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement, Tenant must indemnify, protect, defend and save harmless the City against any loss, liability or expense whatsoever by reason of the mechanic's lien and must promptly and diligently proceed with or defend, at its own expense, the action or proceedings as may be necessary to remove the lien. Tenant must deliver notice to the Commissioner of any such lien or claim within 15 days after Tenant has knowledge of it. Tenant may permit the mechanics to remain undischarged and unsatisfied during the period of the contest and appeal; provided that, upon request by the Commissioner, Tenant must post a bond with the City equal to 150% of the amount of the lien. If the lien is stayed and the stay later expires or if by nonpayment of any lien any portion of the Leased Space, the Airport, Tenant's leasehold interest, or this Agreement will be, or is claimed to be, subject to loss or forfeiture, then Tenant must immediately pay and cause to be satisfied and discharged the lien. If Tenant fails to do so, the Commissioner may, in his or her sole discretion, draw on the bond and make such payment. If the Commissioner has not requested a bond, then the Commissioner may, in the Commissioner's sole discretion, make such payment out of legally available Airport funds and, in such event, the amount paid shall immediately be payable by Tenant as Additional Rent. Failure to post a bond when requested by the Commissioner or pay such Additional Rent shall

be an Event of Default.

L Mid-Term Refurbishment. Tenant must budget and expend such funds as necessary to undertake a mid-Term refurbishment of each Retail Space during or about the middle of the Term in order to ensure that each Retail Space presents a first-class appearance to the public. The minimum expenditure does not include financing costs, interest, and inventory or intracompany charges of the Tenant. The scope and extent of the renovation, remodeling, and upgrade and/or redecorating for such mid-Term refurbishment shall be jointly determined by the Commissioner and Tenant.

5.6 Damage or Destruction of Improvements.

A. Insubstantial Damage. If Improvements to any Leased Space are damaged, in whole or in part, by fire or casualty, and there is no Major Damage (as defined below) to the portion of the Terminals served by the damaged Improvements, then the City will repair any damage to the Shell and Core at the City's expense, and Tenant must repair the damage to the Improvements as soon as reasonably possible (after completion of the Shell and Core) at Tenant's expense.

33

B. Major Damage.

(i) "Major Damage" means any damage or destruction that, based on reasonable estimates made by the Department within 60 days after the occurrence of the damage or destruction, in order to be repaired to the condition existing before the damage or destruction:

- a. would cost, with respect to the Improvements, in excess of 50% of the replacement cost value of all Improvements; and
- b. would cost, with respect to the Shell and Core, in excess of 50% of the replacement cost of the Shell and Core, or would require, in the sole judgment of the Commissioner, more than nine months to complete.

ii) If any part of the Terminals suffers Major Damage, whether or not including any portion of the Leased Space located in them, in whole or in part by fire or other casualty, the Commissioner has the right, for a period of six months starting on the date of the occurrence, to elect not to repair the Major Damage as otherwise required under this section, by giving written notice of the election to Tenant. If the Commissioner notifies Tenant of the Commissioner's election not to repair the Major Damage, this Agreement will terminate as to the affected Leased Space effective as of the date of the Major Damage, all Rent due under this Agreement will be prorated to the date of termination, and Tenant must surrender the affected portion of the Leased Space to the City.

iii) If any portion of the Leased Space suffers Major Damage, and if after the occurrence of the damage the Agreement is not terminated, the Commissioner and the Airport architect will estimate the cost of restoration and the length of time that will be required to repair the damage and will notify Tenant of the estimate. If the damage can be repaired and the Improvements restored before the Term expires, then Tenant must repair the damage and restore the Improvements. If repair and restoration cannot be substantially completed before the Term expires, then this Agreement terminates as to the portion of the Leased Space as of the date of the Major Damage.

iv) If this Agreement is not terminated in accordance with paragraphs (B) (ii) or (iii) and a casualty has damaged or destroyed any portion of the Shell and Core involving the Leased Space, the City will restore the Shell and Core to the condition existing on the Delivery Date, according to the original as-built plans and specifications. Upon completion of the City's Shell and Core restoration work, if any, Tenant must proceed to rebuild the Improvements as nearly as possible to the character of Improvements existing immediately before the occurrence.

v) Before beginning to replace, repair, rebuild or restore Improvements, Tenant must deliver to the Commissioner a report of an independent consultant acceptable to the Commissioner setting forth:

- a. an estimate of the total cost of the Work;
- b. the estimated date upon which the Work will be substantially completed; and
- c. a statement to the effect that insurance proceeds are projected to

34

be sufficient to pay the costs of the Work.

(vi) The Commissioner will use commercially reasonable efforts to provide suitable temporary Relocation Space during the period of restoration subject to the reasonable approval of Tenant. Tenant must relocate the Concession operations to the temporary Relocation Space, and the costs associated with any such relocation, including moving expenses and the cost of reconstructing the Improvements in the temporary Relocation Space, must be borne by Tenant.

C. Tenant's Option. If the Leased Space or a portion of it is subject to Major Damage during the final three years of the Term, Tenant has the right, for a period of 60 days beginning on the date of the occurrence, to elect not to restore the affected Improvements as otherwise required under this Agreement by giving the Commissioner written notice of the election, in which event this Agreement will, as to the portion of the Leased Space, terminate upon the notice. If Tenant desires to rebuild the affected Leased Space, it may do so only upon the written approval of the Commissioner.

D. Insufficient Insurance. In no event will the City be obligated to repair, alter, replace, restore, or rebuild any Improvements, or any portion of them, nor to pay any of the costs or expenses for them. If Tenant's available insurance proceeds are not sufficient to cover the cost of the restoration as required under this Section, then Tenant is liable to complete the repairs at its own cost and expense, except as provided in (C) above.

5.7 City Resident Construction Worker Employment Requirement.

A. Use of Residents. In connection with and during the construction of any Work

< in excess of \$100,000 in Improvement Costs, Tenant and its Subcontractors must comply with the provisions of § 2-92-330 of the Municipal Code of the City of Chicago ("Municipal Code"), as amended from time to time concerning the minimum percentage of total construction worker hours performed by actual residents of the City. At least 50% of the total construction worker hours worked by persons on the site of the Work must be performed by actual residents of the City, and 7.5% of the total work hours (which may be included on the 50%) must be performed by project area residents: residents of neighborhoods surrounding the Airport. Tenant may request a reduction or waiver of this minimum percentage level of Chicagoans in accordance with standards and procedures developed by the Chief Procurement Officer of the City. In addition to complying with this percentage. Tenant and its Subcontractors are required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions. "Actual residents of the City" means persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment. Tenant and each Subcontractor (for purposes of this subsection, "Employer") must provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed. Each Employer will maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

B. Certified Payroll Reports. Weekly certified payroll reports (U.S. Department of

35

Labor Form WH-347 or equivalent) must be submitted by hard copy or electronically to the Commissioner and must identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

C. Inspection of Records. Each Employer must provide full access to its employment records to the Chief Procurement Officer, the Commissioner, and the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. Each Employer must maintain all relevant personnel data and records for a period of at least 3 years after final acceptance of the Work. At the direction of the Commissioner, affidavits and other supporting documentation may be required of each Employer to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

D. Level of Effort. Efforts on the part of each Employer to provide utilization of actual Chicago residents that are not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer will not suffice to replace the actual, verified achievement of the requirements of this section concerning the worker hours performed by actual Chicago residents.

E. Shortfalls; Liquidated Damages. When the Work is completed, in the event that the City has determined that Tenant has failed to ensure the fulfillment of the requirement of this section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1% of the aggregate hard construction costs of the Improvement Costs (the product of .0005 x such aggregate hard construction costs) (as evidenced by approved contract value for the actual contracts) must be surrendered by Tenant to the City as liquidated damages, and not as a penalty, in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly will result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Tenant and/or the Subcontractors to prosecution. The City may draw against the security any amounts that appear to be due to the City under this provision pending the City's determination as to the full amount of liquidated damages due on completion of the Work.

F. Nothing set forth in this section acts as a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents, as applicable.

G. Inclusion in Subcontracts. Tenant must cause or require the provisions of this section to be included in all construction Subcontracts related to the Work.

36

8 Licensing of General Contractor. This Agreement is subject to Chapter 4-36 of the Municipal Code which requires all persons acting as a general contractor (as defined in Chapter 4-36) to be licensed as a general

which requires all persons acting as a general contractor (as defined in Chapter 4-36) to be licensed as a general contractor by the City. Tenant's failure to ensure that any general contractor working on Improvements complies with Chapter 4-36 will be an Event of Default.

9 Prevailing Wages. In connection with the construction, repair, and maintenance of Improvements, Tenant must comply with the applicable provisions of 820 ILCS 130/0.01 et seq. regarding the payment of prevailing wages, and the most recent Illinois Department of Labor schedule of prevailing wages, and any successors to them. Tenant must insert appropriate provisions in all Subcontracts covering construction work under this Agreement to ensure compliance of all construction Subcontractors with the foregoing wage statutes and regulations.

10 Subcontractor Certifications. Tenant must require all Subcontractors performing Work in connection with this Agreement to be bound by the following provision and Tenant must cooperate fully with the City in exercising the rights and remedies described below or otherwise available at law or in equity:

"Subcontractor certifies and represents that Subcontractor and any entity or individual that owns or controls, or is controlled or owned by, or is under common control or ownership with Subcontractor is not currently indebted to the City and will not at any time during the Term be indebted to the City, for or on account of any delinquent taxes, liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established. In addition to any other rights or remedies available to the City at law or in equity, Subcontractor acknowledges that any breach or failure to conform to this certification may, at the option and direction of the City, result in the withholding of payments otherwise due to Subcontractor for services rendered in connection with the Agreement and, if the breach or failure is not resolved to the City's satisfaction within a reasonable time frame specified by the City in writing, may result in the offset of any such indebtedness against the payments otherwise due to Subcontractor and/or the termination of Subcontractor for default (in which case Subcontractor will be liable for all excess costs and other damages resulting from the termination.)"

11 MBE/WBE Compliance. Tenant shall make good faith efforts to meet the following goals with respect to participation of Minority Business Enterprises/Woman-Owned Business Enterprises ("MBE/WBE") in the design (including professional services) and construction of Tenant's Improvements, respectively: (i) Design: 26% MBE and 6% WBE; and (ii) Construction: 26% MBE and 6% WBE. However, in consideration of the anticipated costs of the design and construction of the Concession, the City will accept a participation plan that meets a combined single Design and Construction goal of 26% MBE and 6% WBE

participation, which participation may be achieved with any combination of construction and design contracts. The Special Conditions and related forms used by the City in its own procurements are attached hereto as Exhibit 9 and should be used by Tenant's Contractors. Tenant must submit to the CMR completed Schedules Cs and D's from its design and construction Contractors demonstrating their percentage MBE and WBE participation commitments, and their good faith efforts to achieve the foregoing goals if the commitments are less than those goals. Thereafter, Tenant must submit periodic reports to the CMR, in a form and frequency determined by the Commissioner, documenting its Contractors' compliance with their commitments.

ARTICLE 6 TERM OF AGREEMENT

1 Term. The term of this Agreement is the Term as defined in Article 3, unless this Agreement is terminated earlier in accordance with its terms.

2 Holding Over.

A. With consent. Any holding over after expiration of the Term with the written consent of the Commissioner constitutes a month-to-month lease on the same terms and conditions as this Agreement, including payment of the Rent attributable to the portion or portions of the Leased Space that Tenant continues to occupy. Thereafter, Tenant must surrender and vacate the Leased Space no later than the 30th day following notice from the Commissioner that the month-to-month holdover is terminated; Tenant's failure to do so shall be deemed a holding over without consent under (B).

B. Without consent. If Tenant continues to occupy all or a portion of the Leased Space without the written consent of the Commissioner after expiration or termination of this Agreement in its entirety, or as to any such portion of the Leased Space where the Lease under this Agreement has expired or terminated, the holding over constitutes a month-to-month lease on the same terms and conditions as this Agreement, except that Tenant must pay Rent for the entire holdover period for the Leased Space where the Lease has expired or been terminated at double the annual rate of the Rent payable for that Leased Space during the immediately preceding Lease Year. No occupancy of Leased Space by Tenant after the expiration or other termination of the Lease under this Agreement with respect to such Leased Space extends the Term of this Agreement or the Lease, except as a holdover tenancy. Also, in the event of such holdover tenancy, Tenant shall indemnify the City against all damages arising out of the Tenant's retention of occupancy, including but not limited to any costs incurred by the City to evict Tenant, and all insurance policies and letters of credit required to be obtained and maintained by Tenant as set forth in this Agreement shall continue in effect.

3 Return of the Leased Space and Removal of Improvements.

A. At the termination or expiration for any reason of this Agreement or the Lease as to any portion of the Leased Space, Tenant must promptly, peaceably, quietly and in good order quit, deliver up and return the Leased Space (or that portion as to which the Lease has

terminated, in the case of a partial termination) in good condition and repair, ordinary wear and tear and damage by fire or other casualty excepted.

B. Tenant must remove all Tenant personal property and proprietary trade fixtures from the Leased Space or the portions of the Leased Space before the date of termination or expiration. Any personal property or trade fixtures remaining in the Leased Space 48 hours after the date of termination or expiration shall be deemed abandoned, and the City may dispose of such personal property or trade fixtures in the Commissioner's sole discretion, and Tenant shall have no claim to the proceeds, if any, from such disposition.

C. Further, at the Commissioner's request (which request will be given in writing at least 30 days before the termination or expiration of the Term), Tenant must remove all Improvements installed by or for Tenant, or Tenant's agents, employees or Subcontractors, except for Improvements that the Commissioner may elect to require Tenant to leave in place (excluding proprietary property which Tenant shall retain and remove). As provided in Section 5.2, all Improvements are City property and, if not requested to be removed by the Commissioner, may be used by the City or a replacement tenant; provided, however, that all of Tenant's trade dress, service marks, trademarks and trade names shall be removed, obliterated or painted out in a commercially reasonable manner at Tenant's cost. If directed by the Commissioner to remove Improvements, Tenant must also cap off any plumbing or drains and remove, obliterate or paint out any and all of its signs, advertising and displays as the Commissioner or his designated representative may direct, and repair any holes or other damage left or caused by Tenant.

D. Tenant must repair any damage to the Leased Space caused by Tenant's removal of Tenant personal property, trade fixtures and Improvements. All the removal and repair required of Tenant under this section are at Tenant's sole cost and expense.

E. If Tenant fails to perform any of its foregoing obligations, then the Commissioner may cause the obligations to be performed by Department personnel or City contractors, and Tenant must pay the cost of the performance, together with interest thereon at the Default Rate from and after the date the costs were incurred until receipt of full payment therefor.

4 Termination Due to Change in Airport Operations. This Agreement, or the Lease of any affected Leased Space, is subject to termination by either party on 60 days' written notice in the event of any action by the FAA, the TSA or any other governmental entity or the issuance of an order by any court of competent jurisdiction which prevents or restrains the use of the Airport, the Terminals or a portion thereof that renders performance by either party in the Leased Space impossible, and which governmental action or court order remains in force and is not stayed by way of appeal or otherwise, for a period of at least 90 days, so long as the action or order is not the result of any Event of Default of Tenant.

5 **Eminent Domain.**

39

A. If the entirety of the Terminals or a substantial part of them, including the entire Leased Space, is taken by eminent domain by an authority other than the City, the Term of this Agreement will end upon the earlier of the date when possession is required by the condemning authority or the effective date of the taking.

B. If any eminent domain proceeding is instituted by an authority other than the City in which it is sought to take any part of the Airport or the Terminals, the taking of which would, in the good faith judgment of the Commissioner or Tenant, render it impractical or undesirable to conduct Concession operations on the remaining portion of the Leased Space for the intended purposes, the Commissioner and Tenant will each have the right to terminate this Agreement upon not less than 90 days' written notice to the other.

C. In the event of termination of this Agreement under either (A) or (B), all Rent accrued for the Leased Space in question prior to the termination date is payable to the City. However, the City shall have no obligation to pay Tenant any unamortized Improvement Costs for such Leased Space, and Tenant shall look solely to the condemning authority for any award of damages. ¹

6.6 Early Termination. Notwithstanding anything to the contrary set forth in this Lease, the Commissioner may terminate this Agreement with respect to any or all of the Leased Space without cause for any reason, in the Commissioner's sole discretion, upon at least ninety (90) days prior written notice to Tenant. Upon the effective date set forth in such notice, Tenant shall surrender and vacate that portion of Leased Space as to which this Agreement is being terminated as if the Agreement had expired on that date with respect to such Leased Space. In the event of such early termination, the City shall pay to Tenant a "Leased Space Termination Payment", which shall be defined herein to include the following: (i) a sum equal to the unamortized balance of Tenant's Improvement Costs with respect to the Leased Space being terminated, depreciated using the monthly straight-line method over the term of the lease commencing on the Date of Beneficial Occupancy of the Leased Space being terminated; and (ii) a sum equal to Gross Revenues earned by Tenant from the Leased Space being terminated during the four (4)-month period immediately preceding the termination date, less the Rent payable to the City for that period. Upon Tenant's receipt of the Leased Space Termination Payment

and vacation of the Leased Space, the City and Tenant shall thereafter be released from any and all obligations under this Agreement with respect to the Leased Space except for such obligations which are expressly stated to survive the expiration or earlier termination of this Agreement.

ARTICLE 7 RENT AND FEES

7.1 Rent Payable.

A. In consideration of Tenant's Lease of the Leased Space and the License to operate its Concession in the Leased Space and the associated rights and privileges granted in this Agreement, Tenant must pay the following, without notice or demand, as rent and fees

40

(collectively, "Rent") as follows:

i) Base Rent: Beginning as of the Delivery Date of any portion of the Leased Space, the Base Rent for such Leased Space as set forth on Exhibit 2. The initial Base Rent applicable to each Leased Space will increase in each succeeding License Year by 3% following the initial License Year compounded annually. The annual Base Rent is payable in monthly installments and will be prorated for any partial Lease Year.

ii) License Fee. Beginning as of the first Date of Beneficial Occupancy of a Retail Space, an amount equal to the greater of a. or b.:

- a. Percentage Fee. The "Percentage Fee" is an amount equal to the product of the Percentage Fee Rates and Gross Revenues.
- b. Minimum Annual Guarantee. There is no "Minimum Annual Guarantee (MAG)" or "MAG" for the first and second Lease Years of the Term. The Minimum Annual Guarantee will be established beginning in the third Lease Year at an amount equal to 85% of the Percentage Fee payable in the second Lease Year. In the subsequent Lease Years of the Term, the MAG will equal 85% of the Percentage Fee calculated for the prior Lease Year but will never be less than the MAG established in the third Lease Year.

In the event the Leased Space is comprised of two or more distinct Retail Spaces that are opening for Concession operations on different dates, then Exhibit 2 must apportion the MAG payable for the entire Agreement among the various Retail Spaces. The MAG for each Retail Space shall become payable upon its DBO, prorated for any partial year. Upon the DBO of the final Retail Space, the entire MAG shall be payable, prorated for any partial year.

iii) Pre-Construction License Fee. In the event Tenant conducts, with the Commissioner's approval, concession operations in any portion of the Retail Space prior to the construction of the Improvements, then the "Pre-Construction License Fee" is an amount equal to 20% of Gross Revenues during each calendar month (or portion thereof) from the Delivery Date through the DBO of the Retail Space.

iv) Additional Rent. The Marketing Fee and Distribution Fee, if any, and any other charges payable to the City under this Agreement that are identified as Additional Rent. Failure by Tenant to pay Rent, or any portion thereof, when due is an Event of Default.

B. Impositions. Tenant must timely pay, as and when due, any and all taxes, assessments, fees, and charges levied, assessed or imposed by a governmental unit upon this Agreement, the Leased Space, Tenant's leasehold, Tenant's

Concession business or upon Tenant's personal property, including but not limited to all permit fees and charges of a similar nature for Tenant's conduct of any business or undertaking in the Leased Space (collectively, "Impositions"). Tenant must provide the Concession Management Representative with copies

of any business licenses or permits required for the Tenant to operate the Concession. Tenant must provide Commissioner a copy of all notices relating to leasehold taxes on the Leased Space within 30 days after receipt and must provide the Commissioner with a receipt indicating payment of leasehold taxes on the Leased Space when due. Nothing in this Agreement precludes Tenant from contesting the amount of an Imposition, including those taxes or charges enacted or promulgated by the City, but unless otherwise allowed by the entity imposing the tax or charge, Tenant must pay the tax or charge pending the judicial or administrative decision on the Tenant's contest. Failure of Tenant to pay any Imposition when due, except to the extent that Tenant is allowed to withhold payment while contesting the amount of the Imposition, will constitute an Event of Default. As provided in Section 4.1, Tenant acknowledges that the leasehold created under this Agreement is taxable, and while Tenant may contest the amount of the leasehold tax, Tenant shall not contest its applicability.

C. Rent under this Agreement is not considered to be a tax and is independent of any Imposition levied by the City on the Tenant's business. Further, the payment of the Rent under this Agreement is independent of each and every other covenant and agreement contained in this Agreement, and Tenant must pay all Rent without any set off, abatement, counterclaim or deduction whatsoever except as otherwise expressly provided in this Agreement. If Tenant is directed to move its Concession operations to a Relocation Space, and the City determines that the affected Retail Space is to be closed before completion of the Improvements in the Relocation Space, then adjustments will be made to the Minimum Annual Guarantee until Tenant begins Concession operations in the Relocation Space. Such adjustments will be in the same proportion as the Gross Revenues attributable to the Retail Space to be closed bears to the Gross Revenues for the entire Retail Space to which the Minimum Annual Guarantee applies. If actual Gross Revenue amounts are not available, the adjustment will be made based on the MAG per location estimates in Exhibit 2.

7.2 Time of Payments.

A. On or before the first day of each calendar month, prorated for any partial calendar month, beginning on the Delivery Date of the first Leased Space and continuing throughout the Term, Tenant must pay to the City the monthly installment of Base Rent owed pursuant to Section 7.1(A)(i).

B. On or before the first day of each calendar month, prorated for any partial calendar month, beginning on the DBO of the first Leased Space and continuing throughout the Term, Tenant must pay to the City:

(i) that portion of the Minimum Annual Guarantee as may be due pursuant to Section 7.1(A)(ii)(b);

C. On or before the 15th day of each month, beginning the month following the month in which the DBO of the first Leased Space occurs, Tenant must pay the City:

i) the amount, if any, by which the actual Percentage Fee for the preceding month pursuant to Section 7.1(A)(ii)(a) exceeds the Minimum Annual Guarantee payment that was made on the first day of the month;

ii) the Marketing Fee, Distribution Fee and additional rent, if any, based on the Gross Revenues of the preceding month or pre-determined amount; and

iii) any other charges payable to the City.

D. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding Lease Year exceeds the amount of all payments made by Tenant to the City for the Lease Year in question, then Tenant must pay the amount of the underpaid Percentage Fee to the City upon the submission of the annual statement of Gross Revenues. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding Lease Year is less than the amount of all License Fee payments made by Tenant to the City for the period in question, but the Percentage Fee still exceeds the MAG for that Lease Year, then Tenant will receive a credit against the next License Fee payment due under this Agreement for the amount by which the License Fee actually paid by Tenant exceeded the Percentage Fee attributable to the period.

3 Material Underpayment or Late Payment. Without waiving any other remedies available to the City, if:

i) Tenant underpaid Rent due in any calendar year by more than 5%, or

ii) Tenant failed to make any Rent payments within 5 days of the date due, then Tenant must pay, in addition to the amount due the City as Rent, interest on the amount of underpayment or late payment at the Default Rate. Interest on the amount underpaid accrues from the date on which the original payment was due until paid in full and shall be considered Additional Rent. The provision for the payment of interest does not constitute an authorization by the City of underpayment or late payment.

4 Reports.

A. Monthly. Tenant must furnish to the Commissioner on or before the 15th day of each calendar month falling wholly or in part within the Term of this Agreement a complete statement, certified by Tenant, of the amount of Gross Revenues derived from each Retail Space by Tenant during the preceding month.

B. Daily and/or Weekly. Tenant will furnish to the Commissioner daily and/or weekly sales reports, if requested, breaking down all sales and Gross Revenues by day, daypart (breakfast, lunch, dinner and late/overnight), selling category and by each separate Retail Space. If so requested, Tenant will provide Commissioner with statistical information regarding the number and type of transactions occurring at each Retail Space, in the form specified by the Commissioner. In addition to providing the City the foregoing daily and/or weekly reports, if requested, Tenant shall make all such reports available in an electronic.

searchable format acceptable to the City. The City may require Tenant to provide such electronic, searchable reports more or less frequently than other reports requested pursuant to this subsection.

C. Annually or more often.

- (i) Tenant also must furnish to Commissioner no later than March 1 of each Lease Year falling wholly or in part within the Term of this Agreement, and within 120 days after the expiration or termination of this Agreement, a complete statement of revenues certified by an independent certified public accountant engaged by Tenant, showing in all reasonable detail the amount of Gross Revenues made by Tenant in, on or from the Leased Space during the preceding Lease Year and copies of all returns and other information filed with respect to Illinois sales and use taxes as well as such other reasonable financial and statistical reports as the Commissioner may, from time to time, require by written notice to Tenant.
- (ii) The annual statement must include a breakdown of Gross Revenues on a month-by-month basis and an opinion of an independent certified public accountant that must include the following language, or language of similar purport:

"We, a firm of independent certified public accountants, have examined the accompanying statement reported to the City of Chicago by [] for the year ended relating to its operations at the Terminals pursuant to an Agreement dated , . Our examination was made in accordance with generally accepted accounting principles and, accordingly, includes such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement showing gross revenues of \$ presents accurately the amount of Gross Revenues, as defined in the Agreement, for the year ended ."

D. All such reports and statements must be prepared on a form approved by the Commissioner and must, among other things, provide a breakdown of the Gross Revenues by category of Products and an analysis of all Percentage Fees due and payable to the City with respect to the period in question. If Tenant fails to timely furnish to the Commissioner any monthly or annual statement required under this Agreement or if the independent certified public accountant's opinion is qualified or conditioned in any manner, the Commissioner has the right (but is not obligated) without notice, to conduct an audit of Tenant's books and records and to prepare the statements at Tenant's expense. Tenant must also provide the

Commissioner with such other financial or statistical reports and information concerning the Leased Space or any part thereof, in the form as may be reasonably required from time to time by the Commissioner.

7.5 Books, Records and Audits.

A. Except as provided below, Tenant must prepare and maintain at its office full, complete and proper books, records and accounts in accordance with generally accepted accounting procedures relating to and setting forth the Gross Revenues, including but not limited to Gross Revenues generated by sales of Products for cash, debit, check, gift certificate, credit, or any other form of compensation, and must require and cause its operations personnel to prepare and

keep books, source documents, records and accounts sufficient to substantiate those kept by Tenant. The books and source documents to be kept by Tenant must include true copies of all federal, state and local tax returns filed with respect to Tenant's Concession operation and reports, records of inventories and receipts of Products, daily receipts from all sales and other pertinent original sales records and records of any other transactions conducted in or from the Leased Space by Tenant and any other persons conducting business in or from the Leased Space. Pertinent original sales records must include the following documents or their auditable electronic equivalents:

- i) cash register tapes; including tapes from temporary registers,
- ii) serially pre-numbered sales slips,
- iii) the original records of all mail and telephone orders at and to the Leased Space,
- iv) original records indicating that Products returned by customers was purchased at the Leased Space by the customers,
- v) memorandum receipts or other records of Products taken out on approval,
- vi) detailed original records of any exclusions or deductions from Gross Revenues,
- vii) sales tax records, and
- viii) such other sales records, if any, that would normally be examined by an independent accountant under accepted auditing standards in performing an audit of Tenant's Gross Revenues.

B. Tenant must record at the time of each sale or other transaction, all receipts, whether in physical form or electronic, from the sale or other transaction. The books, records and accounts, including any sales tax reports that Tenant may be required to furnish to any government or governmental agency, must at all reasonable times be open to the inspection; (including the making of copies or extracts) of the Commissioner, the Commissioner's auditor or other authorized representative or agent at the Leased Space or Tenant's other offices in Chicago for a period of at least three (3) years after the expiration of each calendar year falling wholly or in part within the Term.

C. The acceptance by the Commissioner of payments of any Percentage Fee is without prejudice to the Commissioner's right to conduct an examination of the Tenant's books and records relating to Gross Revenues and of inventories of Products at the Retail Space, in order to verify the amount of Gross Revenues made in and from the Retail Space.

D. After providing Tenant at least 3 days prior oral or written notice, the

45

Commissioner may inspect the books and records of Tenant. Further, at its option, the Commissioner may at any reasonable time, upon no less than 10 days prior written notice to Tenant cause a complete audit to be made of Tenant's entire records relating to the Retail Space for the period covered by any statement issued by Tenant as above set forth. If the audit discloses that Tenant's statement of Gross Revenues is understated to the extent of:

- i) 3% or more, Tenant must promptly pay the City the cost of the audit in addition to the deficiency (and any interest on the deficiency at the Default Rate), which deficiency is payable in any event, and if
- ii) 5% or more, an Event of Default is considered to have occurred, and in addition to all other remedies available under this Agreement, at law, or in equity, the Commissioner has the right to terminate this Agreement immediately upon giving notice to Tenant, without any opportunity for Tenant to cure.

In addition to the foregoing, and in addition to all other remedies available to the City, if Tenant or the City's auditor schedules a date for an audit of Tenant's records and Tenant fails to be available or otherwise fails to comply with the reasonable requirements for the audit, Tenant must pay all reasonable costs and expenses associated with the scheduled audit.

7.6 Revenue Control. Upon the request of the Commissioner Tenant must make available monthly sales data for each Retail Space ("Point of Sale Data"), reflecting the amount of each sales transaction, items sold per transaction, time and date of the transaction, and specifying the sales category applicable to each item sold. At such time, if any, as computerized Point of Sale Data systems ("POS Systems") have been developed to a point where the Commissioner deems it necessary or desirable to install such a POS System, then Tenant must upon request and at its own expense, install such a POS System in the Retail Space or, if it already uses such a system, must use reasonable efforts to promptly cause the system to conform to the City's POS System, provided, in no event shall Tenant be required to disclose customer data in contravention of applicable laws. Tenant shall be given a reasonable amount of time, not to exceed one year, to accomplish the foregoing.

7.7 Lien. In addition to any liens as may arise under Illinois law, the City has a contractual lien under this Agreement on all property, including Tenant personal property located on the Leased Space, but excluding any Products that is subject to floor plan financing, as security for non-payment of any Rent due.

ARTICLE 8 INSURANCE, INDEMNITY AND SECURITY

8.1 Insurance. Tenant must, at its sole expense, procure and maintain at all times during the Term of this Agreement, and during any time period following expiration or termination of this Agreement during which Tenant is holding over or Tenant is required to return to the Leased Space for any reason whatsoever, the types of insurance specified in Exhibit 7 covering all operations under this Agreement, with insurance companies authorized to do business in the State of Illinois.

8.2 Indemnification.

A. Except where this indemnity clause would be found to be inoperative or unenforceable under the Construction Contract Indemnification for Negligence Act, 740 ILCS 35/0.01 et seq. ("Anti-Indemnity Act"), Tenant must defend, indemnify, keep and hold harmless the City, its officers, representatives, elected and appointed officials, agents and employees, from and against any and all Losses.

B. "Losses" means, individually and collectively, liabilities of every kind, including losses, damages, and reasonable costs, payments and expenses (such as, but not limited to, court costs and reasonable attorneys' fees and disbursements), claims, demands, actions, suits, proceedings, judgments or settlements, any or all of which in any way arise out of or relate to the acts or omissions of Tenant, its employees, agents, subtenants, and Subcontractors.

C. At the City Corporation Counsel's option, Tenant must defend all suits brought upon all such Losses and must pay all costs and expenses incidental to them, but the City has the right, at its option, to participate, at its own cost, in the defense of any suit, without relieving Tenant of any of its obligations under this Agreement. Tenant must not make any settlement without the prior written consent to it by the City Corporation Counsel if the settlement requires any action on the part of the City or in any way involving the Airport.

D. To the extent permissible by law, Tenant waives any limits to the amount of its obligations to indemnify, defend or contribute to any sums due under any Losses, including any limits applicable to a claim by any employee of Tenant that may be subject to the Workers' Compensation Act, 820 ILCS 305/1 et seq or any other related law or judicial decision (such as, *Kotecki v. Cyclops Welding Corporation*, 146 Ill. 2d 155 (1991)). The waiver, however, does not require Tenant to indemnify the City for the City's own negligence to the extent doing so would violate the Anti-Indemnity Act. The City, however, does not waive any limitations it may have on its liability under the Worker's Compensation Act or under the Illinois Pension Code.

E The indemnities contained in this section survive expiration or termination of " this Agreement, for matters occurring or arising during the Term of this Agreement or as the result of or during the holding over of Tenant beyond the Term. Tenant acknowledges that the requirements set forth in this section to indemnify, keep and save harmless and defend the City are apart from and not limited by the Tenant's duties under this Agreement, including the insurance and Security requirements.

8.3 Security

A. Form of Security.

(i) Tenant must deliver to the City no later than the earlier to occur of: a) 30 business days after the Effective Date or b) the Delivery Date for the first Leased Space, an irrevocable,

47

unconditional sight draft Letter of Credit in favor of the City. The face amount of the Letter of Credit and any replacements or renewals of it must be maintained by Tenant, through and including the date that is 180 days after the expiration of the Term or termination of this Agreement, as follows: the face amount of the Letter of Credit must equal a) until the third full Lease Year of the Term, \$25,000, and b) during and after the third full Lease Year of the Term, 25% of third full Lease Year MAG in the form of an irrevocable letter of credit issued in favor of the City or a cash deposit. If a letter of credit is provided as the form security, it will be required to be adjusted throughout the Term, as the MAG increases or decreases. The Letter of Credit must be in the form set forth in Exhibit 6 or as otherwise approved by the Corporation Counsel.

ii) In lieu of the Letter of Credit, Tenant may provide cash or a cashier's check in the same amount for immediate deposit in the City's accounts. The Letter of Credit, cash or cashier's check, as applicable, is referred to in this Agreement as the "Security." The original Letter of Credit, and all replacements of it, must be issued with an expiry date of at least one year after their respective dates of issuance. The Security secures the faithful performance by Tenant of all of Tenant's obligations under this Agreement. The Commissioner is entitled to draw on any such Letter of Credit unless proof of renewal of the Letter of Credit or a replacement Letter of Credit in form and substance satisfactory to the Comptroller has been furnished to the Commissioner at least 30 days before its expiration date. The City will hold the proceeds as a cash Security to secure the full and faithful performance of Tenant's obligations under this Agreement. The Commissioner is not obligated to pay or credit Tenant with interest on any Security.

iii) The Commissioner also is entitled to draw on the Letter of Credit in whole or in part upon the occurrence of an Event of Default, which such Event of Default remains uncured after any applicable cure period, in which event the Commissioner is entitled to apply or retain all or any part of the proceeds of it or any cash or other Security deposited by Tenant and held by the City for the payment of any obligation of Tenant arising before or after the Event of Default; provided, the Commissioner is not entitled to draw on the Letter of Credit if such Event of Default permits cure and has been cured.

iv) The Letter of Credit must provide that the Commissioner may draw upon the Letter of Credit in whole or in part upon the delivery by the Commissioner to the issuer of the Letter of Credit of a demand for payment, purportedly signed by the Commissioner, together with a written statement that the Commissioner is entitled to draw upon the Letter of Credit under the terms of this Agreement. If amounts are drawn upon the Letter of Credit or amounts of a cash Security are applied by the Commissioner in accordance with the terms of this Agreement, Tenant must reinstate the Letter of Credit or cash Security to its full amount required in this Agreement within 5 days following notification by the Commissioner of the City's draw upon the Letter of Credit or use of the cash Security. The rights reserved to the Commissioner or the City under the Letter of Credit or any cash Security are in addition to any rights they may have under this Agreement or under law.

B. Qualified Issuers. The Letter of Credit called for in this Agreement must be issued by companies or financial institutions having a rating of "A" or better as determined by Standard and Poors or by Moody's Investors Service, Inc., or a net worth of at least \$500,000,000, and must have an office in Chicago where the Commissioner may draw on the Letter of Credit. The Commissioner also reserves the right to order Tenant to immediately close some or all of the Leased Space until the Letter of Credit is in place and effective.

C. Right to Require Replacement of Letter of Credit. If the financial condition of any Letter of Credit issuer issuing the Letter of Credit materially and adversely changes, the Commissioner may, at any time, require that the Letter of Credit be replaced with a Letter of Credit from another institution and in accordance with the requirements set forth in this section.

D. No Excuse from Performance. None of the provisions contained in this Agreement nor in the Letter of Credit required under this Agreement excuse Tenant from faithfully performing in accordance with the terms and conditions of this Agreement or limit the liability of Tenant under this Agreement for any and all damages in excess of the amounts of the Letter of Credit.

E. Non-Waiver. Notwithstanding anything to the contrary contained in this Agreement, the failure of the Commissioner to draw upon the Letter of Credit required under this Agreement or to require Tenant to replace the Letter of Credit at any time or times when the Commissioner has the right to do so under this Agreement does not waive or modify the Commissioner's rights to draw upon the Letter of Credit and to require Tenant to maintain or, as the case may be, replace the Letter of Credit, all as provided in this Section.

ARTICLE 9 DEFAULT, REMEDIES AND TERMINATION

9.1 Events of Default. The following (A) through (N) constitute Events of Default by Tenant under this Agreement. The Commissioner will notify Tenant in writing of any event that the Commissioner believes to be an Event of Default. Tenant will be given an opportunity to cure the Event of Default within a reasonable period of time, as determined by the Commissioner, but not to exceed 30 days after written notice of the Event of Default; provided that (i)

determined by the Commissioner, but not to exceed 30 days after which notice shall constitute an Event of Default, provided, that (i) if a provision of this Agreement provides for a different cure period for a particular Event of Default, that different cure period will apply; (ii) if a provision of this Agreement does not expressly allow a right to cure a particular Event of Default, there will be no right to cure; and (iii) if neither (i) or (ii) apply and if the promise, covenant, term, condition or other nonmonetary obligation or duty cannot be cured within the time period granted by the Commissioner, but Tenant promptly begins and diligently and continuously proceeds to cure the failure within the time period granted and after that continues to diligently and continuously proceed to cure the failure, and the failure is reasonably susceptible of cure within 45 days from delivery of the notice, Tenant will have the additional time, not in any event to exceed 45 days, to cure the failure.

A. Any material misrepresentation made by Tenant to the City in the inducement

49

to City to enter this Agreement or in the performance of this Agreement. There is no right to cure this Event of Default.

B. Tenant's failure to make any payment in full when due under this Agreement and failure to cure the default within five days after the City gives written notice of the nonpayment to Tenant. In addition, Tenant's failure to make any such payment within five days after the written notice more than three times in any Lease Year constitutes an Event of Default without the necessity of the City giving notice of the fourth failure to Tenant or allowing Tenant any opportunity to cure it.

C. Tenant's failure to promptly and fully keep, fulfill, comply with, observe, or perform any promise, covenant, term, condition or other non-monetary obligation or duty of Tenant contained in this Agreement.

D. Tenant's failure to promptly and fully perform any obligation or duty, or to comply with any restriction of Tenant contained in this Agreement concerning Transfer or Change in Ownership, whether directly or indirectly, of Tenant's rights or interests in this Agreement or of the ownership of Tenant.

E. Tenant's failure to provide or maintain the insurance coverage required under this Agreement (including any material non-compliance with the requirements) and the failure to cure the Event of Default within two days following oral or written notice from the Commissioner; or, if the noncompliance is non-material, the failure to cure the Event of Default within 20 days after the Commissioner gives written notice. The Commissioner, in the Commissioner's sole discretion, will determine if noncompliance is material.

F. Tenant's failure to conduct Concession operations in any Retail Space at all times Tenant is required to do so under this Agreement.

G. Tenant's failure to comply with the Value Pricing policy.

H. Tenant's failure to begin or to complete its Improvements on a timely basis or to timely open for business in the Leased Space or any portion of it as required herein.

I. An Event of Default by Tenant or any Affiliate under any other agreement it may presently have or may enter into with the City during the Term of this Agreement and failure to cure the default within any applicable cure period.

J. Tenant or Guarantor, if any, does any of the following and the action affects Tenant's ability to carry out the terms of this Agreement:

- i) becomes insolvent, as the term is defined under Section 101 of the Bankruptcy Code as amended from time to time; or
- ii) fails to pay its debts generally as they mature; or

50

- iii) seeks the benefit of any present or future federal, state or foreign insolvency statute; or
- iv) makes a general assignment for the benefit of creditors, or

v) files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Bankruptcy Code or under any other law or statute of the United States or of any State or any foreign jurisdiction; or

vi) consents to the appointment of a receiver, trustee, custodian, liquidator or other similar official, of all or substantially all of its property.

K. An order for relief is entered by or against Tenant or Guarantor (if any) under any chapter of the Bankruptcy Code or similar law in any foreign jurisdiction and is not stayed or vacated within 60 days following its issuance.

L. Tenant is dissolved.

M. A violation of law that results in a guilty plea, a plea of nolo contendere, guilty finding, or conviction of a criminal offense, by Tenant, or any of its directors, officers, partners or key management employees directly or indirectly relating to this Agreement, and that may threaten, in the sole judgment of Commissioner, Tenant's performance of this Agreement in accordance with its terms.

N. Any failure to perform, act, event or omission that is specifically identified as an Event of Default elsewhere in this Agreement.

9.2 Remedies.

If an Event of Default occurs and is not cured by Tenant in the time allowed, in addition to any other remedies provided for in this Agreement, including the remedy of Self-help as provided in Section 9.3, the City through the Commissioner or other appropriate City official may exercise any or all of the following remedies:

A. Terminate this Agreement with respect to all or a portion of the Leased Space and exclude Tenant from that part of the Leased Space affected by the termination. If the Commissioner elects to terminate this Agreement, the Commissioner may, at the Commissioner's sole option, serve notice upon Tenant that this Agreement ceases and expires and becomes absolutely void with respect to the Leased Space or that part identified in the notice on the date specified in the notice, to be no less than five days after the date of the notice, without any right on the part of Tenant after that to save the forfeiture by payment of any sum due or by the performance of any term, provision, covenant, agreement or condition broken. At the expiration of the time limit in the notice, this Agreement and the Term of this Agreement, as well as the right, title and interest of Tenant under this Agreement, wholly ceases and expires and becomes void with respect to the Leased Space identified in the notice in the same manner.

respect to the Leased Space identified in such notice in the same manner

51

and with the same force and effect (except as to Tenant's liability) as if the date fixed in the notice were the date in this Agreement stated for expiration of the Term with respect to the Leased Space identified in such notice.

B. Recover all Rent, including Additional Rent and any other amounts due that have accrued and are then due and payable and also all damages available at law or under this Agreement. If the Agreement is terminated, whether in its entirety or with respect to a part of the Leased Space, the damages will include damages for the balance of the scheduled Term, based upon any and all amounts that Tenant would have been obligated to pay for the balance of the Term with respect to the Leased Space, or if this Agreement is terminated with respect to a portion of the Leased Space, that portion of the Leased Space affected by the termination, calculated as provided in this Agreement or, if not fixed, as reasonably estimated and prorated among the various portions of the Leased Space. In determining the amount of damages for the period after termination, the Commissioner may make the determination based upon the sum of any future payments that would have been due to the City, for the full Lease Year immediately before the Event of Default. All amounts that would have been due and payable after termination for the balance of the Term with respect to all or a portion of the Leased Space must be discounted to present value at the Default Rate existing as of the date of termination. The Commissioner may declare all amounts to be immediately due and payable.

C. At any time after the occurrence of any uncured Event of Default, whether or not the Lease under this Agreement has been terminated, reenter and repossess the Leased Space and/or any part of it with or without process of law, so long as no undue force is used, and the City has the option, but not the obligation, to re-lease all or any part of the Leased Space. The City, however, is not required to accept any Tenant proposed by Tenant or to observe any instruction given the City about such a re-lease. The failure of the City to re-lease the Leased Space or any part or parts of it does not relieve or affect Tenant's liability under this Agreement nor is the City liable for failure to re-lease. Reentry or taking possession of the Leased Space does not constitute an election on the City's part to terminate this Agreement unless a written notice of the election by the Commissioner is given to Tenant. Even if the City re-leases without termination, the Commissioner may at any time thereafter elect to terminate this Agreement for any previous uncured Event of Default. For the purpose of re-leasing, the Commissioner may decorate or make repairs, changes, alterations or additions in or to the Leased Space to the extent deemed by the Commissioner to be desirable or convenient, and the cost of the decoration, repairs, changes, alterations or additions will be charged to and payable by Tenant as Additional Rent under this Agreement. Any sums collected by the City from any new Tenant obtained on account of Tenant will be credited against the balance of the Rent due under this Agreement. Tenant must pay the City monthly, on the days when payments of Rent would have been payable under this Agreement, the amount due under this Agreement less the amount obtained by the City from the new Tenant, if any.

D. Enter upon the Leased Space, distraint upon and remove from it all inventory, equipment, machinery, trade fixtures and personal property of any kind or nature, whether owned by Tenant or by others, and to proceed without judicial decree, writ of execution or

52

assistance or involvement of constables or the City's and Tenant's officers, to conduct a private sale, by auction or sealed bid without restriction. Tenant waives the benefit of all laws, whether now in force or later enacted, exempting any of

Tenant's property on the Leased Space or elsewhere from distraint, levy or sale in any legal proceedings taken by the City to enforce any rights under this Agreement.

E. Seek and obtain specific performance, a temporary restraining order or an injunction, or any other appropriate equitable remedy.

F. Seek and obtain money damages; including special, exemplary, incidental and consequential damages.

G. Deem Tenant and Affiliates non-responsible in future contracts or concessions to be awarded by the City.

H. Declare Tenant and Affiliates in default under any other existing contracts or agreements they might have with the City and to exercise any remedies available under those other contracts or agreements.

I. Accept the assignment of any and all Subcontracts between Tenant and the design and construction Subcontractors.

J. Require Tenant to terminate a Subcontractor that is causing breaches of this Agreement.

9.3 Commissioner's Right to Perform Tenant's Obligations.

A. Upon the occurrence of an Event of Default that Tenant has failed to cure in the time provided, the Commissioner may, but is not obligated to, make any payment or perform any act required to be performed by Tenant under this Agreement in any manner deemed expedient by the Commissioner for the purpose of correcting the condition that gave rise to the Event of Default ("Self-help"). The Commissioner's inaction never constitutes a waiver of any right accruing to the City under this Agreement nor do the provisions of this section or any exercise by the Commissioner of Self-help under this Agreement cure any Event of Default. Any exercise of Self-help does not limit the right of any other City department or agency to enforce applicable City ordinances or regulations.

B. The Commissioner, in making any payment that Tenant has failed to pay:

i) relating to taxes, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim;

ii) for the discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien that may be asserted; and

(iii) in connection with the completion of construction, furnishing or equipping of the Leased Space or the licensing, operation or management of the Leased Space or the payment of any of its operating costs, may do so in such amounts and to such persons as the Commissioner may deem appropriate.

Nothing contained in this Agreement requires the Commissioner to advance monies for any purpose.

C. If Tenant fails to perform its obligations under this Agreement to maintain and operate the Leased Space in accordance with specified standards within 3 days following written notice from the Commissioner, or in the event of a serious health or safety concern or in an emergency (in which case no notice is required) the Commissioner may, but is

serious health or safety concern or in an emergency (in which case no notice is required) the Commissioner may, but is not obligated to, direct the Department to perform or cause the performance of any such obligation in any manner deemed expedient by the Commissioner for the purpose of correcting the condition in question.

D. All sums paid by the City under the provisions of this Section and all necessary and incidental costs, expenses and reasonable attorneys' fees in connection with the performance of any such act by the Commissioner, together with interest thereon at the Default Rate, from the date of the City's payment until the date paid by Tenant, are deemed Additional Rent under this Agreement and are payable to the City within 10 days after demand therefor, or at the option of the Commissioner, may be added to any Rent then due or later becoming due under this Agreement, and Tenant covenants to pay any such sum or sums with interest at the Default Rate.

9.4 Effect of Default and Remedies

A. Tenant, for itself and on behalf of any and all persons claiming through or under it (including creditors of all kinds), waives and surrenders all right and privilege that they or any of them might have under or by reason of any present or future law, to redeem the Leased Space or to have a continuance of this Agreement for the Term, as it may have been extended, after having been dispossessed or ejected by process of law or under the terms of this Agreement or after the termination of this Agreement as provided in this Agreement.

B. The City's waiver of any one right or remedy provided in this Agreement does not constitute a waiver of any other right or remedy then or later available to the City under this Agreement or otherwise. A failure by the City or the Commissioner to take any action with respect to any Event of Default or violation of any of the terms, covenants or conditions of this Agreement by Tenant will not in any respect limit, prejudice, diminish or constitute a waiver of any rights of the City to act with respect to any prior, contemporaneous or later violation or Event of Default or with respect to any continuation or repetition of the original violation or Event of Default. The acceptance by the City of payment for any period or periods after an Event of Default or violation of any of the terms, conditions and covenants of this Agreement does not constitute a waiver or diminution of, nor create any limitation upon any

right of the City under this Agreement to terminate this Agreement for subsequent violation or Event of Default, or for continuation or repetition of the original violation or Event of Default. Tenant has no claim of any kind against the City by reason of the City's exercise of any of its rights as set forth in this Agreement or by reason of any act incidental or related to the exercise of rights.

C. All rights and remedies of the City under this Agreement are separate and cumulative, and none excludes any other right or remedy of the City set forth in this Agreement or allowed by law or in equity. No termination of this Agreement or the taking or recovery of the Leased Space deprives the City of any of its remedies against Tenant for Rent, including Additional Rent or other amounts due or for damages for the Tenant's breach of this Agreement. Every right and remedy of the City under this Agreement survives the expiration of the Term or the termination of this Agreement.

ARTICLE 10 SPECIAL CONDITIONS

10.1 Warranties and Representations. In connection with the execution of this Agreement, Tenant warrants and represents statements (A) through (L) below are true as of the Effective Date. If during the Term there is any change in circumstances that would cause a statement to be untrue, Tenant must promptly notify the Commissioner in writing. Failure to do so will constitute an Event of Default. Tenant must incorporate all of the provisions set forth in this Section 10.1 in all Subcontracts entered into with any suppliers of materials, furnishers of services. Subcontractors, and labor

organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any materials, labor or services in connection with this Agreement, such that the parties warrant, represent and covenant to Tenant as to the matters set forth in this Section. Tenant must cause its Subcontractors to execute those affidavits and certificates that may be necessary in furtherance of these provisions. The certifications must be attached and incorporated by reference in the applicable agreements. If any Subcontractor is a partnership or joint venture, Tenant must also include provisions in its Subcontract ensuring that the entities comprising the partnership or joint venture are jointly and severally liable for its obligations under it.

A. Tenant is financially solvent; Tenant holds itself to very high standards of quality and professionalism; Tenant and each of its employees and agents are competent to perform as required under this Agreement; this Agreement is feasible of performance by Tenant in accordance with all of its provisions and requirements; Tenant has the full power and is legally authorized to perform or cause to be performed its obligations under this Agreement under the terms and conditions stated in this Agreement; and Tenant can and will perform, or cause to be performed, all of its obligations under this Agreement in accordance with the provisions and requirements of this Agreement

B. Tenant is qualified to do business in the State of Illinois; and Tenant has a valid current business privilege license to do business in the State of Illinois and the City of Chicago, if required by applicable law.

55

C. The person signing this Agreement on behalf of Tenant has been duly authorized to do so by Tenant; all approvals or consents necessary in order for Tenant to execute and deliver this Agreement have been obtained; and neither the execution and delivery of this Agreement, the consummation of the transactions contemplated, nor the fulfillment of or compliance with the terms and conditions of this Agreement:

i) conflict with or result in a breach, default or violations of: Tenant's organizational documents; any law, regulation, ordinance, court order, injunction, or decree of any court, administrative agency or governmental body, or any lease or permit; or any of the terms, conditions or provisions of any restriction or any agreement or other instrument to which Tenant is now a party or by which it is bound; or

ii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Tenant under the terms of any instrument or agreement.

D. There is no litigation, claim, investigation, challenge or other proceeding now pending or, to Tenant's knowledge after due and complete investigation, threatened, challenging the existence or powers of Tenant, or in any way affecting its ability to execute or perform under this Agreement or in any way having a material adverse effect on the operations, properties, business or finances of Tenant.

E. This Agreement constitutes the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium and other laws affecting creditors' rights and remedies generally and by the application of equitable principles.

F. No officer, agent or employee of the City is employed by Tenant or has a financial interest directly or indirectly in this Agreement, a Subcontract under it, or the compensation to be paid under it except as may be permitted in writing by the Board of Ethics established under Chapter 2-156 of the Municipal Code and as may otherwise be permitted by law.

G. Tenant has not and will not knowingly use the services of any person or entity for any purpose in its

G. Tenant has not and will not knowingly use the services of any person or entity for any purpose in its performance under this Agreement, when such person or entity is ineligible to perform services under this Agreement or in connection with it, as a result of any local, state or federal law, rule or regulation, or when such person or entity has an interest that would conflict the performance of services under this Agreement.

H. There was no broker instrumental in consummating this Agreement and no conversations or prior negotiations were had with any broker concerning the rights granted in this Agreement with respect to the Leased Space. Tenant shall hold the City harmless against any claims for brokerage commission arising out of any conversations or negotiations had by Tenant with any broker.

56

I. Neither Tenant nor any Affiliate of Tenant is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U. S. Department of Commerce or their successors, or on any other list of persons with which the City may not do business under applicable law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, and Entity List, and the Debarred List.

J. Tenant, and to the best of Tenant's knowledge, its Affiliates, Subcontractors, any of their respective owners holding 7.5% or more beneficial ownership interest, and any of Tenant's directors, officers, members, or partners:

i) currently have no interest, directly or indirectly, that conflicts in any manner or degree with Tenant's performance under this Agreement and will not at any time during the Term have any interest nor acquire any interest, directly or indirectly, that conflicts or would or may conflict in any manner or degree with Tenant's performance under this Agreement;

ii) have no outstanding parking violation complaints or debts, as the terms are defined in Section 2-92-380 of the Municipal Code (with the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding) and agrees that, for the Term, they will promptly pay any debts, outstanding parking violation complaints or monetary obligations to the City that may arise during the Term, with the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding;

iii) are not in default under any other City contract or agreement as of the Effective Date, nor have been deemed by the City to have been in default of any other City contract or agreement within five years immediately preceding the Effective Date;

iv) are not in violation of the provisions of § 2-92-320 of the Municipal Code pertaining to certain criminal convictions or admissions of guilt and are not currently debarred or suspended from contracting by any Federal, State or local governmental agency;

v) are not delinquent in the payment of any taxes due to the City; and

vi) will not make use of the Leased Space in any manner that might interfere with the landing and taking off of aircraft at the Airport under current or future conditions or that might otherwise constitute a hazard to the operations of the Airport or to the public generally.

K. Except only for those representations, statements, or promises expressly contained in this Agreement, including any Exhibits attached to this Agreement and incorporated by reference in this Agreement, no representation

including any Exhibits attached to this Agreement and incorporated by reference in this Agreement, no representation, warranty of fitness, statement or promise, oral or in writing, or of any kind whatsoever, by the City, its officials, agents, or employees, has induced Tenant to enter into this Agreement or has been relied upon by Tenant, including any with reference to:

- (i) the meaning, correctness, suitability or completeness of any provisions or

57

requirements of this Agreement;

- ii) the nature of the Concession license being granted;
- iii) the nature, quantity, quality or volume of any materials, equipment, labor and other facilities, needed for the performance of this Agreement;
- iv) the general conditions that may in any way affect this Agreement or its performance;
- v) the compensation provisions of this Agreement; or
- vi) any other matters, whether similar to or different from those referred to in clauses (i) through (iv) immediately above, affecting or having any connection with this Agreement, the negotiation of this Agreement, any discussions of this Agreement, the performance of this Agreement or those employed in connection with it.

10.2 Business Documents, Disclosure of Ownership Interests and Maintenance

of Existence.

A. Tenant must provide evidence of its authority to do business in the State of Illinois including, if applicable, certifications of good standing from the Office of the Secretary of State of Illinois, and appropriate resolutions or other evidence of the authority of the persons executing this Agreement on behalf of Tenant.

B. Tenant has provided the Commissioner with an Economic Disclosure Statement and Affidavit ("EDS") for itself and EDS(s) for all entities with an ownership interest of 7.5 percent or more in Tenant, copies of which have been scanned for viewing on the City's website. Upon request by the Commissioner, Tenant must further cause its Subcontractors, subtenants, sublicensees and proposed Transferees (and their respective 7.5 percent owners) to submit an EDS to the Commissioner. Tenant must provide the Commissioner, upon request, a "no change" affidavit if the information in the EDS(s) previously supplied remains accurate, or revised and accurate EDS(s) if the information contained in the EDS(s) has changed. In addition, Tenant must provide the City revised and accurate EDS(s) within 30 days of any event or change in circumstance that renders the EDS(s) inaccurate. Failure to maintain accurate EDS(s) on file with the City is an Event of Default.

10.3 Licenses and Permits. Tenant must in a timely manner consistent with its obligations under this Agreement, secure and maintain, or cause to be secured and maintained at its expense, the permits, licenses, authorizations and approvals as are necessary under federal, state or local law for Tenant, its subtenants (if any), and Subcontractors: to operate the

Concession; to construct, operate, use and maintain the Leased Space; and otherwise to comply with the terms of this Agreement and the privileges granted under this Agreement. Tenant must promptly provide copies of any required licenses and permits to the Commissioner and to the Concession Management Representative.

58

4 Confidentiality. Except as may be required by law during or after the performance of this Agreement, Tenant will not disseminate any non-public information regarding this Agreement or the Concession operations without the prior written consent of the Commissioner, which consent will not be unreasonably withheld or delayed. If Tenant is presented with a request for documents by any administrative agency or with a subpoena duces tecum regarding any documents that may be in its possession by reason of this Agreement, Tenant must immediately give notice to the City's Corporation Counsel. The City may contest the process by any means available to it before the records or documents are submitted to a court or other third party. Tenant, however, is not obligated to withhold the delivery beyond that time as may be ordered by the court or administrative agency, and unless the subpoena or request is quashed or the time to produce is otherwise extended. Tenant must require each prospective Subcontractor to abide by such restrictions in connection with their respective Subcontracts.

5 **Subcontracts and Assignments.**

A. The City expressly reserves the right to assign or otherwise transfer all or any part of its interest under this Agreement, at any time and to any third party. Upon assignment to any successor or assignee of the City's right, title and interest in and to the Airport, the City is forever relieved, from and after the date of the assignment, of any and all obligations arising under or out of this Agreement, to the extent the obligations are assumed by the successor or assignee.

B. Limits on Tenant's transfers and changes in ownership:

i) Tenant may not sell, assign, sublease, sublicense, convey, pledge, encumber or otherwise transfer (individually and collectively, "Transfer") all or any part of its rights or interests in or to this Agreement, the License, the Leased Space, the Term, or otherwise permit any third party to use the Leased Space, without prior consent of the City, which consent may be given or denied in the City's sole and absolute discretion. Consent by the City does not relieve Tenant from obtaining further consent from the City for any subsequent Transfer. Transfers involving all of Tenant's interest in this Agreement require approval of the City Council. Transfers of less than all of Tenant's interest in this Agreement require approval of the Commissioner. Consent by the City to any Transfer does not relieve Tenant from the requirement of obtaining consent from the City for any subsequent Transfer. Transfers that have the effect of granting a third party a security interest in this Agreement or the Leased Space as collateral for Tenant financing are strictly prohibited and, if entered into by Tenant, are an Event of Default.

ii) Except as otherwise provided below, any transaction involving a change of any ownership interest in Tenant, whether to an Affiliate, subsidiary or otherwise, or the transfer of an interest in any holder of a direct or indirect ownership interest in Tenant, or any merger or consolidation of Tenant (individually and collectively, "Change in Ownership"), is subject to the consent of:

- a. City Council, in its sole discretion, if the Change in Ownership involves a 100% Change in Ownership of Tenant, or
- b. the Commissioner, in the Commissioner's reasonable discretion, if the Change in Ownership involves less than a 100% Change in Ownership of Tenant.

iii) If Tenant (or, if Tenant is a joint venture or other entity comprised of other entities, any of the entities comprising Tenant) is a corporation whose shares are traded at arms-length on a public exchange, any Change in Ownership involving 5% or more of the shares of Tenant's (or if Tenant is a joint venture or other entity comprised of other entities, of any of the entities comprising Tenant) stock is subject to the City's consent as set forth above. In that event, Tenant must provide the City with such prior notice of a Change in Ownership as is not prohibited by law or by a confidentiality agreement executed in connection with the proposed Change in Ownership. If such prior notice is not permitted, then Tenant must notify the City as soon as possible after the Change in Ownership to obtain the City's consent to the Change in Ownership, which consent the City may grant or deny in its sole discretion. If Tenant (or if Tenant is a joint venture or other entity comprised of other entities, of any of the entities comprising Tenant) is a publicly traded corporation, a Change in Ownership of less than 5% does not require consent as set forth in (ii) above unless a series of such transactions results in a cumulative Change in Ownership of 5% or more.

iv) Consent by the City to any Change in Ownership does not relieve Tenant (or if Tenant is a joint venture, any of the entities comprising Tenant) from the requirement of obtaining consent from the City for any subsequent Change in Ownership.

v) Any Transfer or Change in Ownership made without the City's prior consent is an Event of Default subject to all remedies, including termination of this Agreement at the City's option, and does not relieve Tenant of any of its obligations under this Agreement for the balance of the Term. This section applies to prohibit a Transfer, such as an assignment by a receiver or trustee in any federal or state bankruptcy, insolvency or other proceedings or by operation of law. Under no circumstances will any failure by the Commissioner to act on or submit any request by Tenant or to take any other action as provided in this Agreement be deemed or construed to constitute consent to the Tenant's request by the Commissioner or by the City Council. If the City is found to have breached its obligations under this Section, then Tenant's sole remedy is to terminate this Agreement without liability to either the City or Tenant.

vi) Notwithstanding any permitted Transfer by Tenant of any rights under this Agreement, Tenant remains fully liable for all payments due to the City under this Agreement and for the performance of all other obligations under this Agreement. In the event of a permitted Transfer of the License or all or any portion of the Leased Space or Transfer of all or any portion of the Term, where the fees payable to Tenant exceed the Rent or pro rata portion of the Rent under this Agreement, as the case may be, for the License, Leased Space or Term, Tenant must pay the City monthly, as Additional Rent, at the same time as the monthly

installments of other Rent under this Agreement that are payable in monthly installments, the excess of the fees payable to Tenant pursuant to the Transfer over the Rent payable to the City under this Agreement.

- vii) Any or all of the requests by Tenant for consents under this Section must be made in writing and provided

to the Commissioner (a) at least 60 days prior to the proposed Transfer or Change in Ownership if the Commissioner's consent is required; and (b) at least 120 days prior to a proposed Transfer or Change in Ownership if the City Council's consent is required, unless the City determines that more time is required. All requests for consent must include copies of the proposed documents of Transfer or Change in Ownership, evidence of the financial condition, reputation and business experience of the proposed transferee, completed Economic Disclosure Statements and Affidavits for all involved parties in the form then required by the City, and such other documents as the City may reasonably require to evaluate the proposed Transfer or Change in Ownership. All documents of Transfer or Change in Ownership must completely disclose any and all monetary considerations payable to Tenant in connection with the Transfer or Change in Ownership. Consent to a Transfer or Change in Ownership proposed under this Agreement is in the sole discretion of the City and, as a condition of the consent, the City may require a written acknowledgment from Tenant that, notwithstanding the proposed Transfer or Change in Ownership, Tenant remains fully and completely liable for all obligations of Tenant under this Agreement; however, Tenant shall remain so liable regardless of whether or not the City requests a written acknowledgment.

viii) If any Transfer or Change in Ownership under this Agreement occurs, whether or not prohibited by this section, the Commissioner may collect the Rent payable under this Agreement from any transferee of Tenant and in that event will apply the net amount collected to the amounts payable by Tenant under this Agreement without, by doing so, releasing Tenant from this Agreement or any of its obligations under this Agreement. If any Transfer or Change in Ownership occurs without the consent of the City and the City collects compensation from any transferee of Tenant and applies the net amount collected in the manner described in the preceding sentence, the actions by the City are not deemed to be waiver of the covenant contained in this section and do not constitute acceptance of the transferee by the City.

ix) All reasonable costs and expenses incurred by the City in connection with any prohibited or permitted Transfer or Change in Ownership must be borne by Tenant and are payable to the City as Additional Rent.

C. The provisions of this Agreement, to the extent applicable, are deemed a part of any sublease or contract between Tenant and a subtenant or Subcontractor.

D. Assignment of Subleases, Sublicenses and Subcontracts.

(i) Tenant shall assign to the City all of Tenant's right, title and interest in and to each and every permitted sublease and sublicense and each and every Subcontract with a design and construction Subcontractor, now or later executed by Tenant in connection with

the License or the Leased Space or any part of it. In connection with the assignment, Tenant must deliver all originally executed subleases, sublicenses and Subcontracts to the Commissioner. Any such assignment will become operative and effective only, when and if the City accepts the assignment by giving written notice to Tenant and:

- a. either this Agreement and the Term of this Agreement or Tenant's right to possession under this Agreement are terminated pursuant to Article 9; or
- b. in the event of the issuance and execution of a dispossession warrant or of any other re-entry or repossession by the City under the provisions of this Agreement; or
- c. if an Event of Default exists.

- (ii) At the time, if any, that the assignment becomes effective as provided above, the subtenants or Subcontractors will be deemed to have waived all claims, suits, and causes of action against the City arising out of or relating to the period before the effective date of the assignment. Further, in no instance will the City be responsible for any claims by a subtenant or Subcontractor arising from or related to any fraud, misrepresentation, negligence or willful or intentionally tortious conduct by Tenant, its officials, employees, or agents.

10.6 Compliance with Laws. Tenant must at all times observe and comply with all applicable laws, statutes, ordinances, rules, regulations, court orders and executive or administrative orders and directives of the federal, state and local government, now existing or later in effect (whether or not the law also requires compliance by other parties), including the Americans with Disabilities Act and Environmental Laws, that may in any manner affect the performance of this Agreement (collectively, "Laws"), and must not use the Leased Space, or allow the Leased Space to be used, in violation of any Laws or in any manner that would impose liability on the City or Tenant under any Laws. Tenant must notify the City within seven days of receiving notice from a competent governmental authority that Tenant or any of its Subcontractors may have violated any Laws. Provisions required by any Law to be inserted in this Agreement are deemed inserted in this Agreement whether or not they appear in this Agreement or, upon application by either party, this Agreement will be amended to make the insertion; however, in no event will the failure to insert the provisions before or after this Agreement is signed prevent its enforcement. Without limiting the foregoing, Tenant covenants that it will comply with all Laws, including but not limited to the following:

A. In connection with Section 2-92-320 of the Municipal Code, Tenant has executed an Economic Disclosure Statement and Affidavit which is attached to this Agreement as Exhibit 11 and which contains a certification as required under the Illinois Criminal Code, 720 ILCS 5/33E, and under the Illinois Municipal Code, 65 ILCS 5/8-10-1 et seq. Ineligibility under Section 2-92-320 of the Municipal Code continues for 3 years following any conviction

62

or admission of a violation of Section 2-92-320. For purposes of Section 2-92-320, when an official, agent or employee of a business entity has committed any offense under the section on behalf of such an entity and under the direction or authorization of a responsible official of the entity, the business entity is chargeable with the conduct. If, after Tenant enters into a contractual relationship with a Subcontractor, it is determined that the contractual relationship is in violation of this subsection, Tenant must immediately cease to use the Subcontractor. All Subcontracts must provide that Tenant is entitled to recover all payments made by it to the Subcontractor if, before or subsequent to the beginning of the contractual relationship, the use of the Subcontractor would be violative of this subsection.

B. It is the duty of Tenant and all officers, directors, agents, partners, and employees of Tenant to cooperate with the Inspector General and the Legislative Inspector General of the City in any investigation or hearing undertaken under Chapter 2-56 or Chapter 2-55 of the Municipal Code, respectively. Tenant understands and will abide by all provisions of Chapters 2-55 and 2-56 of the Municipal Code. Tenant must inform all Subcontractors of this provision and require under each Subcontract compliance herewith by each Subcontractor as to each such Subcontractor and all of its officers, directors, agents, partners and employees.

C. Tenant must not use or allow the Leased Space to be used for the release, storage, use, treatment, disposal or other handling of any hazardous substance, as defined in any Environmental Laws, except in full compliance with all Environmental Laws. Tenant must not use or allow the Leased Space to be used for the storage of any such hazardous substances except small amounts of cleaning fluids, business equipment materials (such as copy machine toner) and other small amounts of such hazardous substances customarily handled or used in connection with

the Concession operations, all of which must be stored and used in compliance with all applicable Environmental Laws. Upon the expiration or termination of this Agreement, Tenant must surrender the Leased Space to the City free from the presence and contamination of any hazardous substances.

D. In accordance with Section 11-4-1600(e) of the Municipal Code of Chicago, Tenant warrants and represents that it, and to the best of its knowledge, its Subcontractors have not violated and are not in violation of the following sections of the Municipal Code (collectively, the "Waste Sections"):

- 7-28-390 Dumping on public way-Violation-Penalty;
- 7-28-440 Dumping on real estate without permit
- 1-4-1410 Disposal in waters prohibited;
- 1-4-1420 Ballast tank, bilge tank or other discharge;
- 1-4-1450 Gas manufacturing residue;
- 1-4-1500 Treatment and disposal of solid or liquid waste;
- 1-4-1530 Compliance with rules and regulations required;
- 1-4-1550 Operational requirements;
- 1-4-1560 Screening requirements; and

63

any other sections listed in Section 11-4-1600(e), as it may be amended from time to time.

During the period while this Agreement is executory, Tenant's or any Subcontractor's violation of the Waste Sections, whether or not relating to the performance of this Agreement, constitutes a breach of and an Event of Default under this Agreement, for which the opportunity to cure, if curable, will be granted only at the sole designation of the Commissioner. Such breach and Event of Default entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit the Tenant's and its Subcontractors' duty to comply with all Environmental Laws, in effect now or later, and whether or not they appear in this Agreement. Non-compliance with these terms and conditions may be used by the City as grounds for the termination of this Agreement and may further affect the Tenant's eligibility for future City agreements.

E. Section 2-92-586 of the Municipal Code: The City encourages Tenant to use contractors and subcontractors that are firms owned or operated by individuals with disabilities, as defined by section 2-92-586 of the Municipal Code of the City of Chicago, where not otherwise prohibited by federal or state law.

F. Prohibition on Certain Contributions (Mayoral Executive Order No. 2011-4):

1. Licensee agrees that Tenant, any person or entity who directly or indirectly has an ownership or beneficial interest in Tenant of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, Tenant's Subcontractors, any person or entity who directly or indirectly has an ownership or beneficial interest in any Subcontractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (Tenant and all the other preceding classes of persons and entities are together,

the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to the Mayor's political fund-raising committee (i) after execution of this bid, proposal or Agreement by Tenant, (ii) while this Agreement or any Other Contract is executory, (iii) during the term of this Agreement or any Other Contract between Tenant and the City, or (iv) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated.

2. Tenant represents and warrants that since the date of public advertisement of the specification, request for qualifications, request for proposals or request for information (or any combination of those requests) or, if not competitively procured, from the date the City approached the Tenant or the date the Tenant approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fund-raising committee.

3. Tenant agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fund-raising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fund-raising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to the Mayor's political fund-raising committee.

64

4. Tenant agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 05-I or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.

5. Tenant agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

6. If Tenant violates this provision or Mayoral Executive Order No. 2011-4 prior to award of the Agreement resulting from this specification, the Chief Procurement Officer may reject Tenant's bid.

7. For purposes of this provision:

"Bundle" means to collect contributions from more than one source which are then delivered by one person to the Mayor or to the Mayor's political fund-raising committee.

"Other Contract" means any other agreement with the City of Chicago to which Tenant is a party that is (i) formed under the authority of chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the city council.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

- a) they are each other's sole domestic partner, responsible for each other's common welfare;
- b) neither party is married;
- c) the partners are not related by blood closer than would bar marriage in the State of Illinois;
- d) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- e) two of the following four conditions exist for the partners:
 - (i) The partners have been residing together for at least 12 months.

65

- ii) The partners have common or joint ownership of a residence.
- iii) The partners have at least two of the following arrangements:
 - a. joint ownership of a motor vehicle;
 - b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
- iv) Each partner identifies the other partner as a primary beneficiary in a will.

"Political fund-raising committee" means a "political fund-raising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

G. Tenant covenants that no payment, gratuity or offer of employment must be made in connection with this Agreement by or on behalf of any Subcontractors or higher tier Subcontractors or anyone associated with them as an inducement for the award of a Subcontract or order; and Tenant further acknowledges that any agreement entered into, negotiated or performed in violation of any of the provisions of Chapter 2-156 of the Municipal Code is voidable as to

the City.

H. Pursuant to section 2-156-030(b) of the Municipal Code, it is illegal for any elected official of the city, or any person acting at the direction of such official, to contact, either orally or in writing, any other city official or employee with respect to any matter involving any person with whom the elected official has a business relationship, or to participate in any discussion in any city council committee hearing or in any city council meeting or to vote on any matter involving the person with whom an elected official has a business relationship. Violation of §2-156-030(b) by any elected official with respect to this Agreement is grounds for termination of this Agreement. Section 2-156-080 defines a "business relationship" as any contractual or other private business dealing of an official, or his or her spouse, or of any entity in which an official or his or her spouse has a financial interest, with a person or entity which entitles an official to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, a financial interest will not include: (1) any ownership through purchase at fair market value or inheritance of less than one percent of the share of a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation paid to an official or employee for his office or employment; (3) any economic benefit provided equally to all residents of the city; (4) a time or demand deposit in a financial institution; or (5) an endowment or insurance policy or annuity contract purchased from an insurance company. A "contractual or other private business dealing" will not include any employment relationship of an official's spouse with an entity when such spouse has no discretion concerning or input relating to the relationship between that entity and the city.

(

66

I. Visual Rights Act.

i) The Tenant will cause any artist who creates artwork for the Leased Space to waive any and all rights in the artwork that may be granted or conferred on any work of visual art (the "Artwork") under Section 106A and Section 113 of the United States Copyright Act, (17 U.S.C. § 101 et seq.) (the "Copyright Act"). The waiver must include, but is not limited to, the right to prevent the removal, storage, relocation, reinstallation, or transfer of the Artwork. The Tenant acknowledges and will cause the artist to acknowledge that such removal, storage, relocation, reinstallation or transfer of the Artwork may result in the destruction, distortion, mutilation or other modification of the Artwork. Further, the Tenant acknowledges and consents and will cause the artist to acknowledge and consent that the Artwork may be incorporated or made part of a building or other structure in such a way that removing, storing, relocating, reinstalling or transferring the Artwork will cause the destruction, distortion, mutilation or other modification of the Artwork.

ii) The Tenant represents and warrants that it will obtain a waiver of Section 106A and Section 113 of the Copyright Act as necessary from any employees and subcontractors, or any other artists. Tenant must provide City with copies of any such waivers required by Section 106A and Section 113 of the Copyright Act prior to installation of any Artwork in the Leased Space.

10.7 Airport Security.

A. This Agreement is expressly subject to the airport security requirements of Title 49 of the United States Code, Chapter 449, as amended ("Airport Security Laws"), the provisions of which govern airport security and are incorporated by reference, including the rules and regulations promulgated under it. Tenant is subject to, and further must conduct with respect to its Subcontractors and the respective employees of each, such employment investigations, including criminal history record checks, as the Commissioner, the TSA or the FAA may deem necessary. Further, in the event of any threat to civil aviation, as defined in the Airport Security Laws, Tenant must promptly report any information in accordance with those regulations promulgated by the United States Department of Transportation, the TSA and by the

in accordance with those regulations promulgated by the United States Department of Transportation, the TSA and by the City. Tenant must, notwithstanding anything contained in this Agreement to the contrary, at no additional cost to the City, perform under this Agreement in compliance with those guidelines developed by the City, the TSA and the FAA with the objective of maximum security enhancement. The drawings, plans, and specifications provided by Tenant under this Agreement must comply with those guidelines for airport security developed by the City, the TSA and the FAA and in effect at the time of their submission.

B. Further, Tenant must comply with, and require compliance by its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees, with all present and future laws, rules, regulations, or ordinances promulgated by the City, the TSA or the FAA, or other governmental agencies to protect the security and integrity of the Airport, and to protect against access by unauthorized persons. Subject to the approval

67

of the TSA, the FAA and the Commissioner, Tenant must adopt procedures to control and limit access to the Airport and the Leased Space by Tenant and its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees in accordance with all present and future City, TSA and FAA laws, rules, regulations, and ordinances. At all times during the Term, Tenant must have in place and in operation a security program for the Leased Space that complies with all applicable laws and regulations.

C. Gates and doors located on the Leased Space, if any, that permit entry into restricted areas at the Airport must be kept locked by Tenant at all times when not in use or under Tenant's constant security surveillance. Gate or door malfunctions must be reported to the Commissioner or the Commissioner's designee without delay and must be kept under constant surveillance by Tenant until the malfunction is remedied.

D. In connection with the implementation of its security program, Tenant may receive, gain access to or otherwise obtain certain knowledge and information related to the City's overall Airport security program. Tenant acknowledges that all such knowledge and information is of a highly confidential nature. Tenant covenants that no person will be permitted to gain access to such knowledge and information, unless the person has been approved by the Commissioner in advance in writing. Tenant further must indemnify, hold harmless and defend the City and other users of the Airport from and against any and all claims, reasonable costs, reasonable expenses, damages and liabilities, including all reasonable attorney's fees and costs, resulting directly or indirectly from the breach of Tenant's covenants and agreements as set forth in this section.

E. Tenant understands that fines and/or penalties may be assessed by the TSA or FAA for Tenant's noncompliance with the provisions of 49 CFR Parts 1540 and 1542 entitled "Airport Security" or by other agencies for noncompliance with regulations applicable to Tenant's operations. In the event the City shall be subject to any fine or penalty by reason of any violation at the Airport of any such rule, regulation or standard, the Commissioner may conduct an investigation and make a determination as to the identity of the party responsible for the violation. If it is determined by the Commissioner that Tenant, or any party for which Tenant is liable under this Agreement, is responsible for all or part of the fine or penalty, the Tenant shall pay said amount of the fine or penalty as Additional Rent.

F. Except for authorized members of the Chicago Police Department and State and Federal Law Enforcement officers, no one is permitted to carry a firearm or any other weapon on or into any building, real property, or parking area under the control of O'Hare or Midway International Airports. Under 430 ILCS 66 (the "Illinois Concealed Carry Act"), a license to carry a concealed firearm does NOT entitle the licensee to carry a firearm on or into any building, real property, or parking area under the control of an airport and doing so is a violation of the Concealed Carry Act and other laws, rules, and regulations. Violation of the Illinois Concealed Carry Act and carrying a firearm or other weapons on or into any building, real property, or parking area under the control of O'Hare or Midway Airports may

weapons on or into any building, real property, or parking area under the control of O'Hare or Midway Airports may result in severe penalties, including but not limited to imprisonment and permanent revocation of the violator's

access to restricted areas of O'Hare and Midway International Airports. 10.8 Non-

Discrimination.

A. Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration of this Agreement, covenants that:(i) no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Space; (ii) in the construction of any Improvements on, over, or under the Leased Space and the furnishing of services in them, no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination; (iii) Tenant will use the Leased Space in compliance with all other requirements imposed by or under 49 C.F.R. Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as those regulations may be amended; and (iv) Tenant shall operate the Concession on a fair, equal, and not illegally discriminatory basis to all users of it, and shall charge fair, reasonable, and nondiscriminatory prices for Products (but Tenant is allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.) In addition, Tenant assures that it will comply with all other pertinent statutes, Executive Orders and the rules as are promulgated to assure that no person will, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefitting from federal assistance.

B. It is an unlawful practice for Tenant to, and Tenant must at no time: (i) fail or refuse to hire, or discharge, any individual or discriminate against the individual with respect to his or her compensation, or the terms, conditions, or privileges of his or her employment, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (ii) limit, segregate, or classify its employees or applicants for employment in any way that would deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (iii) in the exercise of the privileges granted in this Agreement, discriminate or permit discrimination in any manner, including the use of the Leased Space, against any person or group of persons because of race, creed, color, religion, national origin, age, handicap, sex or ancestry. Tenant must post in conspicuous places to which its employees or applicants for employment have access, notices setting forth the provisions of this nondiscrimination clause.

C. Tenant must comply with the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq.(1981), as amended, and to the extent required by the law, must undertake, implement and operate an affirmative action program in compliance with the rules and regulations of the Federal Equal Employment Opportunity Commission and the Office of Federal Contract Compliance, including 14 CFR Part 152, Subpart E. Attention is called to: Exec. Order No. 11,246, 30 Fed. Reg. 12,319 (1965), reprinted in 42 U.S.C. § 2000e note, as amended by Exec. Order No. 11,375, 32 Fed. Reg. 14,303 (1967) and by Exec. Order No. 12,086, 43 Fed. Reg.

46,501 (1978); Age Discrimination Act, 42 U.S.C. §§ 6101-06 (1981); Rehabilitation Act of 1973, 29 U.S.C. §§ 793-94 (1981); Americans with Disabilities Act, 42 U.S.C. § 12101 and 41 CFR Part 60 et seq (1990) and 49 CFR Part 21, as amended (the "ADA"); and all other applicable federal statutes, regulations and other laws.

D. Tenant must comply with the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. as amended and any rules and regulations promulgated in accordance with it, including the Equal Employment Opportunity Clause, 5 III. Admin. Code §750 Appendix A. Furthermore, Tenant must comply with the Public Works Employment Discrimination Act, 775 ILCS 10/0.01 et seq., as amended, and all other applicable state statutes, regulations and other laws.

E. Tenant must comply with the Chicago Human Rights Ordinance, sec. 2-160-010 et seq. of the Municipal Code, as amended, and all other applicable City ordinances and rules. Further, Tenant must furnish or must cause each of its Subcontractors) to furnish such reports and information as requested by the Chicago Commission on Human Relations.

F. The Tenant agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. If the Tenant transfers its obligation to another, the transferee is obligated in the same manner as the Tenant.

This provision obligates the Tenant for the period during which the property is owned, used or possessed by the Tenant and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

G. During the performance of this contract, the Tenant, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

1. Compliance with Regulations: The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. Nondiscrimination: The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. Solicitations for Subcontracts, including Procurements of Materials and Equipment:

In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or

instructions. where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to the sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, the sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
- b. Cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

H. The Tenant for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and that-(1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin,

will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Tenant will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

With respect to Tenant, in the event of breach of any of the above nondiscrimination covenants, the City will have the right to terminate the Agreement and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said Agreement had never been made or issued.

I. During the performance of this contract, the Tenant, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or

(prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended (42 USC § 6101 et seq.) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §§ 12131 - 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;

72

- The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 et seq).

J. Tenant must insert these non-discrimination provisions in any agreement by which Tenant grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Leased Space. Tenant must incorporate all of the above provisions in all agreements entered into with any subtenants, suppliers of materials, furnishers of services, Subcontractors of any tier, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any such materials, labor or services in connection with this Agreement, and Tenant must require them to comply with the law and enforce the requirements. In all solicitations either by competitive bidding or negotiations by Tenant for work to be performed under a Subcontract, including procurements of materials or

leases of equipment, each potential Subcontractor or supplier must be notified by Tenant of the Tenant's obligations under this Agreement relative to nondiscrimination.

K. Noncompliance with this Section will constitute a material breach of this Agreement; therefore, in the event of such breach, Tenant authorizes the City to take such action as federal, state or local laws permit to enforce compliance, including judicial enforcement. In the event of Tenant's noncompliance with the nondiscrimination provisions of this Agreement, the City may impose such sanctions as it or the Federal or state government may determine to be reasonably appropriate, including cancellation, termination or suspension of the Agreement, in whole or in part.

L. Tenant must permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the City, the Commissioner or the federal government to be pertinent to ascertain compliance with the terms of this Section. Tenant must furnish to any agency of the Federal or state government or the City, as required, any and all documents, reports and records required by Title 14, Code of Federal Regulations,

73

Part 152, Subpart E, including an affirmative action plan and Form EEO-1.

M. The City is committed to compliance with federal Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency ("LEP"), and related FAA guidance. Tenant must cooperate with the City, and require its Subcontractors to cooperate, in updating and implementing the LEP access plan. This may include but is not limited to collecting demographic data and conducting surveys of LEP customers, providing multilingual signage and menus, and hiring multilingual staff.

9 Airport Concession Disadvantaged Business Enterprises (ACDBEs). This Agreement is • subject to the requirements of the U.S. Department of Transportation's regulations 49 C.F.R. Parts 26 and 23, as amended from time to time. Tenant must comply with the Special Conditions Regarding ACDBE participation attached hereto as Exhibit 8 and incorporated here by reference. Failure to comply with such Special Conditions shall be an Event of Default.

10 No Exclusive Rights. Nothing contained in this Agreement must be construed to grant or authorize the granting of an exclusive right, including an exclusive right to provide aeronautical services to the public as prohibited by section 308(a) of the Federal Aviation Act of 1958, as amended, and the City reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature. It is clearly understood by Tenant that no right or privilege has been granted that would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own regular employees (including maintenance and repair) that it may choose to perform.

11 Airport Landing Area. The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of

Tenant, and without interference or hindrance. The City reserves the right, but is not obligated to Tenant, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Tenant in this regard.

12 No Obstructions. Tenant must comply with applicable notification and review requirements covered in Part 77 of the Federal Aviation Regulations if any future structure or building is planned for the Leased Space, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Space. Tenant, by accepting the Lease, expressly agrees for itself, its successors and assigns that it will not erect nor

permit the erection of any structure or object nor permit the growth of any tree on the Leased Space above the applicable mean sea level elevation set forth in Part 77 of the Federal Aviation Regulations. If these covenants are breached, the City serves the right to enter upon the Leased Space and to remove the offending structure or object and/or cut down the offending tree, all of which will be at the expense of Tenant.

74

13 Avigation Easement. There is reserved to the City, its successors and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the Leased Space. This public right of flight includes the right to cause in the airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from, or operation on the Airport. Tenant by accepting this Lease agrees for itself, its successors, and assigns that it will not make use of the Leased Space in any manner that might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard. If this covenant is breached, the City reserves the right to enter upon the Leased Space and cause the abatement of the interference at the expense of Tenant.

14 National Emergency. This Agreement and all the provisions of this Agreement are subject to whatever right the United States government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

15 **2014 Hiring Prohibitions.**

A) The City is subject to the June 16, 2014 "City of Chicago Hiring Plan" (the "2014 City Hiring Plan") entered in *Shakman v. Democratic Organization of Cook County*, Case No 69 C 2145 (United States District Court for the Northern District of Illinois). Among other things, the 2014 City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

B) Tenant is aware that City policy prohibits City employees from directing any individual to apply for a position with Tenant, either as an employee or as a subcontractor, and from directing Tenant to hire an individual as an employee or as a subcontractor. Accordingly, Tenant must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel of Tenant in connection with this Lease are employees or subcontractors of Tenant, not employees of the City of Chicago. This Contract is not intended to and does not constitute, create, give rise to, or otherwise recognize an employer-employee relationship of any kind between the City and any personnel of Tenant.

C) Tenant will not condition, base, or knowingly prejudice or affect any term or aspect of the employment of any personnel associated with this Lease, or offer employment to any individual to provide services associated with this Lease, based upon or because of any political reason or factor, including, without limitation, any individual's political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual's political sponsorship or recommendation. For purposes of this Lease, a political organization or party is an identifiable group or entity that has as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

(D) In the event of any communication to Tenant by a City employee or City official in violation of Section 15.5 (b) above, or advocating a violation of Section 15.5(c) above, Tenant will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General, and also to the Commissioner of the Department.

ARTICLE 11 GENERAL CONDITIONS

1 Entire Agreement. This Agreement contains all the terms, covenants, conditions and agreements between the City and Tenant relating in any manner to the use and occupancy of the Leased Space and otherwise to the subject matter of this Agreement. No prior or other agreement or understandings pertaining to these matters are valid or of any force and effect. This Agreement supersedes all prior or contemporaneous negotiations, undertakings, and agreements between the parties. No representations, inducements, understandings or anything of any nature whatsoever made, stated or represented by the City or anyone acting for or on the City's behalf, either orally or in writing, have induced Tenant to enter into this Agreement, and Tenant acknowledges, represents and warrants that Tenant has entered into this Agreement under and by virtue of Tenant's own independent investigation.

2 Counterparts. This Agreement may be comprised of several identical counterparts and may be fully executed by the parties in separate counterparts. Each such counterpart is deemed to be an original, but all such counterparts together must constitute but one and the same Agreement.

1 1.3 Amendments. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement may be amended only by a written agreement signed by the City and Tenant. No review or approval by the Commissioner, including approval of Construction Documents, constitutes a modification of this Agreement (except to the extent that the review or approval expressly provides that it constitutes such a modification or it is apparent on its face that the review or approval, if made in writing, modifies terms or provisions of this Agreement that are within the express powers of the Commissioner under this Agreement to modify), nor excuse Tenant from compliance with the requirements of this Agreement or of any applicable laws, ordinances or regulations. Amendments must be signed by the Mayor, provided that the Commissioner alone may sign amendments to the Exhibits. Notwithstanding the foregoing, any amendment that would modify the Agreement such that the Agreement would no longer substantially conform to the form of Agreement that was approved by City Council requires approval by the City Council.

1 1.4 Severability. Whenever possible, each provision of this Agreement must be interpreted in such a manner as to be effective and valid under applicable law. However, notwithstanding anything contained in this Agreement to the contrary, if any provision of this Agreement is under any circumstance prohibited by or invalid under applicable law, the provision is severable and deemed to be ineffective, only to the extent of the prohibition or invalidity, without invalidating the remaining provisions of this Agreement or the validity of

the provision in other circumstances.

5 Covenants in Subcontracts. All obligations imposed on Tenant under this Agreement pertaining to the maintenance and operation of the Leased Space and compliance with the ACDBE requirements in this Agreement are deemed to include a covenant by Tenant to insert appropriate provisions in all Subcontracts covering work, under this Agreement and to enforce compliance of all Subcontractors with the requirements of those provisions.

6 Governing Law. This agreement is deemed made in the state of Illinois and governed as to performance and interpretation in accordance with the laws of Illinois. Tenant irrevocably submits itself to the original jurisdiction of those courts located within Cook County, Illinois, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement. Tenant consents to service of process on Tenant, at the option of the City, by registered or certified mail addressed to the applicable office as provided for in this Agreement, by registered or certified mail addressed to the office actually maintained by Tenant, or by personal delivery on any officer, director, or managing or general agent of Tenant. If any action is brought by Tenant against the City concerning this Agreement, the action can only be brought in those courts located within Cook County, Illinois.

7 Notices. Any notices or other communications pertaining to this Agreement must be in writing and are deemed to have been given by a party if sent by nationally recognized commercial overnight courier or registered or certified mail, return receipt requested, postage prepaid and addressed to the other party. Notices are deemed given on the date of receipt if by personal service, or one day after deposit with a nationally recognized commercial overnight courier, 3 days after deposit in the U.S. mails, or otherwise upon refusal of receipt. Unless otherwise directed by Tenant in writing, all notices or communications from City to Tenant will be addressed to the person identified as the Tenant's contact person in the Tenant's Economic Disclosure Statement and Affidavit, as attached as Exhibit 11. All notices or communications from Tenant to the City must be addressed to:

Commissioner, Chicago Department of Aviation City of Chicago O'Hare
International Airport 10510 W. Zemke Rd Chicago, Illinois 60666

Oscar Vila, PA Vila, Padron and Diaz, PA 201
Alhambra Circle Suite 702

Coral Gables, FL 33134 Master ConcessionAir,
LLC

77

1200 NW 78th Avenue Suite 400 Doral, FL
33126

and with a copy to: Deputy Commissioner of Concessions at the same address.

If the notice or communication relates to payment of Rent or other payments to the City or relates to the Security deposit or insurance requirements, a copy must be sent to:

City Comptroller City of Chicago ' City Hall - Room 501 121 N. LaSalle Street
Chicago, Illinois 60602

Oscar Vila, PA Vila, Padron and Diaz, PA 201
Alhambra Circle Suite 702
Coral Gables, FL 33134

Master ConcessionAir, LLC 1200NW 78th Avenue

Suite 400 Doral, FL 33126

If the notice or communication relates to a legal matter or the indemnification requirements, a copy must be sent to:

City of Chicago, Department of Law
Aviation, Environmental, Regulatory and Contracts Division
2 North LaSalle Street, Suite 540
Chicago, Illinois 60602
Attn: Deputy Corporation Counsel

Oscar Vila, PA Vila, Padron and Diaz, PA 201
Alhambra Circle Suite 702
Coral Gables, FL 33134

Master ConcessionAir, LLC 1200 NW78th Avenue

78

Suite 400 Doral, FL33126

Either party may change its address or the individual to whom the notices are to be given by a notice given to the other party in the manner set forth above.

8 Successors and Assigns; No Third-Party Beneficiaries. This Agreement inures to the exclusive benefit of, and be binding upon, the parties and their permitted successors and assigns; nothing contained in this Section, however, constitutes approval of an assignment or other transfer by Tenant not otherwise permitted in this Agreement. Nothing in this Agreement, express or implied, is intended to confer on any other person, sole proprietorship, partnership, corporation, trust or other entity, other than the parties and their successors and assigns, any right, remedy, obligation, or liability under, or by reason of, this Agreement unless otherwise expressly agreed to by the parties in writing. No benefits, payments or considerations received by Tenant for the performance of services associated and pertinent to this Agreement must accrue, directly or indirectly, to any employees, elected or appointed officers or representatives, or to any other person or persons identified as agents of, or who are by definition an employee of, the City. Neither this Agreement nor any rights or privileges under this Agreement are an asset of Tenant or any third party claiming by or through Tenant or otherwise, in any bankruptcy, insolvency or reorganization proceeding.

9 Subordination.

A. This Agreement is subordinate to the provisions and requirements of any existing or future agreements between the City and the United States government or other governmental authority, pertaining to the development, operation or maintenance of the Airport, including agreements the execution of which have been or will be required as a condition precedent to the granting of federal or other governmental funds for the development of the Airport. If the United States government requires modifications, revisions, supplements or deletions of any of the terms of this Agreement, then Tenant consents to the changes to this Agreement.

B. This Agreement and all rights granted to Tenant under this Agreement are expressly subordinated and subject to any existing agreement or any Use Agreement with any airline utilizing the Airport, including the Terminals, and any existing agreement with any airline consortium pertaining to the operation of the Airport, including the

Terminals.

C. To the extent of a conflict or inconsistency between this Agreement and any agreement described in paragraphs A. and B. above, those provisions in this Agreement so conflicting must be performed as required by those agreements referred to in paragraphs A. and B.

10 Conflict. In the event of any conflict between the terms and provisions of this

79

Agreement and the terms and provisions of any sublease or Subcontract between Tenant and third parties, the terms and provisions of this Agreement govern and control.

11 Offset by Tenant. Whenever in this Agreement the City is obligated to pay Tenant an amount, then the City Comptroller may elect to require Tenant to offset the amount due against Rent or other payments owed by Tenant to the City, in lieu of requiring the City to pay such amount. Tenant shall have no right to offset any amount due to City under this Agreement against amounts due to Tenant by City unless so directed in writing by the City Comptroller.

12 Waiver; Remedies. No delay or forbearance on the part of any party in exercising any right, power or privilege must operate as a waiver of it, nor does any waiver of any right, power or privilege operate as a waiver of any other right, power or privilege, nor does any single or partial exercise of any right, power or privilege preclude any other or further exercise of it or of any other right, power or privilege. No waiver is effective unless made in writing and executed by the party to be bound by it. The rights and remedies provided for in this Agreement are cumulative and are not exclusive of any rights or remedies that the parties otherwise may have at law, in equity or both, except that the City will not be liable to Tenant for any consequential damages whatsoever related to this Agreement.

13 Authority of Commissioner. Unless otherwise expressly stated in this Agreement, any consents and approvals to be given by the City under this Agreement may be made and given by the Commissioner or by such other person as may be duly authorized by the City Council, unless the context clearly indicates otherwise.

14 Estoppel Certificate. From time to time upon not less than 15 days prior request by the other party, a party or its duly authorized representative having knowledge of the following facts, will execute and deliver to the requesting party a statement in writing certifying as to matters concerning the status of this Agreement and the parties' performance under this Agreement, including the following:

A. that this Agreement is unmodified and in full force and effect (or if there have been modifications, a description of the modifications and that the Agreement as modified is in full force and effect);

B. the dates to which Rent, including Additional Rent, have been paid and the amounts of the Rent most recently paid;

C. that the requesting party is not in default under any provision of this Agreement, or, if in default, the nature of it in detail;

D. that, to its knowledge, the requesting party has completed all required improvements in accordance with the terms of this Agreement, and Tenant is in occupancy and paying Rent on a current basis with no offsets or claims; and

E. in the case of the City's request under this Agreement, such further matters as may be requested by the City, it being intended that any such statement may be relied upon by third parties.

15 No Personal Liability. Tenant, or any subtenant, sublicensee, assignee or Subcontractor, must not charge any elected or appointed official, agent, or employee of the City personally or seek to hold him or her personally or contractually liable to Tenant, subtenant, sublicensee, assignee, or Subcontractor for any liability or expenses of defense under any provision of this Agreement or because of any breach of its provisions or because of his or her execution, approval, or attempted execution of this Agreement.

16 Limitation of City's Liability. Tenant, its subtenants and Subcontractors must make no claims against the City for damages, charges, additional costs or fees or any lost profits or costs incurred by reason of delays or hindrances by the City in the performance of its obligations under this Agreement. All Tenant, subtenant, and Subcontractor personal property upon the Leased Space or upon any other part of the Airport, is at the risk of Tenant, subtenant, or Subcontractor respectively only, and the City is not liable for any loss or damage to it or theft of it or from it. The City is not liable or responsible to Tenant, its subtenants or Subcontractors, and Tenant waives, and will cause its subtenants and Subcontractors likewise to waive, to the fullest extent permitted by law, all claims against the City for any loss or damage or inconvenience to any property or person or any lost profits any or all of which may have been occasioned by or arisen out of any event or circumstance, including theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or water leakage, steam, excessive heat or cold, falling plaster, or broken glass; or any act or neglect of the City or any occupants of the Airport, including the Terminals or the Leased Space, or repair or of this Agreement that the City is required to perform and, notwithstanding the foregoing, Tenant recovers a money judgment against the City, the judgment must be satisfied only out of credit against the Rent and alteration of any part of the Airport, or failure to make any such repairs or any other thing or circumstance, whether of a like nature or a wholly different nature. If the City fails to perform any covenant or condition other monies payable by Tenant to the City under this Agreement, and the City is not liable for any deficiency except to the extent provided in this Agreement and to the extent that there are legally available Airport funds.

17 Joint and Several Liability. If Tenant, or its successors or assigns, if any, is comprised of more than one individual or other legal entity (or a combination of them), then in that event, each and every obligation or undertaking stated in this Agreement to be fulfilled or performed by Tenant is the joint and several obligation or undertaking of each such individual or other legal entity.

18 Non-Recordation. Tenant must not record or permit to be recorded on its behalf this Agreement or a memorandum of this Agreement, in any public office.

19 Survival. Any and all provisions set forth in this Agreement that, by its or their nature, would reasonably be expected to be performed after the expiration or termination of this Agreement survive and are enforceable after the expiration or termination. Any and all

liabilities, actual or contingent, that have arisen in connection with this Agreement, survive any expiration or termination of this Agreement. Any express statement of survival contained in any section must not be construed to affect the survival of any other section, which must be determined under this section.

11.20 Force Majeure. Neither party is liable for non-performance of obligations under this Agreement due to

delays or interruptions beyond their reasonable control, including delays or interruptions caused by strikes, lockouts, labor troubles, war, fire or other casualty, acts of God ("force majeure event"). As a condition to obtaining an extension of the period to perform its obligations under this Agreement, the party seeking such extension due to a force majeure event must notify the other party within 20 days after the occurrence of the force majeure event. The notice must specify the nature of the delay or interruption and the period of time contemplated or necessary for performance. The foregoing notwithstanding, however, in no event will Tenant be entitled to an extension of more than 60 days due to a force majeure event, without the express written consent of the Commissioner.

EXHIBIT 1 LEASED SPACE

(INCLUDING CONFIRMATION OF DBO AND ACTUAL IMPROVEMENT COSTS)

The Leased Space is located at ORD and consists of three locations with a total of approximately 3,952 square feet of Retail Space as further depicted in the lease outline drawings attached hereto and no more than 800 square feet of Storage Space.

The Date of Beneficial Occupancy is: TBD

83

Location #19 Total: 1,000 s.f.

Chicago CBare Itfsrraicvia) Alport
Mayor • loil itainccl

C/iicago Dipanuiejjiicf AvAatfcvi
CoitwnUsloner • Jamlo Rfiea

UKISON RETAIL MANAGEMENT

Temiral 5 Expansion Wfesi Com»L«a Locairin #)3-Pac*a(?s #3 SI-Jc; jiffr= v. Ct*

84

84

85

Location #20B Total: 150 s.f.

I

C/iicsgo CHare liferraffona) Asport
Mayor • Loil LH]]>1ool

Qiicsgo Df patte/lf of Avklfcvi
Commissioner • JMsrtee

UBISON RETAIL MANAGEMENT
Jemiinal 5 Expansion Wesl Coitttjujss

Localiof i #20B - Fatkagi? «5 Sc^c: i.>iir=v.ir

EXHIBIT 2 RENT

1. Base Rent: The annual Base Rent equals \$50 per square foot of Leased Space and shall be increased 3.0% annually as of January 1st of each calendar year during the Term. For purposes of determining Base Rent, Leased Space includes Retail Space and Storage Space.
2. Percentage Fee: The Percentage Fee shall be due and paid monthly as per the terms of the Agreement.
3. Percentage Fee Rate: The Percentage Fee Rate shall be equal to:

Alcoholic Beverages	13.0%	Beverages	16.0%	Food &	Non-alcoholic Beverages
---------------------	-------	-----------	-------	--------	-------------------------

4. Minimum Annual Guarantee. There is no "Minimum Annual Guarantee (MAG)" or "MAG" for the first and second Lease Year of the Term. The Minimum Annual Guarantee will be established beginning in third Lease Year of the Term at an amount equal to 85% of the Percentage Fee payable for the second Lease Year. In each subsequent Lease Year of the Term, the MAG will equal 85% of the Percentage Fee calculated for the prior Lease Year but will never be less than the MAG established in the third Lease Year. In the event the Leased Space is comprised of two or more distinct Retail Spaces that are opening for Concession operations on different dates, then the MAG payable for the entire Agreement will be apportioned among the various Retail Spaces based on actual annualized Gross Revenue, projected Gross Revenues or another reasonable method mutually agreed upon by both parties. The MAG for each Retail Space shall become payable upon its DBO, prorated for any partial year. Upon the DBO of the final Retail Space, the entire MAG shall be payable, prorated for any partial year.

EXHIBIT 3 DEVELOPMENT PLAN (INCLUDING BUDGET IMPROVEMENT COSTS AND SCHEDULE)

EXHIBIT 5 DEVELOPMENT PLAN (INCLUDING BUDGET IMPROVEMENT COSTS, AND SCHEDULED
DBO DATES)

88

EST t/H& 2015

HAMPTON

SOCIAL

Why The Hampton Social is Best for ORD

The Hampton Social is a Hamptons-inspired lifestyle restaurant known for its coastal cuisine and "Rose All Day" wine program. This concept transports people to a place of coastal inspired relaxation, trendy aesthetics, familiar EastCoastmenu favorites, - and fun cocktails in a socially friendly atmosphere. --

The Hampton Social was launched in 2015 in Chicago and has now expanded to eight locations throughout the country. Locations include two restaurants in Chicago, IL; Burr Ridge, IL; Skokie, IL; South Barrington, IL; Nashville, TN; Naples, FL; and the most recent outpost opened in Orlando, FL in February 2021. Due to its popularity, the brand is continuing to expand, with 19 more locations due to open in the next 5 years.

As a well-liked, local favorite that was born in Chicago, this concept is perfect for the ORD traveler and delivers an exceptional dining experience. "Life is Better at The Hampton Social: a playful, modern, escape worth celebrating, no matter why or where one is traveling!" The Hampton Social is also one of the top three most instagrammable brands in Chicago, with ~57,000 followers and over 5,000 posts from customers either directly tagging the brand or using the hashtag, #thehamptionsocial.

The Hampton Social is one of the top three most instagrammable brands in Chicago...

. Hi

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT |

EST. ~~tfH&~~ 2015
HAMPTON
SOCIAL

Meet Parker Hospitality & Brad Parker, Founder & CEO

Parker Hospitality is a Chicago-based hospitality group that conceptualizes, develops, manages, and operates a national portfolio of restaurants and lounges. The group launched - its brand in 2015 with two venues in Chicago, including The Hampton Social.

- Formerly known as Parker Restaurant Group, in 2021, founder and CEO Brad Parker is evolving the company to Parker Hospitality - a new moniker that further embodies the brand's passion for hospitality and enhancing the guest experience. Parker Hospitality develops its concepts with the vision to create unique ambiances and provide engaging, remarkable hospitality experiences for its guests and team members.

Parker Hospitality's Chicago roots and passion for delivering extraordinary concepts and customer experiences, makes them a perfect brand partner for Master ConcessionAir, who shares this passion in their successful concessions' operations throughout major U.S. airports.

MSA

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT |

Unique Guest Experience

Guests will feel transported to the Hamptons with the restaurant's bold aesthetic. Known for its lively dining experiences that seamlessly transition from day-to-night, The Hampton Social features exceptional food and cocktails in a beautifully designed atmosphere.

The Hampton Social offers an unforgettable and experience-driven concept. The unique ambiance and menu are designed to exceed customer expectations, celebrate the everyday, and ensure every customer leaves happy!

The Hampton Social's concept and growing success has been featured in the press, including FSR Magazine, Time Out, Orlando Weekly, Forbes, Nashville Lifestyles, and Vie Magazine.

94

AntoinetteG295 on TripAdvisor- April 6, 2021

"The food and ambiance was amazing!... Cute and fun place to take pictures. I highly recommend! Oh! The drinks were also really good!"

Bayli A., Nashville, TN on Yelp - 8/5/2021

"This place never disappoints!! Yes, the aesthetic is amazing, but their food is even more incredible!! Their brussels sprouts + key lime pie are on fire!!... We had the best time and can't wait to come back!!"

Dominique M., Boston, MA on Yelp - 8/7/2021

"The food, the drinks, the service and the ambiance are everything! Highly recommend if in Chicago! I got the lemon zest chicken and my friend got the linguine with clams and we both enjoyed them. Amazing flavors, the best I've ever tasted. We got the glittery drink and loved it so much we had about 4. This was the best meal I have had since being in Chicago."

Sonya L., Encinitas, CA on Yelp - 6/5/2021

"Loved this restaurant! My favorite dish, the grilled octopus, was a mix of ingredients that I would never have thought would marry well together - lentils, grapefruit, dill, octopus...but it was magical. I could have eaten several more of these dishes if it was socially acceptable to be a glutton. I highly recommend The Hampton Social. Great food and great drinks."

Delicious Ways to "Share and Socialize"

Chowder, and

Inspired by the feeling of long summer days spent on the coast. The Hampton Social offers seasonal and reimagined dishes in addition to tried-and-true Hampton favorites for lunch, dinner, and their

signature

boozy-brunch. They offer guests dishes that are meant to "share and socialize," with

appetizers such as

the Crab & Shrimp

Bruschetta and

Cooper's Beach

Calamari, as well as larger entrees such as a Maine-Style

Lobster Roll,, Shrimp Tacos, Lemon Zest Chicken, and the restaurant's Smash Burger. Pizzas,

soups, and salads are also available, including a SouthHampton Pizza, unique Avocado Corn

Pizza, New England Clam

96

SOCIAL

vegetable

options, Hampton Mac & Cheese, fries, as well as breakfast/brunch sides. More

JJenver Scramble, and a Sunrise

MCA

EST.
The 2015
CAMP

SOCIAL.

The perfect place to imbibe and relax. The Hampton Social showcases a robust selection of roses with the special "Rose All Day" section with an^

15_pojjrs_of ^ |

rotating rose wines and the brand's
signature

frozen drink, the Hampton Frose. A selection of sparkling, red, and white wines is also available, as well as specialty cocktails and beers. The signature cocktails are not only unique twists on the classics, but also appeal to customers to share on social media. Non-alcoholic options

aspdas,-coffee,- tea, customers can enjoy delicious Key Lime Pie, Doughnut Drops, or an
Espresso Martini!

MSA

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT |

HARVEST RICE SALAD

\$17.0

brown rice, root vegetables, mushrooms, pumpkin seeds, lemon maple vinaigrette

PIZZAS

FOUR CHEESE PIZZA \$15.5

red sauce, gouda, mozzarella and goat, premium cheese blend

AVOCADO CORN PIZZA \$16.5

roasted tomatoes, garlic butter, fresh corn, cheese blend, avocado, basil, lemon zest

SOUTHAMPTON PIZZA \$17

red sauce, charred pepperoni, sausage, basil, premium cheese blend

Gluten Free Pizza Option Available +\$2

MCA

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT |

LARGE PLATES

SCOTTISH SALMON	\$28	
green lentils, roasted veggies, orange segments, milky lemon wasabi sauce		
LOBSTER ROLL	MKT	
With House Potato Chips manhattan style: warm, buttery deliciousness -OR- maine stylerchilled, creamy goodness		
PRIME SKIRT STEAK	\$30	
farro, lentils, caramelized onions, asparagus, horseradish sauce		
~~ T^rT+CHIPS	" Z" \$21	
battered cod, shoestring french fries, seaside tartar sauce		
SHRIMP TACOS	\$21	
citrus marinated slaw, spicy aioli, jalapenos, house salsa, lime, com tortillas		
LINGUINI + CLAMS	\$22	
garlic, chiles, white wine, lemon, parmesan cheese		
		LEMON ZEST CHICKEN \$25
marinated airline chicken, lemon beurre blanc, smoked tomatoes, sauteed veggies, kalamata olives, lemon zest		
SHELTER ISLAND CHICKEN SANDWICH	\$16	

With House Potato Chips crispy fried chicken, slaw, apple, swiss, pickles, spicy aioli, egg bun
TUNA BURGER \$16.5
With House Potato Chips housemade tuna patty, cilantro, bok choy, horseradish mayo, egg bun
SMASH BURGER \$16
~" *With House Potato Chips*
double patty, cheddar, pickles, mustard aioli, egg bun
BRAISED SHORT RIB \$28
citrus braised, charred com, carrots, roasted sweet potatoes, com mousse, ajus

IRRESISTIBLE

ROASTED SWEET POTATOES \$12
carrots, dill, feta
ROASTED BRUSSELS SPROUTS \$13
herb goat cheese, chili honey, almonds
HAMPTON MAC + CHEESE \$9
- 4 cheese-sauce-[add lobster - MKT]
DES

GRILLED ASPARAGUS ; \$15
jumbo lump crab, com mousse, smoked tomatoes

ROASTED CAULIFLOWER \$12
olives, smoked tomatoes, yogurt, lemon
- SHOESTRING FRENCH FRIES \$5

BREAKFAST

WILD BERRY FRENCH TOAST	\$11	house syrup, powdered sugar
BREAKFAST BURRITO. \$12	potatoes, pork sausage, scrambled egg, black beans, queso, sour cream, fruit
SCOTTISH SALMON	\$28	

green lentils, roasted veggies, orange segments, milky lemon wasabi sauce
GRANDMA SWAN'S PANCAKES \$10
whipped butter, house syrup
DENVER SCRAMBLE \$15
peppers, onions, scrambled egg, cheddar, ham, hashbrowns, sourdough toast
BREAKFAST SANDWICH \$11
sausage patty, scrambled egg, cheddar, english muffin, fruit

A LA CARTE SIDES

BACON \$3.5
TURKEY SAUSAGE \$3.5
PORK SAUSAGE \$3
TWO EGGS \$5
SOURDOUGH TOAST \$3
ENGLISH MUFFIN \$3
HASHBROWNS \$5.5
FRENCH FRIES \$5
FRUIT MIX \$4
KID'S MENU
EGG & TURKEY SAUSAGE SANDWICH \$7
BURGER + FRIES \$7
single patty, cheddar, egg bun
CHICKEN TENDERS + FRIES \$7
crispy chicken breast bites
PARMESAN PASTA \$7
noodles, butter, grated parmesan

DESSERTS

KEY LIME PIE \$9
graham cracker, strawberry gelato, whipped cream

DOUGHNUT DROPS \$14.5
honey, chocolate sauce, vanilla ice cream

ESPRESSO MARTINI \$13...
sneaky fox vodka, journeymen snaggletooth, la colombe coffee, combier mist

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT

105

SPECIALTY COCKTAILS

Seasonal Spritzer:

YOU CANT SIP WITH US	\$13
aperol, watermelon, sparkling rose	
RESTING BEACH FACE	\$13
prairie gin, combier, yuzu tonic	
I GLITTERALLY CANT	\$13
strawberry gin, sparkling rose, passoa passion fruit, lemon, glitter balls	
BIG BOATSANDI CANNOT LIE	\$13
ceres vodka, passoa passion fruit, ginger beer	
OH, SHIP	\$13
cuervo blanco tradicional tequila, hibiscus saline, owens grapefruit, lime	
I LIKE IT A YACHT	\$13
sneaky fox vodka, aperol, lavender, lemon	
FEELING NAUTI	\$13
froot loop infused wild turkey bourbon 101, demerara, chocolate bitters	
HAMPTON FROSE	\$13
tito's handmade vodka, rose wine, peach puree	

WINE BY THE GLASS

RED

CARLETTO....10 | 40 pinot grigio | italy

SCHNEIDER KABINETT...10136
riesling | germany

DRYLANDS ...12 | 44

sauvignon blanc | new Zealand

MOUNTAIN STUN 12 | 48 moscato blanc | italy

MOUNTAIN SUN....15 | 48 moscato sauv. blanc | greece

TRIBUTE. ...12144

chardonnay | California

PAVETTE....11 | 40 pinot noir | California

TIEVOLI....12 | 44 zinfandel blend | California

COLLUSION.. .13 |48 red blend | Washington

- -BONANZA BY

CAYMUS....12 |44 cabernet sauvignon | California

SOFOS....13|48 cab. sauv. agiorgitiko | greece

MARQUIS DE LA TOUR....9 | 40 rose | france

CHANDON....13 | 60 rose | California

AVISSI....9 | 40

prosecco | italy

ROSE.ALL DAY

" Vie Vite The Hampton Social Special Edition "

RQSE OF.T.HE DAY \$12

ORD | CHICAGO O'HARE INTERNATIONALAIRPORT |

107

ZEROPROOFCKTAILS

SPARKLING ROSE....\$7

non-alcoholic with notes of peach, strawberry, and pear

FIELD OF DREAMS....\$7 lavender, lemon, n.a. spark-ling rose +5 to add: tequila, vodka, or gin

DON'T BE SO MEME....\$7 mixed berries, lavender, -ginger beer, lemon +5 to add: tequila, vodka, or gin

COASTAL DRAFTS

gold lager | 4.6 abv

ALLAGASH WHITE

witbier | 5.2 abv

KONALONGBOARD

\$ 8

\$8

\$8

\$8

ANGRY ORCHARD

cider I 5.5 abv

DOGFISH HEAD 60 MINUTE \$8

ipa | 6.0 abv

3 FLOYDSBARBARIAN HAZE.7."..... \$8

ipa | 6.3 abv

SAM ADAMS \$8

rotating selection

BOTTLES + CANS

MICHELOB ULTRA \$6

american lager | 4.2 abv | bottle

STELLA ARTOIS \$7

pilsner | 5.0 abv | bottle

-JUNESHINE \$8

hard kambucha | 6.0 abv | can

VANDER MILL \$8

cider | 6.8 abv | can

MOODY TONGUE EMPEROR LEMON.. \$8 saison | 6.3 abv | bottle

ELYSIAN SPACE DUST \$8

ipa | 8.2 abv | bottle

HAMPTON MULE \$10

mixed cocktail I 10 abv I can

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT. | CHICAGO HOSPITALITY PARTNERS, LLC

IE O^ ^o o^
c >ra
o SSt
< »" 3

I- X3 Q>^
■ i e e-
re tu>
CO CD(D SJ T3

™ £ !K

-ra

f 15
.H £ ai.

e

M
LU %
= |
OK
1
|

o.ω

> -2.5 g

o ca
ca - cu -- £ o
II
o ra

£ ca

? 8 u
^ rj u

iii

5

00

0

ca

CO LU Q

0

LU CO

0

a_ O oc

ORD Concessionaire Design & Construction Timeline

ID Tmlj

1 UIMbrO Riwif
5s%Drawingl

7 100% Owingl -VJ Jincwll Pirew
& Rvwio pc: Lindo-c can-ram 10 Bf lsi JOJ-ng

12 uul-to-Perr:
"3 Ouci Owner S-polee <1" "

Wee 131/31 Uon -.V13h"

"A-"WAK

Wff 4.-2022" "
Aw SJJ."J]"

!

■ a-i-js-vt:'

Wet 12/1/31

won :/ii,-r ".,"

1 ue 7K/72 3 -GT/1/3/22~
■ J73 9

ssw2 o

WcDS* -22 0

wel l+

Th.-K.T/???"

Tim 603/22 12"

"Wet IS Thu iarO/3217"

Elin Ia Wilettanc

Why FarmAir's Market is Best for ORD

FarmAir's Market is a proprietary gourmet market that unites the natural and urban into one "green" space in ORD. FarmAir is a unique and fresh foodie's dream.

Featuring high-quality gourmet menu items, including breakfast, lunch, and dinner offerings, as well as healthy snack items, beverages, and local Chicago products.

FarmAir is driven by a passion for excellence, With a strong commitment to freshness, quality, and local products. This will be a place in which travelers at Chicago O'Hare International Airport will enjoy quick service and a truly unique market experience.

Farm Air's Market is perfect for today's traveler. Based on the rise in leisure travel and current travel trends and conditions, guests not only want to enjoy meals, they also desire something to take onto their flight, especially given the recent pandemic-related food and beverage restrictions on airlines.

Tech Forward

^avel'eil's. crevv. ana^i^ /^l^^ontactless order an'd pay-on-the-go capabilitie!

^ as pick-up and delivery with minimal contact. T^Ss^af^^ alternative to high-touch interactions still maintains a positive relationship with customers and speed ot"service.

Dr Fariri^^n'tegrati^rp^^ ith the Jostle app will*^^^

- F^isy-pay in the market i Pre-order. pay. and delivery anywhere in the airport

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT | v : •
PARTNERS. LLC

•. '■' 'i' CHICAGO HOSPITALITY

What Makes FarmAir's Market Unique?

Chicagoland Favorites

FarmAir's Market will bring a local taste of Chicago to ORD travelers! Master ConcessionAir will solidify the local product assortment upon award, proposing to include local Chicago favorites such as a selection of Jays Potato Chips, a beloved Chicago brand since 1927; as well as Garrett Popcorn, well known for its delicious Chicago-style gourmet popcorn for over 70 years and its iconic Garrett Mix® of caramel and cheese popcorn. Other proposed local products include candy manufactured in Chicago, such as from Primrose Candy; as well as an assortment of premium nuts, seeds, dried fruit, snacks, trail mixes, candy, and chocolate from Chicago-based Nutstop.com <<http://Nutstop.com>>. Master ConcessionAir will continuously >

120

aim to highlight the best of the region, and with its nimble operations, can easily source new local products in response to customer trends. Menu items include freshly prepared sandwiches, salads, and wraps, such as the Turkey Fanner Cobb Salad; Turkey, Brie, and Fig Jam Sandwich; and the Garden Veggie Wrap. Healthy snack plates are also available, including a Paleo Box; Fruit, Cheese, and pretzels, yhips. olives, fruit, yogurts", 'e'nergy bars, and i-"^ rh'ore! baked goods, and desserts, including muffins, banana bread. croissants, bagels, and a variety of cookies, as well as a selection of mini, mints, and candy. rJWPted %• speTli^ .1 To accompany the variety of focttr options, a full selection of cold bevenmes will be available to incJiittle; coffee and tea. juices, water, milk^ drinks, and energy drinks. P^)

MENU

:

HOUSE MADE SALADS:

Turkey Farmer Cobb Salad . . \$8.99
Southern Gatherer Salad . . \$8.99
Chicken Kale Caesar. . . \$8.99

HOUSE MADE SANDWICHES:

Turkey & Swiss
\$9.99
\$7.99
Ham & Cheddar
\$8.99 \$8.99 \$9.99 \$3.99
Turkey, Brie & Fig Jam \$8.99
Turkey, Cheddar Pretzel Roll . .
Chicken & Mozzarella
Italian
Bagel & Cream Cheese.

SPECIALTY RETAIL & LOCAL ITEMS:

Fruit, Cheese, Baguette Plate \$6.99
California Chicken Salad & Crackers \$5.99
Mixed Veggies & Ranch \$3.99
Pimento Cheese & Crackers . \$5.99

HOUSE MADE WRAPS:

Turkey Pinwheel Roll Ups . . . \$7.99
Ham Club Pinwheel Roll Ups.. \$7.99
Greek Chicken Pinwheel Roll Ups . .
\$7.99 Turkey Cobb Wrap
\$8.99
Chicken Kale Wrap . . . \$8.99
Garden Veggie Wrap... \$7.99
Italian Wrap . . \$8.99

HOUSE MADE PLATES & SNACK

BOXES:

\$7.99

122

(Classic, \$4.79

Roasted Red Pepper, Roasted Garlic)

PB&J

Uncrustables \$1.79

Mozzarella String Cheese . .

Tillamook's Cheese Squares (Cheddar, Colby, Cracked Pepper) \$1.29

Hard Boiled Egg 2pk

Danish

Pepperidge Farms Milano Cookies

Famous Amos Chocolate Chip Cookies

The Crispery Gourmet Crispy Rice Treats (Assorted Varieties. ...

JERKY:

Chefs Cut Jerky (Assorted Varieties)

Chefs Cut Meat Sticks (Assorted Varieties)

\$2.29 \$1.49

\$5.99

\$10.99 \$3.49

1 PACKAGESIX-CASUAL Mfia 74

GUM, MINTS, & CANDY: Pur Bubblegum (Assorted Flavors) \$2.19 Glee Bubblegum (Assorted Flavors) \$2.19 M&M's (Regular & Peanut) \$2.49
Snickers . \$2.49
Skittles ..\$2.49
Kit Kat \$2.49
Toblerone (Assorted Varieties) . \$4.99
Black Forest Organic Gummies \$3.49
Altoids (Assorted Varieties) \$4.29
Darrell Lea Soft Licorice (Assorted Varieties) . . \$4.99
Haribo Roulettes Gummies . . \$0.99
Bun Bars (Assorted Varieties) \$2.29
Clay's Hard Candies (Assorted Varieties)

\$2.99 Go Hard Organic Candies (Assorted
Varieties) \$4.99 Rock Candy
Sticks \$1.89
Cow Tales (Assorted Varieties) \$0.79
Assorted
Lollipops \$0.99

ENERGY & NUTRITION BARS:

Clif Bars (Assorted Varieties) \$3.29
Kind Bars (Assorted Varieties) \$2.99
Quest Bars (Assorted Varieties) \$3.99
Bobo's Oat Bars (Assorted Varieties) \$4.49
Nugo Bars (Assorted Varieties) \$3.29

ENERGY & NUTRITION BARS:

Aquafina ... \$2.39
Fiji large . . . \$4.99
Fiji small \$3.19
Niagara Sport Cap. \$2.79
Niagara small \$1.79
Life Water \$3.79
Volvic Volcano Water large . . . \$4.99
Iceland Springs \$2.99
San Pellegrino \$2.79
Perrier \$2.79
Just Spring Water ... \$2.49
Bubbly Sparkling Water \$2.79

124

FRUIT, SIDES, & YOGURT:

House made Yogurt & Granola Parfaits
(Assorted Varieties) .. \$4.99
Chobani Yogurt (Assorted Varieties) \$2.99
Oikos Greek Yogurt (Assorted Varieties).
\$2.99 *GoGurt (Assorted*
Varieties) .. \$0.99
Bananas
\$0.99 House made Fresh Fruit
Cups . , \$4.99 Grape
Cups \$3.99

*BOTTLED COFFEE & TEA: Pureleaf Iced Tea (Assorted Varieties) \$3.49 Stok Cold Brew
Coffee (Assorted Varieties) ... \$4.99 Snapple (Assorted*

Varieties) \$3.19
Highbrew Cold Brew Coffee (Assorted Varieties) \$4.99 *Kevita Kombucha (Assorted Varieties)* \$5.99
Bustelo Cafe con leche \$4.99

BOTTLED JUICES: Natalie's Freshly Handcrafted Juice

(Assorted Varieties) . \$4.79
Tropicana Juice (Assorted Varieties) \$3.09
Bolthouse Farms Fruit Smoothies (Assorted Varieties) \$5.99
V8 \$2.99
ALO Plant Based Beverages (Assorted Varieties) \$3.99

SODA, SPORTS DRINKS, ENERGY DRINKS, & DAIRY:

Assorted Pepsi Sodas ... \$2.99 Cheerwine Soda . \$1.49 Nesquik (Assorted Varieties). \$4.29
Horizon Organic Milk (Assorted Varieties) \$2.99
Hershey's Milk (Assorted Varieties) \$2.49
Milk
Cartons \$1.49
Gatorade (Assorted Varieties). \$3.29
Red Bull (Assorted Varieties) . \$3.99
Rockstar Energy Drink (Assorted Varieties) . . . \$4.99
Vita Coco Coconut Water. \$4.29
Mojo Coconut Water \$2.99

0;r>' I CHICAGOO'HAREINTERNATIONALAIjroRT . 1
PACKAGESIX-IASUAL JVSfiA 75

With its flagship location in Chicago's West Loop "Restaurant Row", Bar Siena is the sibling of DineAmic Hospitality's River North staple eatery, Siena Tavern. Bar Siena offers diners the perfect setting to enjoy brunch, lunch, and dinner, and will be a welcome and popular addition to ORD.

longed for an Italian bar and eatery more along the lines of their original inspiration in terms of size and energy.

Three years later, in 2015, Bar Siena was bom. The red mosaic pizza oven, featured in the West

Featuring an expansive selection of Italian street food and pizza, Bar Siena's menu pays homage to various regions of Italy.

When OineAmic Hospitality owners Lucas Stoloff and David Rekhson first created Sienna tavern, much of their inspiration came from a quaint, casual, and energetic bar and restaurant called

Loop "Restaurant Row" ^

(Lome iod* toe

location, bears the name "Bella" food__ Stay for
and was handmade and the drinks. And
imported from Italy. Reaching ihe sen - vice.
temperatures of over 600 And the
degrees, Bar Siena s pizzas are desserts. And
the music. And an iconic feature of their menu. the v-^e»

With a curated menu including
Cicchetti, Antipasto, assorted
plates, and

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT PARTNERS, LLC

For the past 20 years, Lucas Stioff, a Chicago native, has immersed himself in multiple facets of the hospitality industry including event production and promotions, operations management and finance, liquor licensing, construction administration, and even design and decor. He has held positions of Marketing Company President & Founder, State's Attorney's Office Law Clerk, and Hospitality Development Group Principal. With his dexterity and ingenuity, Stioff has raised the standard in the industry through, innovative marketing, venue concepts, and perseverance in business. David Rekhson also brings extensive experience to the hospitality industry including top management positions at SUSHISAMBA Rio and JP Chicago Restaurant. Rekhson continues to pioneer new methods and set new standards . in business, operations, design

■■/y'- -e1ffciery,-and ov^all^oje^r.^,.-: /> \ %devejQj?rr^nt
extensjstffeB^e^ge and sRIOE^^afi^i

Am - ^fm^|

arK^tp venue desigj|an^^." fe th£^rlor^SgJ}

levels of advancement and achievement in the industry on a national scale.

In 2006, David Rekhson and Lucas Stioff became business partners when they opened the prosperous Stone Lotus - Lounge. Restaurant.

Liquor Spa. After six years of repeated success and national recognition - including being named 'one of the top ten nightclubs in the United States' - they realized that to . .establish new projects and concepts, they needed to start what is now the successful hospitality development group, DinsArm?

After opening a sports bar, Bull & Bear, in 2009 and beer-centricgastropub, Public House, in 2011, they partnered with Top Chef alum Fabio Viviani creating the Italian restaurant concept, Siena Tavern, in 2013.

Part of the success to the eatery can be credited to the partners following Chef Viviani.to Italy^ before opening and embarking on-'th^falia

:"."> • ■■■

!
Ji they foy^jii^^c^f^^rV aspect of " ~ ~ ~ _r l.
/ the concept inducing the "fro/ii^cfatch" nr,, Z^r^TT;!

T

ORD i CHICAGOO'HARE INTERNATIONAL AIRPORT j PARTNERS, LLC

132

CIBO E LIQUOSI

lore about DimeAonic Hospitality

Further innovation resulted in their first steakhouse, Prime & Provisions, and Siena Tavern's sister restaurant, Bar Siena, the latter making its debut in July 2015. Without skipping a beat, both restaurants were set for success receiving favorable attention including Chicago

Co r.s ss; orL^ i r

i'MC/Aji is ifjTDWl for
excellence and

ny^gazine calling them both

New Restaurants" in 2016 and USA Today naming Prime & Provisions one of "Chicago's Top Steakhouses."

rn.ak.mg <<http://rn.ak.mg>>

Mospriallotyche perfect HocaU brand partner for iVSCA, € ;.rT3

Additional concepts have been created to round out the hospitality group's portfolio including BomboBar, recognized by Food Network to have one of the "30 Most Instagrammed Foods in

Chica^";jBI^o;fe Kat5ujiWn1^pi named one of

MSA

ORD | CHICAGO O'HARE INTERNATIONAL AIRPORT | PARTNERS, LLC

134

ORD I CHICAGO O'HARE INTERNATIONAL AIRPORT | PARTNERS, LLC

136

C/O O E LIQUORI

Brunch, Lunch, or Dinner

Bar Signo's success is largely due to the powerhouse executive chef team

Bar Siena's success is largely due to the powerhouse executive chef team, Fabio Viviani, Executive Chef and Top Chef fan favorite, and Ken Biffar, Executive Chef & Partner of the Siena Brands. Biffar sets the bar on culinary excellence with his cuisine expertise and created a new wave of Italian cicchetti (cheese-ert-ee) menu items. He also continues to push the menu's authenticity with Viviani behind him. Just like Siena Tavern, Siena Bar was rooted in Italy and from scratch, which means everything is made "from scratch."

If the stunning look of Bar Siena does not draw ORD travelers inside, the aroma of freshly baked gourmet

pizzas will! Featuring local Chicago favorites such as Fireball Pepparoni, Wild Mushroom & Garlic, Bufala Mozzarella & Tomato, Carne, and Genovese, pizzas can be eaten in-house or easily transported to eat at the

Pasta dishes include Pancetta Mac n' Cheese, Short Rib Lasagna, Rigatoni all'Vodka, and Sweet Corn Ravioli, to name a few. Pasta dishes can be customized with the addition of a selection of protein sources including salmon, skirt steak, shrimp, and chicken. Popular plates are served daily such as Broiled Salmon, Eggplant Parmesan, Scallops, New York Strip, and the social media favorite, Branzino Fish & Chips, served with sticky potatoes, charred lemon, and Calabrian chili & Meyer lemon aioli. Sandwiches, served with crispy parmesan fries, are a fave at lunch and travelers will dig the Bar Siena BLT, Lobster Roll, and Bombo Burger. A selection of chicken sandwiches is also available. Travelers wanting lighter fare can choose from a variety of salads, such as the Bar

MSA

Siena Chop, Kafe & Qiiinoa. Burrata & Roasted Bett. all made from scratch using only the freshest ingredients.

ORD¹ CHICAGO O'HARE INTERNATIONAL AIRPORT | PARTNERS, LLC

138



CIBO E LIQUORI

Mom Bfu^nh, L^tisfl, o" Dih?:**

For families and travelers dining with friends or colleagues, the Cicchetti and Antipasti offerings are perfect to share. Tuna Carpaccio, Bruschetta, Roasted Meatballs, and Parmesan Potato Skins are just a few of the items available. The Meats & Cheeses plate is always on demand, featuring Chicago Salumi's wagyu bresaola. In addition, many of Bar Siena's dishes can be modified to be gluten and vegan friendly.

Bar Siena offers a full bar with a carefully curated wine list, cocktails designed with the food menu in mind, and a beer selection to rival the best. Siena's in-house sangria is available by the glass or pitcher. Cocktail creations are both traditional and unique, made from top-shelf liquor (Ketel One, Bombay Sapphire, Maker's Mark, etc.) coupled with the finest ingredients. The beer selection includes draft, canned, and bottled beer - domestic, imported, local, craft, you name it! A selection of hard seltzers is also available. Travelers dining in early will experience the ever-popular brunch selection. Along with the before-mentioned soups, salads, sandwiches, and pizzas, diners can choose from savory options - Avocado Toast, Short Rib Hash, Bombo Breakfast Sandwich, New York Steak & Eggs, Breakfast Calzone, Jumbo Lump Crab Benedict, and more. Those wanting a sweet option for their first meal,

can get a Blueberry Acai Bowl, PulTPancake, Bombo French Toast, or Bom- bo Monkey Bread. Special AM "sips" including Mimosa, Bloody Mary, and Reil Toro accompany the brunch menu. Cold pressed juice is available in assorted flavors and customers can also "juice up their juice", by adding Tito's, Tanqucray ,or Ketel One Botanicals. BarSienaalso includes a grab-and-go area, where take-out vci-sions of popular menu items are available for customers-on-the-flv!

ORD ! CHICAGOO'HARE INTERNATIONAL AIRPORT | PARTNERS, LLC

BAR SIENA MENU

CISO 6 LIQUORI

Rigatoni alia Vodka* \$28
rock shrimp, vodka sauce, english peas

LUNCH & DINNER

Tomato Bisque \$15
petite grilled cheese

Caesar
\$16
romaine, parmesan, garlic breadcrumbs

Bar Siena Chop \$17
salami, pepperoncini, blue cheese, egg, cherry
tomatoes, artichokes, red onion, cucumber, avocado,
parmesan breadcrumbs, smoked mustard vinaigrette

Kale & Quinoa GF \$16
orange, raisins, shaved manchego
cheese, roasted marcona almonds,
lemon pepper vinaigrette

Burrata & Roasted Beet \$17
frisee, arugula, crispy polenta, roasted hazelnuts,
agrodolce

PASTA

Pancetta Mac n' Cheese* \$18
braised leek, calabrian chili, parmesan cream,
garlic breadcrumbs

Short Rib Lasagna
bellwether ricotta, bechamel

Half Roasted Chicken* \$25

panzanella salad, feta vinaigrette

Broiled Salmon* GF

\$25

roasted spring vegetables, citrus-herb yogurt

12 oz. New York Strip* GF

\$30

potato au gratin

Scallops* GF

\$26

cherrywood smoked bacon, pepperonata, pea tendrils, citrus jus

Branzino Fish & Chips*

\$30

sticky potatoes, charred lemon, calabrian chili & meyer lemon aioli

Eggplant Parmesan \$24

pomodoro, mozzarella, parmesan

italian sausage, prosciutto cotto, cherry smoked bacon, soppressata

Bufala Mozzarella & Tomato \$21

mozzarella, tomato sauce

Fireball Pepperoni* \$21

housemade mozzarella, roasted tomato sauce

Wild Mushroom & Garlic \$22

white truffle oil, fontina

Genovese* \$21

roasted chicken, oven roasted tomatoes, caramelized leek, pesto

GF : gluten friendly

*Many of our dishes can be modified to be gluten & vegan-friendly.

142

"AO I CHICAGOO'HARE INTERNATIONAL AIRPORT _ i PACKAGESIX-
CASUAL MCA 83

CICCHETI

Tuna Carpaccio* \$18
olive relish, polenta crisp, spicy diavolo aioli, capers

Bruschetta \$16
olive tapenade, marinated tomatoes, bellwether ricotta

Bur rata \$18
spicy apricot mostarda, candied pistachio

MEATS & CHEESES \$22

POINT REYES bay blue, RED HEAD CREAMERY little lucy brie, PECORINO black pepper pecorino, SMOKING GOOSE coppa, CHICAGO SALUMI wagyu bresaola, RED BEAR PROVISIONS holy cow, prosciutto di parma

r

ANTIPASTI

Parmesan Fries \$12

Chilled Broccoli Caesar \$14
shaved parmesan, garlic breadcrumbs, lemon

Roasted Meatballs* \$19
ricotta, basil, polenta bread

Parmesan Potato Skins \$16
truffle garlic aioli

Focaccia \$16
stracchino, arugula, truffle honey, sea salt add prosciutto 5

**Parmesan Crusted
Parker House Rolls** \$18

prosciutto, fontina, provolone, heaven's honey

SIDES

- 143 **Balsamic Glazed Brussels Sprouts pancetta** GF \$12
- Potato auGratin** GF \$14

Omelette* GP \$18

grilled artichoke, spinach, oven dried tomato, taleggio // select one: cherrywood smoked bacon, housemade pork sausage, or chicken sausage

Avocado Toast*

\$16

vine ripened tomato, toasted marcona almond, poached eggs, sea salt add meyer lemon hollandaise 5 **Breakfast Focaccia**

\$21

stracchino, prosciutto cotto, calabrese, scrambled eggs, arugula, heaven's hot honey **Bombo Breakfast**

Sandwich* \$16 cherrywood

\$22

smoked bacon, fennel sausage, scrambled eggs, american cheese

Jumbo Lump Crab Benedict*...

oven-roasted tomato, spinach, meyer lemon hollandaise **Classico***

\$18

cheddar scrambled eggs, sticky parmesan potatoes, polenta toast

BREAKFAST

~~MF Uuuuum miBune~~ ■ \$22

breakfast sausage, cheddar, scrambled eggs, cherrywood smoked bacon, spicy tomato sauce

Blueberry Acai

Bowl GF \$16 granola, toasted

coconut, banana, blueberries, heaven honey

Puff Pancake* \$16

lemon whipped ricotta, blueberries, maple syrup

Bombo French Toast \$16

breakfast anglaise, amarena cherries, raspberry coulis

BREAKFAST SIDES

W A F F I E H A S H _

WAFLE HASH -
BROWN \$10
CHERRY SMOKED BACON
GF\$7
CHICKEN SAUSAGE*
GF \$7
FRESH SEASONAL FRUIT
GF\$7
PORK SAUSAGEPORK SAUSAGE
GF\$7

144'

[PACKAGESIX-CASUAL ^{S4}

BOTTLED BEER

N° 5 maker's mark, meletti, le sirop winter spice, bitters

N° 8 bombay sapphire, lavender honey, aperol, lillet rose, lemon, thyme, tonic

N° 10 reyka, stirrings peach, prosecco, lime, ginger zest, mint

N° 15 herradura, lime, grapefruit, smoked salt, rosemary

N° 24 ketel one, lime juice, cherry lavender syrup, basil leaf, peychaud's bitters

mcreyente mezcal, campari, luxardo abano, lime, tamarind chili, peychaud's bitters

SIENA SANGRIA

red or rose \$13/48

FROZEN

N° 13

patron citronge mango, bombay, lime, pineapple, ginger, mint, serrano Aperol Spritz
aperol, gin, prosecco, citrus

Coors Original \$6
Coors Brewing Co., American Lager

Prairie Path \$7
Two Brother's Brewing Co., Gluten Removed. American Blonde Ale

Peroni Nastro Azzurro \$7
Birra Peroni. Euro Pale Lager

Corona Premier \$6
Grupo Modelo. Pale Lager

Amber Ale
\$7
Bell's Brewery. American Amber Ale

Milk Stout
\$8
Left Hand Brewing Company. Sweet Stout

Sofie
\$9
Goose Island Beer Co., Saison

Michigan Peach \$8
Virtue Cider. Apple Peach Cider

DRAFTS

Lost Palate

\$8

Goose Island. Hazy IPA

Cactus Pants

\$7

Two Brother's Brewing Co., Gluten Removed. American Blonde Ale

Trumer Pils

\$7

Trumer Brauerei. German Pilsner

Big Wave

\$7

Kona Brewing Co., Golden Ale

145

Stella

Artois

\$7

Stella Artois. Belgian Pale Lager

Anti-

Hero

\$8

Revolution Brewing, Chicago IPA

Oberon

Bell's Brewery. American Pale Wheat Ale

Rubaeus Nitro

\$7

Founders Brewing Co., Raspberry Ale

146

CHICAGO'S ARE INTERNATIONAL AlltPORT

CANS

Lagunitas IPA	\$7
Lagunitas Brewing Co., IPA	
Freedom Of Speach	\$7
Revolution Brewing. Session Sour	
Black Widow	
\$8	
Original Sin Cidery. Blackberry Cider Bud	
Light	\$6
Anheuser-Busch. American Lager	
ApexPredator	\$9
Off Color Brewing. Saison	
Shiner Bock	\$8
Spoetzl Brewery. German Bock	

Hard Apple

\$7
Vander Mill. Cider

Lu
\$7
Solemn Oath Brewery. Kolsch

A Little Sum pin ¹ Sumpin' \$8
Lagunitas Brewing Co., Pale Wheat Ale

Gumballhead \$8
3 Floyds Brewing Co., American Wheat Ale

312 Shandy
\$6
Goose Island Beer Co., Lemonade Shandy

Truly Lemonade \$7
Hard Seltzer Beverage Co., Strawberry Lemonade ,
Bud Light Seltzer \$7
Anheuser-Busch. Black Cherry Hard Seltzer

147

NON-ALCOHOLIC

Red Bull Energy Drink
\$6

red bull • sugarfree • tropical • watermelon Coke

Products \$3

Coffee

\$3 Hot & Cold

Tea \$3

Espresso
\$4

Juices
\$4

r Lemonade. \$4

sewed with fruit

French Toast \$8

Mini Egg and Sausage Sandwich.. \$8

Cheese Pizza \$7

Mac N Cheese \$8

| **PACKAGESIX-CASUAL Mfit 86**

2

CRB Concessions Design & Construction Timeline

1 *tpe; Awarud

5 50' Dawnig

5 j
6 A\port 90'

OPaur pei Ujpc;oidoo Theroi 13 iMje'n BdoOng

12 iue for Perm*

1 | Oreei Own SjaRk; term

M.kor~*WTJ|Owii A Pimjicis*

Wed 12/1/21 Uon 1/2/13/21 i 1" null 2/1/21 ~

* wt Wed 3W22

2 w*3 AM WW22

~Tks~*~WVc~om~

1% | wd av?

2aki | Wed 5/11/23

1~* | Woo s/25/22

faki | wea 5/11/22

~~11/1/21-1/23/22~~

Ua- 13/3/1 1 Mon 11/1/22 ~

Tuo***W2S *ue a/1/U..T (

riaafo/22S

Tue 5/2-1/22/1 Woe 6/1/22 IO Wret 4T*2 9 T no 9/23/22 12*

of 2C22 Odoon | 102-1J5 38 11/19/2U u2 G i i:

[1 ~*~mnd
| ■ t'cni'

I%k ■ ■ ■ ev(2~) ~ncoc~: 15

3My* ~ Men 10/3/22 | "Wei IDIOJ" B

*1 o.T/Thil 10.1/22 ~ Th;1JJC'da 1'

EXHIBIT 4 CITY'S SHELL AND CORE OBLIGATIONS

The City shall have no Shell and Core Obligations.

155

EXHIBIT 5 PRODUCTS AND PRICE LIST

156

EXHIBIT 6 FORM OF LETTER OF CREDIT

SAMPLE FORM OF LETTER OF CREDIT Issuing Bank Letterhead (must
be a bank located in the Chicago metropolitan area) Irrevocable Standby
Letter of Credit Letter of Credit No. Date: , 20_

Chicago Department of Aviation
Chicago's O'Hare International Airport P.O. Box
66142 Chicago, Illinois 60666
Attention: Commissioner

1. We hereby open in your favor, at the request and for the account of this irrevocable standby letter of credit in an aggregate amount not to exceed \$ Dollars ("Stat ed Amount"), to be available for payment of your drafts drawn at sight on us signed by the Commissioner of the Chicago Department of Aviation, or her designee.
2. Your sight drafts must be accompanied by a written certificate, in the form of Exhibit A attached hereto (the "Certificate") signed and completed by you.
3. Partial and multiple drawings are permitted hereunder.
4. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by any document, instrument or agreement referred to herein, or in which this Letter of Credit is referred to, or to which this Letter of Credit relates; and no such reference shall be deemed to incorporate herein by reference any such document, instrument or agreement. The Account Party is not the owner or beneficiary under this Letter of Credit and possesses no interest whatsoever in this Letter of Credit or its proceeds. Further, this Letter of Credit shall not be affected by any bankruptcy or other insolvency proceeding initiated by or against the Account Party.
5. This credit shall expire on , 20 , unless extended as provided herein.

6. It is a condition of this credit that it will be automatically extended without amendment for an additional period of twelve (12) months from the present and each future expiry date, unless, not less than ninety (90) days prior to the then relevant expiry date, we notify you and Corporate Counsel of the City by registered mail, return receipt requested, that we elect not to extend this credit for any additional period. Upon receipt of such a notification you may draw your sight draft on us prior to the then-relevant expiration

157

date for the unused balance of this credit, which shall be accompanied by your signed written statement that you received notification of our election not to extend.

7. Drafts must be marked "Drawn under irrevocable Standby Letter of Credit No. ."
8. We hereby agree to honor each draft drawn under and in compliance with the terms of this credit if duly presented at our offices on or before the close of business on the expiry date.
9. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein and any such reference shall not
' be deemed to incorporate herein by reference any document, instrument or agreement.
10. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 500, 1993 revision, ("IUCP") and to the Uniform Commercial Code - Letters of Credit, as adopted in Illinois, 810 ILCS 5-101 et seq., as amended ("UCC"). To the extent that the provisions of the IUCP and UCC conflict, the provisions of the UCC shall govern.
11. We hereby undertake that a draft drawn in conformity with the terms of this Letter of Credit will be duly honored on presentation.

By:

Name:

Title:

158

**THIS IS AN INTEGRAL PART OF STANDBY LETTER OF
CREDIT NO.**

EXHIBIT A

CERTIFICATE FOR DRAWING

The undersigned, the Commissioner of the Chicago Department of Aviation, represents, warrants and certifies to _____ (the "Bank.") with reference to Letter of Credit No. _____ Chicago (the "Beneficiary") that: issued by the Bank in favor of the City of _____

A breach of the Lease and License Agreement ("Agreement") dated as of _____, 20____, as amended, modified or supplemented, between the City of Chicago ("City") and _____, an_____, has occurred, or a replacement Letter of Credit in a form and substance satisfactory to the City Comptroller has not been issued to the City by a Financial Institution meeting the requirements set forth in the Agreement. As a result, the City is making demand under the Letter of Credit to pay _____ dollars (\$) on the _____, day of 20____.

1. Payment of the draft shall be made by bank wire paid to our account as per our wire instructions below:

(Name of Bank)
(City & State)
(ABA No.)
(Account Name)
(Account No.)
(Reference No., if any)

2. All defined terms used but not defined herein shall have the meaning assigned hereto in the Letter of Credit.

In witness hereof, the City has executed this certificate as of this _____ day of _____, 20____.

CITY OF CHICAGO

BY:
Its: Commissioner of Aviation

EXHIBIT 7

INSURANCE REQUIREMENTS

Chicago Department of Aviation [Name of Tenant]

**Concession Lease and License Agreement O'Hare International
Airport**

A. INSURANCE REQUIRED

Tenant must provide and maintain at Tenant's own expense, during the term of the Agreement and during the time period following expiration if Tenant is required to return and perform any work, services, or operations, the insurance coverages and requirements specified below, insuring all work, services, or operations related to the Agreement.

- 1) **Workers Compensation and Employers Liability (Primary and Umbrella)**
Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to provide a work, services, or operations under this Agreement and Employers Liability coverage with limits of not less than \$1,000,000 each accident; \$1,000,000 disease-policy limit; and \$1,000,000 disease-each employee, or the full per occurrence limits of the policy, whichever is greater. Coverage must include, but not be limited to, the following: other state endorsement, voluntary compensation and alternate employer, when applicable.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

- 2) **Commercial General Liability (Primary and Umbrella)**
Commercial General Liability Insurance or equivalent must be maintained with limits of not less than \$2,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury, personal injury, and property damage liability. Coverages must include, but not limited to, the following: Leased Space and operations, products/completed operations, separation of insureds, defense, and contractual liability (not to include Endorsement CG 21 39 orequivalent).

The City must be provided additional insured status with respect to liability arising out of Tenant's work, services or operations performed. The City's additional insured status must apply to liability and defense of suits arising out of Tenant's acts or omissions, whether such liability is attributable to the Tenant or to the City on an additional insured endorsement form acceptable to the City. The full policy limits and scope of protection also will apply to the City as an additional insured, even if they exceed the City's

minimum limits required herein. Tenant's liability insurance must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

3) Automobile Liability (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work, services, or operations to be performed, Automobile Liability Insurance must be maintained by the Tenant with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury and property damage. The City is to be added as an additional insured on a primary, non-contributory basis.

Tenant may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

4) Excess/Umbrella

Excess/Umbrella Liability Insurance must be maintained with limits of not less than \$4,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater. The policy/policies must provide the same coverages/follow form as the underlying Commercial General Liability, Automobile Liability, Employers Liability and Completed Operations coverage required herein and expressly provide that the excess or umbrella policy/policies will drop down over reduced and/or exhausted aggregate limit, if any, of the underlying insurance. The Excess/Umbrella policy/policies must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Tenant may use a combination of primary and excess/umbrella policies to satisfy the limits of liability required in sections A.1, A.2, A.3 and A.4 herein.

5) Property

The Tenant must maintain All Risk Property Insurance for the Leased Space including improvements and betterments, in the amount of their full replacement cost. Coverage extensions must include Business Income and Extra Expense. The City is to be named as an additional insured and loss payee, as its interest may appear. Tenant is responsible for all loss or damage to personal property including equipment, fixtures and contents.

6) Cyber Liability

Cyber Liability Insurance must be maintained with limits of not less than \$2,000,000 for each occurrence or claim. Coverage must include, but not be limited to network security

and privacy liability including computer or network system attacks (liability arising from the loss or disclosure of confidential information), privacy breach response coverage and costs, regulatory liability including fines and penalties, denial or loss of service, introduction, implantation and/or spread of malicious software code, unauthorized access to or use of computer systems, theft of data, and no exclusion/restriction for unencrypted portable devices/media may be on the policy. The City must be named as an additional insured and/or

portable devices/media may be on the policy. The City must be named as an additional insured and/or indemnified party. If the City is named as an additional insured and the policy contains an insured vs insured exclusion, the exclusion must be amended, and not be applicable to the City.

7) Commercial Crime Insurance

The Tenant must provide a Fidelity Bond or Commercial Crime coverage covering all loss or damage by employee dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery, and other related crime risks. The policy limit must be written to cover losses in the amount of maximum monies collected, received or on premises or in possession of Tenant at any given time. The City must be named as a loss payee as its interest may appear. Coverage must include, but not be limited to, third party fidelity coverage, including coverage for loss due to theft and must not contain a requirement for an arrest and/or conviction.

8) Builders Risk

When Tenant undertakes any construction, including improvements, betterments, upgrades and/or repairs, the Tenant must provide or cause to be provided, All Risk Builders Risk Insurance to cover materials, supplies, equipment, machinery and fixtures that will be part of the permanent facility/Leased Space Property. The City of Chicago is to be named as an additional insured and loss payee as its interest may appear.

The Tenant is responsible for all loss or damage to City of Chicago property at full replacement cost.

B. Additional Requirements

Evidence of Insurance. Tenant must furnish the City of Chicago, Department of Aviation, 10510 W. Zemke Rd, Chicago, IL 60666, original certificates of insurance and additional insured endorsement, or other evidence of insurance, to be in force on the date of this Agreement, and renewal certificates of Insurance and endorsement, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. Tenant must submit evidence of insurance prior to execution of Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of Agreement. The failure of the City to obtain, nor the City's receipt of, or failure to object to a non-complying insurance certificate, endorsement or other insurance evidence from Tenant, its insurance broker(s) and/or insurer(s) will not be construed as a waiver by the City of any of the required insurance provisions. Tenant must advise all insurers of the Agreement provisions regarding insurance. The City in no way warrants that the insurance required herein is sufficient to protect Tenant for liabilities which may arise from or relate to the Agreement. The

City reserves the right to obtain complete, certified copies of any required insurance policies at any time.

Failure to Maintain Insurance. Failure of the Tenant to comply with required coverage and terms and conditions outlined herein will not limit Tenant's liability or responsibility nor does it relieve Tenant of the obligation to provide insurance as specified in this Agreement. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to suspend this Agreement until proper evidence of insurance is provided, or the Agreement may be terminated.

Notice of Material Change. Cancellation or Non-Renewal. Tenant must provide for sixty (60) days prior written notice to be given to the City in the event coverage is substantially changed, canceled or non-renewed and ten (10) days prior written notice for non-payment of premium.

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions on referenced insurance coverages

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Tenant.

Waiver of Subrogation. Tenant hereby waives its rights of subrogation and agrees to require their insurers to waive their rights of subrogation against the City under all required insurance herein for any loss arising from or relating to this Agreement. Tenant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City received a waiver of subrogation endorsement for Tenant's insurer(s).

Tenant's Insurance Primary. All insurance required of Tenant under this Agreement must be endorsed to state that Tenant's insurance policy is primary and not contributory with any insurance carrier by the City.

No Limitation as to Tenant's Liabilities. The coverages and limits furnished by Tenant in no way limit the Tenant's liabilities and responsibilities specified within the Agreement or by law.

No Contribution by City. Any insurance or self-insurance programs maintained by the City do not contribute with insurance provided by Tenant under this Agreement.

Insurance not Limited by Indemnification. The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

Insurance and Limits Maintained. If Tenant maintains higher limits and/or broader coverage than the minimums shown herein, the City requires and must be entitled the higher limits and/or broader coverage maintained by Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage must be available to the City.

163

Joint Venture or Limited Liability Company. If Tenant is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

Other Insurance obtained by Tenant. If Tenant desires additional coverages, the Tenant will be responsible for the acquisition and cost.

Insurance required of Subcontractors. Tenant must name the Subcontractor(s) as a named insured(s) under Tenant's insurance or Tenant will require each Subcontractor(s) to provide and maintain Commercial General Liability, Commercial Automobile Liability, Worker's Compensation and Employers Liability Insurance and when applicable Excess/Umbrella Liability Insurance and Professional Liability Insurance with coverage at least as broad as in outlined in Section A, Insurance Required. The limits of coverage will be determined by Tenant but be no less than \$5,000,000 per occurrence for access to airside and \$2,000,000 per occurrence for access to landside for Commercial General Liability and Auto Liability. Tenant must determine if Subcontractor(s) must also provide any additional coverage or other coverage outlined in Section A, Insurance Required. Tenant is responsible for ensuring that each Subcontractor has named the City as an additional insured where required on an additional insured endorsement form acceptable to the City. Tenant is also responsible for ensuring that each Subcontractor has complied with the required coverage and terms and conditions outlined in this Section B, Additional Requirements. When requested by the City, Tenant must provide to the City certificates of insurance and additional insured endorsements or other evidence of insurance. The City reserves the

City certificates of insurance and additional insured endorsements or other evidence of insurance. The City reserves the right to obtain complete, certified copies of any required insurance policies at any time. Failure of the Subcontractor(s) to comply with required coverage and terms and conditions outlined herein will not limit Tenant's liability or responsibility.

City's Right to Modify. Notwithstanding any provisions in the Agreement to the contrary, the City, Department of Finance, Risk Management Office maintains the right to modify, delete, alter or change these requirements.

164

EXHIBIT 8
ACDBE SPECIAL CONDITIONS AND RELATED FORMS

City of Chicago Department of Aviation

**Special Conditions Regarding Airport Concessions Disadvantaged Business Enterprise
(ACDBE)
Commitment**

I. POLICY AND PROGRAM

It is the policy of the City of Chicago ("City") not to discriminate on the basis of race, color, sex or national origin in the award or performance of airport concession agreements. Because the City is a recipient of Airport Improvement Program funds from the Federal Aviation Administration ("FAA"), the concessions at the City's airports are subject to 49 CFR Part 23, Participation of Disadvantaged Business Enterprise in Airport Concessions ("Part 23"). The City will not, directly or indirectly, through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or impeding the accomplishment of the objectives of Part 23. Compliance with Part 23 requirements will not diminish or supplant the Concessionaire's obligations to comply with nondiscrimination laws as required elsewhere in the Agreement. In the event of a conflict between the provisions of these Special Conditions and the requirements of Part 23, the requirements of Part 23 shall prevail. Part 23 is available on-line at <<https://www.ecfr.gov/current/title-49/subtitle-A/part-23?toc=1>>.

It is further the policy of the City in accordance with the requirements of Part 23 that Airport Concession Disadvantaged

It is further the policy of the City, in accordance with the requirements of Part 23, that Airport Concession Disadvantaged Business Enterprises ("ACDBEs") have the maximum opportunity to participate fully in the City's airport concession program. As used throughout these Special Conditions, the term "ACDBE" means an entity that has been certified as such under the Illinois Unified Certification Program ("UCP"). If a firm is not certified by the Illinois UCP as an ACDBE in accordance with the standards in Part 23, the firm's participation is not counted for Part 23 purposes. ACDBEs certified by other jurisdictions are not considered certified ACDBEs for purposes of this Agreement and will not be counted as such unless they have also been certified by the Illinois UCP.

In accordance with Part 23, Subparts B and D, the City submitted an ACDBE Program and ACDBE Goal for approval by the FAA. The FAA-approved ACDBE Program and ACDBE Goal are available upon request. In the event of any amendments or revisions to Part 23 (or any related or superseding regulations), these Special Conditions shall be subject to such revised regulations and any City-promulgated program, regulations, or goals established thereunder. Upon request by the City, this Agreement shall be amended to replace these Special Conditions with revised Special Conditions that reflect the then-current federal regulations, if necessary.

165

The following assurances are required to be included in the Agreement by 49 CFR §23.9(c). Concessionaire is deemed to be the "concessionaire or contractor" referenced.

1. This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase order or other agreement covered by 49 CFR Part 23.
2. The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

II. PROGRAM GOALS

The City has established, and the Federal Aviation Administration has approved, aspirational goals for ACDBE participation in its airport concessions program as required by Part 23, Subpart II. Generally, ACDBE participation in airport concessions is measured as a percentage of annual gross receipts earned by the concessions. Details on counting ACDBE participation are found in 49 CFR §§ 23.53 (rental car concessions) and 23.55 (non-rental car concessions) and described further below.

The below aspirational goals are for the City's concessions program as a whole. With respect to this Agreement, the City may or may not have established a contract-specific ACDBE aspirational goal at the time that the City issued the Request for Proposals for the concession ("RFP"). If the RFP included a contract-specific goal, Tenant's proposal either included participation by ACDBE(s) that met or exceeded the contract-specific goal or Concessionaire demonstrated "good faith efforts" to meet that contract-specific goal but was unable to do so. Guidance on "good faith efforts" can be found in Appendix A to 49 CFR Part 26. Appendix A as it appears on the date of the Agreement is incorporated in

round in Appendix A to 49 C.F.R. Part 26. Appendix A as it appears on the date of the Agreement is incorporated in Section VI.A. of these Special Conditions, but Concessionaire is responsible for compliance with federal regulations as they may be amended from time to time.

1. All Concessions Except Rental Cars.

O'Hare International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 32%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 7% and a race-conscious goal of 23%.

Midway International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 37%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 5.5% and a race-conscious goal of 31.5%.

166

B. Rental Car Concessions. Due to the lack of ACDBE rental car companies, the national or regional nature of rental car industry procurement practices and a general lack of reliable historical data, the City has determined that the aspirational goal for ACDBE participation in rental car concessions at both airports is 2.4%. Nevertheless, rental car concessionaires are encouraged to use all reasonable efforts to maximize procurement of goods and services from ACDBEs that may be certified in the Illinois UCP or the UCPs of other states.

In 2012, the Rent-A-Car Concessions Voluntary M/W/DBE Program ("RAC Program") was approved by City Council of Chicago, Illinois, as part of an amendment to the rental car concession license agreements at Chicago O'Hare and Midway International Airports. (Coiin. J. 12-12-2012, p. 43891.) As part of the program, the on-airport rental car companies ("RACs") will use good faith efforts to expand contracting opportunities for businesses owned by minorities, women and/or disadvantaged persons in connection with "non-fleet expenditures" attributable to the On-Airport RACs operations at the Airports. The RACs agree that for fiscal year 2017 and thereafter, the goal of their outreach efforts will be to achieve, at a minimum, 30% of non-fleet expenditures with businesses owned by M/W/DBEs that are either certified or not certified but are owned by minority, women and/or disadvantaged persons.

III. CONCESSIONAIRE'S ACDBE COMMITMENT

A. INITIAL ACDBE COMMITMENT

The extent and nature of the ACDBE participation commitment by Concessionaire is documented in Schedules B, C and/or D attached to these Special Conditions ("ACDBE Commitment"). As used in these Special Conditions and in Schedules B, C and D, "Concessionaire" means the entity with whom the City has entered into a concession agreement, whether that entity is referred to in that agreement as "Tenant," "Licensee" or other term.

The total ACDBE Commitment, stated as a percentage of the concessions gross revenues, must equal or exceed the percentage ACDBE participation required in the Agreement. If the Agreement indicates that there is no ACDBE participation requirement, it will be conclusive evidence that either (a) the RFP contained no contract-specific goal and Concessionaire did not propose any ACDBE participation or (b) the Concessionaire demonstrated, to the satisfaction of the City, that it intended good faith efforts to obtain ACDBE participation to meet a contract-specific goal.

the City, that it exerted good faith efforts to obtain ACDBE participation to meet a contract- specific goal but was unable to obtain such participation. In either such event, there will be no Schedule B, C or D attached to these Special Conditions.

If there is ACDBE participation in the form of a joint venture member, the attached Schedule B sets forth the essential terms of that joint venture participation, including a representation as

167

to the value of the ACDBE's activities in operating the concession as a percentage of gross revenues, and a copy of the joint venture agreement is attached to Schedule B. If there is ACDBE participation in the form of ACDBE(s) acting as sublicensee(s), subtenant(s) or subcontractor(s), it is documented in Schedules C and D. Schedule(s) C is the commitment by the ACDBE(s) to participate by providing the goods or services indicated, and Schedule D is the commitment by the non-ACDBE to such participation by the ACDBE(s).

B. CHANGES IN ACDBE PARTICIPATION

Pursuant to 49 CFR 23.25 and 49 CFR 26.53, Concessionaire must not make arbitrary changes to its ACDBE Commitment. Further, after entering into a joint venture agreement, sublicense or subcontract (collectively, "ACDBE agreement") with each approved ACDBE, Concessionaire must not terminate the ACDBE agreement, reduce the scope of the ACDBE's participation in the concession, nor decrease the compensation to the ACDBE, as applicable, without in each instance receiving the prior written consent of the City. The City will not consent unless Concessionaire shows good cause. Concessionaire must promptly notify the Commissioner of any proposed change in an ACDBE agreement and submit a copy of the proposed amendment to the ACDBE agreement. Prior to requesting consent from the City to terminate or substitute an ACDBE, Concessionaire must give notice to the ACDBE, with a copy to the City, providing the ACDBE an opportunity to respond.

In any event, the collective participation of the previously approved ACDBE(s) must either continue to contribute to the concession at least the value of the ACDBE Commitment, as stated in terms of a percentage of gross revenues, or substitute or additional ACDBE(s) must be retained by Concessionaire pursuant to (D) below to maintain the ACDBE Commitment, except as provided in (C) below. Failure to comply with the ACDBE Commitment is an event of default under the Agreement. If the proposed change in ACDBE participation is approved by the City, Concessionaire and ACDBE(s) must complete revised Schedules B, C or D, as applicable.

These notice and consent requirements apply both pre- and post- award of the Agreement. Note that changes to a joint venture Concessionaire prior to award may result in rejection of the proposal if the City determines, in the sole discretion of the Commissioner, that those changes affect Concessionaire's qualifications.

C. IN VOLUNTARY CHANGES IN ACDBE PARTICIPATION

In the event that it appears that Concessionaire will not comply with its ACDBE Commitment because: (i) an ACDBE has defaulted in its performance under the ACDBE agreement through no fault of Concessionaire, (ii) an ACDBE is decertified by the Illinois UCP through no fault of Concessionaire and the ACDBE's participation can no longer be counted, (iii) the ACDBE's certified area of specialty has been changed through no fault of Concessionaire and the ACDBE's participation can no longer be counted, or (iv) an ACDBE is otherwise unable or unwilling to perform its obligations through no fault of Concessionaire, then Concessionaire must promptly notify the ACDBE with a copy to the City, of its intent to terminate or substitute

the ACDBEs participation and provide the ACDBE with a minimum of five days to respond, unless the City grants permission for a shorter response period as a matter of public necessity (i.e. safety). Concessionaire requests to the City for permission to terminate or substitute an ACDBE must specify one or more of the foregoing reasons as the cause for potential noncompliance with the ACDBE Commitment. If the City concurs with the specified reason, Concessionaire shall use good faith efforts as described in Section VI below to replace the ACDBE's participation with participation by another ACDBE. As provided in Section VI, Concessionaire must demonstrate those good faith efforts to the satisfaction of the Commissioner. Failure to comply with the foregoing shall be an event of default under the Agreement.

Concessionaire's position in these cases must be fully explained and supported with adequate documentation. Stated reasons which will NOT be acceptable include: A replacement firm has been recruited to perform the same function under terms more advantageous to the Concessionaire; issues about performance by the committed ACDBE were disputed (unless every reasonable effort has already been taken to have the issues resolved or mediated satisfactorily); and an ACDBE has requested reasonable price escalation which may be justified due to unforeseen circumstances.

D. ACDBE SUBSTITUTION AND ADDITIONAL ACDBEs

If Concessionaire identifies a substitute, replacement or additional ACDBE for the City's approval, Concessionaire's request for approval shall include the name, address, and principal official of the proposed ACDBE; the nature and essential terms of the ACDBE agreement under which the ACDBE will participate; and a letter of intent signed by Concessionaire and the ACDBE to enter into such an ACDBE agreement upon approval by the City. Concessionaire must provide such other affidavits and documents as the City may request to evaluate the request. The City will evaluate and respond to the submitted documentation within fifteen working days after the submittal of a complete request. The response may be in the form of approving the request, requiring more information, or requiring an interview.

Actual use of a substitute, replacement or additional ACDBE should not be made by Concessionaire before City approval is given. An ACDBE agreement between Concessionaire and the ACDBE must be executed within the time specified by the City, and a fully executed copy of the ACDBE agreement must be submitted immediately to the City.

E. AGREEMENT EXTENSIONS, ASSIGNMENTS AND SUBLEASES

If the Agreement contains a term extension or if the Concessionaire proposes an assignment or sublease of the Agreement, as a condition precedent to the City's consent to such extension, assignment or sublease, the City and Concessionaire will revisit and possibly adjust the Concessionaire's ACDBE Commitment to reflect any possible change in ACDBE availability and to ensure compliance with Part 23 as it may have been amended in the interim.

Concessionaire will be required to provide amended Schedules D, B, or C, along with amended ACDBE agreements, to reflect any required changes to the ACDBE Commitment or provide documentation of good faith efforts to achieve increased ACDBE participation.

IV. COUNTING ACDBE PARTICIPATION

A. CONCESSIONS OTHER THAN RENTAL CAR

In order for participation in the concession to be counted and reported to the FAA, ACDBEs must perform a commercially useful function, as defined in 49 CFR § 23.55(a). The work performed or gross receipts earned by a firm after its ACDBE eligibility has been removed are not counted, except as provided in 49 CFR § 23.55(j). Costs incurred in connection with the renovation, repair, or construction of a concession facility (sometimes referred to as the "buildout") are not counted (but may be subject to goals for M/WBE or other types of participation under a local program as specified by the City). Otherwise, ACDBE participation in non-rental car concessions is counted in accordance with 49 CFR § 23.55 as follows:

1. Concessionaire is an ACDBE. When Concessionaire is an ACDBE or a joint venture consisting only of ACDBEs, the gross receipts earned by Concessionaire are counted. Gross receipts attributable to a non-ACDBE sublicensee of Concessionaire are not counted.
2. Separate locations. When an ACDBE performs as a sublicensee to Concessionaire with its own concession location or when Concessionaire is a joint venture which includes a non-ACDBE and in which an ACDBE operates its own separate location, the gross receipts earned by the ACDBE at its separate location are counted. The ACDBE location must be independently operated by the ACDBE as evidenced by the ACDBE's responsibility for all aspects of the management and operation of the location. Gross receipts attributable to a non-ACDBE sublicensee of the ACDBE are not counted.
3. Joint venture, no separate locations. When Concessionaire is a joint venture with an ACDBE participant and the ACDBE jointly participates with a non-ACDBE in the operation of all locations, only the portion of the Concessionaire's gross receipts attributable to the distinct, clearly defined portion of the work of the concession that the ACDBE performs with its own forces is counted. When the City has reason to doubt the extent of an ACDBE joint venturer's commercially useful contribution towards the concessionaire's gross receipts, the City may require Concessionaire to submit evidence to substantiate the value of the ACDBE's contribution. If the Concessionaire fails to submit satisfactory evidence, it is an event of default under the Agreement.

170

4. Subcontractor participation. When an ACDBE provides, as a subcontractor to Concessionaire, goods or services for operation of the concession, the amounts paid to the ACDBE are counted as provided below. However, if the ACDBE enters into a subcontract with a non-ACDBE to provide the goods or services, the amounts paid to the non-ACDBE are not counted.
 - a. The entire amount of fees or commissions charged by an ACDBE firm for
, a bona fide service, provided that the City determines this amount to be reasonable and not excessive as compared with fees customarily paid for similar services. Such services may include, but are not limited to, professional, technical, consultant, legal, security systems, advertising, building cleaning and maintenance, computer programming, or managerial.
 - b. The entire amount of the cost of goods obtained from an ACDBE manufacturer, as provided in 49 CFR § 23.55(f)-

49 CFR § 23.55(g)

- c. The entire amount of the cost of goods purchased or leased from a ACDBE regular dealer, as provided in 49 CFR § 23.55(g).
- d. For goods purchased from an ACDBE which is neither a manufacturer nor a regular dealer, the amount of reasonable fees, commissions, or delivery charges earned by the ACDBE, as provided in 49 CFR § 23.55(h).

B. RENTAL CAR CONCESSIONS

If Concessionaire is a rental car company, ACDBE participation counts in accordance with the provisions of 49 CFR §23.53. Goods and services will be counted in accordance with the following:

1. The entire amount of the cost charged by an ACDBE for repairing vehicles, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services; and further provided that any portion of a fee paid by a manufacturer to an ACDBE car dealership for reimbursement of work performed under the manufacturer's warranty is excluded;
2. The entire amount of the fee or commission charged by an ACDBE to manage a car rental concession under an agreement with the Concessionaire, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services.
3. For other goods and services, ACDBE participation counts as provided in 49 CFR §26.55 and §23.55. In the event of any conflict between these two sections, §23.55 controls.

171

4. If a rental car company has a national or regional contract with an ACDBE, it may count a pro-rated share of the amount of that contract toward the goals of each airport covered by the contract as provided in §23.55 (f).

Rental car companies may also count ACDBE direct participation through direct ownership arrangements, but such arrangements are not required.

V. CERTIFICATION, RECORDS, REPORTS AND MONITORING

A. CERTIFICATION

Copies of letters of certification from a member of the Illinois UCP for each ACDBE that is part of Concessionaire's ACDBE Commitment are attached to their respective Schedule C or Schedule B. All letters of certification issued by the City of Chicago include a statement of the ACDBE firm's area of specialization.

Each ACDBE must promptly notify Concessionaire if there is any change in the ACDBE's certification status. Concessionaire, in turn, must notify Commissioner of any change in an ACDBE's certification status and provide a copy of any correspondence from the certifying agency regarding the status of an ACDBE's certification.

The ACDBE's scope of work, as detailed by Schedule B, C or D, must conform to its stated area of specialization. If, during the course of this Agreement, Concessionaire proposes to amend Schedules B, C or D so that an ACDBE performs additional work or supplies additional goods, materials or services not covered by its area of certification, the ACDBE must request an extension of its certification for such work, goods, materials or services in order to count toward the ACDBE's participation in the concession. The request to expand the scope of the ACDBE's certification, together with all documentation required by the City to process that request, must be received by the City at least 60 days in advance of the proposed date to perform such additional work or supply such additional goods, materials or services.

B. RECORDKEEPING

The Concessionaire must maintain records of all relevant data with respect to the utilization of ACDBEs, retaining these records for a period of at least three years after termination or expiration of the Agreement. Concessionaire grants full access to these records to the City of Chicago, Federal or State authorities, the U.S. Department of Justice, or their duly authorized representatives.

C. REPORTING

Concessionaire must file ACDBE utilization reports (monthly if non-rental car and quarterly if rental car), together with its concession license fee payment, delineating for the month or quarter, as applicable, and cumulatively for the year-to-date: (i) contribution by ACDBE joint venture

172

member(s) or sublicensee(s) to Concessionaire's gross receipts and (ii) payments to ACDBE subcontractor(s). Each ACDBE utilization report must be signed by an authorized officer or representative of the Concessionaire and be notarized.

D. MONITORING

The City will, from time to time during the term of the Agreement, conduct investigations and interviews to monitor and verify that ACDBE participation in the concession meets or exceeds the ACDBE Commitment. Concessionaire must give, upon request, earnest and prompt cooperation to the City in submitting to inspections and interviews, in allowing entry to places of business, in providing further documentation, and in requiring the cooperation of its ACDBEs.

If the City determines that an ACDBE's actual role or responsibilities do not comply with the representations made by Concessionaire and the ACDBE in Schedules B, C or D, or that Concessionaire and/or ACDBE have misrepresented to the City either the payments to the ACDBE or the value of the ACDBE's participation in a joint venture, it shall be an event of default under the Agreement.

VI. GOOD FAITH EFFORTS

A. EXAMPLES

Examples of "good faith efforts" are described below and in 49 CFR § 23.25, 49 CFR §26.53, and Appendix A to 49 CFR Part 26. As provided in § 23.25, §26.53 and Appendix A to 49 Part 26, the following are examples of documented actions that the City may take into consideration in determining whether Concessionaire made good faith

efforts:

1. Soliciting through all reasonable and available means (e.g., advertising and/or written notices) the interest of all certified ACDBEs who have the capability to perform work or services or to supply goods relevant to the concession. Concessionaire must solicit this interest within sufficient time to allow the ACDBEs to respond to the solicitation. Concessionaire must determine with certainty if the ACDBEs are interested by taking appropriate steps to follow up initial solicitations.
2. Soliciting the work, services or goods in portions that increase the likelihood that an ACDBE can perform the work or services or provide the goods. This includes, when appropriate, breaking out contract items into economically feasible units to facilitate ACDBE participation, even when the concessionaire might otherwise prefer to perform these work items with its own forces.
3. Providing interested ACDBEs with adequate information about the operations, management and requirements of the concession in a timely manner to assist them in responding to a solicitation.
4. Negotiating in good faith with interested ACDBEs. Evidence of such negotiation

173

includes the names, addresses and telephone numbers of ACDBEs that were considered; a description of the information provided regarding the opportunities selected for possible ACDBE participation; and evidence as to why agreement could not be reached for ACDBEs to perform the work.

NOTE: A concessionaire using good business judgment would consider a number of factors in negotiating with potential business partners or subcontractors, including ACDBEs, and would take a firm's price and capabilities as well as contract goal into consideration. However, the fact that there may be some additional costs involved in finding and using ACDBEs is not in itself sufficient reason for a failure to meet the ACDBE Commitment, as long as such costs are reasonable. Concessionaires are not, however, required to accept higher quotes from ACDBEs if the price difference in comparison to non-ACDBEs is excessive or unreasonable.

5. Not rejecting ACDBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The ACDBE's standing within its industry, membership in specific groups, organization or associations and political or social affiliation (for example union vs. non-union employee status) are not legitimate causes for rejection.
6. Making efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance as required by the City or Concessionaire.
7. Making efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials, or related assistance or services.
8. Effectively using the services of available minority/women community organizations and contractors' groups; local, state and federal minority/women business assistance offices; and other organizations as allowed on a case-by-case basis to provide assistance in the recruitment and placement of ACDBEs.

B. DOCUMENTATION

*

Whenever Concessionaire is required to demonstrate good faith efforts by Part 23 or these Special Conditions

whenever Concessionaire is required to demonstrate good faith efforts by Part 25 of these Special Conditions, Concessionaire must provide supporting documentation to the satisfaction of the Commissioner. This means documentation to show that Concessionaire took all necessary and reasonable steps which by their scope, intensity and appropriateness to the objective, could reasonably be expected to obtain compliance, even if not fully successful. The following types of documentation, as applicable to the situation, will be considered by the City in determining whether Concessionaire has made good faith efforts:

1. A listing of all ACDBE firms that were" contacted that includes:
 - a. names, address and telephone numbers of ACDBE firms contacted;

174

- b. date and time of contact;
- c. method of contact (written, telephone, transmittal of facsimile documents, etc.);
- d. name of the person contacted.

Copies of letters or any other evidence of mailing that substantiates outreach to ACDBE vendors that include:

- a. concession identification and location;
- b. descriptions/classification/commodity of work, services or goods for which quotations were sought; and
- c. date, time and location for submittal of bids or proposals.

Detailed statement which summarizes direct negotiations with appropriate ACDBE firms and indicates why negotiations were unsuccessful. Affirmation that good faith efforts have been demonstrated by choosing opportunities likely to be performed by ACDBEs by not imposing any limiting conditions which were not mandatory for all potential bidders/proposers; or denying the benefits ordinarily conferred for the type of opportunity that was solicited.

Copies of proposed portions of the work, services or goods to be performed or provided by ACDBEs in order to increase the likelihood of ACDBE participation. Evidence that Concessionaire negotiated in good faith with interested ACDBEs. Evidence that Concessionaire did not reject ACDBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance, as required by the City or the concessionaire.

Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials or related assistance or services.

Evidence that Concessionaire has provided timely notice of the opportunity to at least 50 percent of the applicable ACDBEs listed in the Illinois UCP Directory. The City may contact the ACDBEs identified by Concessionaire for verification of such notification.

Evidence that ACDBE participation is excessively costly. In order to establish that a ACDBE's quote is excessively costly, Concessionaire must provide the following information:

- a. A detailed statement of the opportunity identified for ACDBE participation for which Concessionaire asserts the ACDBE quote(s) were excessively costly.
- b. A listing of all potential business partners or subcontractors contacted for a quotation on that opportunity.

175

- c. Prices quoted by all such potential business partners or subcontractors for that opportunity.
- d. Other documentation that demonstrates to the satisfaction of the City that the ACDBE quotes are excessively costly.

ADMINISTRATIVE RECONSIDERATION

For the purposes of this Agreement, the City has delegated the responsibility for making the determination regarding a Concessionaire's good faith efforts to the Department of Aviation. The determination shall be based upon the Department's review of the documentation that the Concessionaire has timely submitted. Within five days of being informed by the Department that Concessionaire has not documented sufficient good faith efforts, Concessionaire may request administrative reconsideration. The request must be made in writing to the following official:

City of Chicago Department of Aviation 10510 West Zemke Road
Chicago, Illinois 60666 Attention: Commissioner

NOTE: The Commissioner may not have played any role in the original determination that the Concessionaire did not make or timely document sufficient good faith efforts. The Commissioner may appoint a reconsideration officer, who did not play any role in the original determination, to act in his or her stead.

With copies to: City of Chicago
Department of Procurement Services City Hall, Room 806 121 N.
LaSalle Street Chicago, Illinois 60602 Attention: Chief Procurement
Officer

City of Chicago Department of Aviation 10510 West Zemke Road
Chicago, Illinois 60666

Attention: Deputy Commissioner for Concessions City of Chicago

Department of Law
Aviation, Environmental, Regulatory and Contracts Division 2 North LaSalle Street. Suite
540 Chicago, Illinois 60602
Attention: Deputy Corporation Counsel

176

2. As part of this reconsideration, the Concessionaire will have the opportunity to provide written documentation or argument concerning the issue of whether it made adequate good faith efforts. The Concessionaire will have the opportunity to meet in person with the reconsideration officer to discuss whether it did so. The Department will send the Concessionaire a written decision on reconsideration, explaining the basis for finding that the Concessionaire did or did not make adequate good faith efforts.

VII. NON-COMPLIANCE AND DAMAGES

A. NON-COMPLIANCE GENERALLY

A. NON-COMPLIANCE GENERALLY

Concessionaire's failure to comply with these Special Conditions constitutes a material breach of the Agreement and entitles the City to declare an event of default. If Concessionaire fails to cure the default within the time allowed under the default provisions of the Agreement, the City may exercise those remedies provided for in the Agreement, at law or in equity, including termination of the Agreement. In addition to any remedies specified in the Agreement, at the City's option the term of this Agreement will become month-to-month until the City locates a new Concessionaire. At the City's option, any improvements added by Concessionaire must remain for the new tenant at no cost to the City or the new tenant.

B. NON-COMPLIANCE WITH ACDBE AGREEMENT

If Concessionaire has not complied with the requirements of an ACDBE agreement, the affected ACDBE may seek to recover from Concessionaire damages suffered by the ACDBEs as a result of such non-compliance. Such disputes may impact the quality of concessions at the City's airports and/or the ability of other airport tenants to solicit ACDBE participation. Therefore, Concessionaire consents to have any disputes between Concessionaire and affected ACDBEs resolved by binding arbitration before an independent arbitrator other than the City, with reasonable expenses, including attorneys' fees, being recoverable by the prevailing party in accordance with any applicable regulations. This provision is intended for the benefit of all ACDBEs affected by Concessionaire's failure to comply with ACDBE agreements and grants ACDBEs specific third-party beneficiary rights. In cases deemed appropriate by the City, a dispute may lead to the withholding of sums that the City may owe Concessionaire until the City receives a copy of the final arbitration decision, but in no event will Concessionaire be excused from making any payments due to the City during the pendency of a dispute. Noncompliance or non-cooperation with the City may affect continued eligibility to enter into future contracting arrangements with the City.

12 17 2019

177

EXHIBIT 9

MBEVWBE SPECIAL CONDITIONS AND RELATED FORMS

**SPECIAL CONDITIONS REGARDING MINORITY OWNED BUSINESS ENTERPRISE
COMMITMENT AND WOMEN OWNED BUSINESS ENTERPRISE COMMITMENT IN
CONSTRUCTION CONTRACTS**

I. Policy and Terms

As set forth in 2-92-650 et seq. of the Municipal Code of Chicago (MCC) it is the policy of the City of Chicago that businesses certified as Minority Owned Business Enterprises (MBEs) and Women Owned Business Enterprises (WBEs) in accordance with Section 2-92-420 et seq. of the MCC and Regulations Governing Certification of Minority and Women-owned Businesses, and all other Regulations promulgated under the aforementioned sections of the Municipal Code, shall have full and fair opportunities to participate fully in the

...shall have full and fair opportunities to participate fully in the performance of this contract. Therefore, bidders shall not discriminate against any person or business on the basis of race, color, national origin, or sex, and shall take affirmative actions to ensure that MBEs and WBEs shall have full and fair opportunities to compete for and perform subcontracts for supplies or services.

Failure to carry out the commitments and policies set forth herein shall constitute a material breach of the contract and may result in the termination of the contract or such remedy as the City of Chicago deems appropriate.

Under the City's MBE/WBE Construction Program as set forth in MCC 2-92-650 et seq, the program-wide aspirational goals are 26% Minority Owned Business Enterprise participation and 6% Women Owned Business Enterprise participation. The City has set goals of 26% and 6% on all contracts in line with its overall aspirational goals, unless otherwise specified herein, and is requiring that bidders make a good faith effort in meeting or exceeding these goals.

Contract Specific Goals and Bids

A bid may be rejected as non-responsive if it fails to submit one or more of the following with its bid demonstrating its good faith efforts to meet the Contract Specific Goals by reaching out to MBEs and WBEs to perform work on the contract:

- I. An MBE/WBE compliance plan demonstrating how the bidder plans to meet the Contract Specific Goals (Schedule D); and/or
- II. Documentation of Good Faith Efforts (Schedule H).

If a bidder's compliance plan falls short of the Contract Specific Goals, the bidder must include either a Schedule H demonstrating that it has made Good Faith Efforts to find

MBE and WBE firms to participate or a request for a reduction or waiver of the goals.

Accordingly, the bidder or contractor commits to make good faith efforts to expend at least the following percentages of the total contract price (inclusive of any and all modifications and amendments), if awarded the contract:

MBE Contract Specific Goal: 26% WBE Contract Specific Goal: 6%

This Contract Specific Goal provision shall supersede any conflicting language or provisions that may be contained in this document.

For purposes of evaluating the bidder's responsiveness, the MBE and WBE Contract Specific Goals shall be percentages of the bidder's total base bid. However, the MBE and WBE Contract Specific Goals shall apply to the total value of this contract, including all amendments and modifications.

Contract Specific Goals and Contract Modifications

I. The MBE and WBE Contract Specific Goals established at the time of contract bid shall also apply to any modifications to the Contract after award. That is, any additional work and/or money added to the Contract must also adhere to these Special Conditions requiring Contractor to (sub) contract with MBEs and WBEs to meet the Contract Specific Goals.

1. Contractor must assist the Construction Manager or user Department in preparing its "proposed contract modification" by evaluating the subject matter of the modification and determining whether there are opportunities for MBE or WBE participation and at what rates.
2. Contractor must produce a statement listing the MBEs/WBEs that will be utilized on any contract modification. The statement must include the percentage of utilization of the firms. If no MBE/WBE participation is available, an explanation of good faith efforts to obtain participation must be included.

II. The Chief Procurement Officer shall review each proposed contract modification and amendment that by itself or aggregated with previous modification/amendment requests, increases the contract value by ten percent (10%) of the initial award, or \$50,000, whichever is less, for opportunities to increase the participation of MBEs or WBEs already involved in the Contract.

II. Definitions

"Area of Specialty"* means the description of a MBE's or WBE's activity that has been

179

determined by the Chief Procurement Officer to be most reflective of the firm's claimed specialty or expertise. Each MBE and WBE letter of certification contains a description of the firm's Area of Specialty. Credit toward the Contract Specific Goals shall be limited to the participation of firms performing within their Area of Specialty. The Department of Procurement Services does not make any representation concerning the ability of any MBE or WBE to perform work within its Area of Specialty. It is the responsibility of the bidder or contractor to determine the capability and capacity of MBEs and WBEs to perform the work proposed.

"B.E.P.D." means an entity certified as a Business enterprise owned or operated by people with disabilities as defined in MCC 2-92-586..

"Broker" means a person or entity that fills orders by purchasing or receiving supplies from a third party supplier rather than out of its own existing inventory and provides no commercially useful function other than acting as a conduit between his or her supplier and his or her customer.

"Chief Procurement Officer" or "CPO" means the chief procurement officer of the City of Chicago or his or her designee.

"Commercially Useful Function" means responsibility for the execution of a distinct element of the work of the contract, which is carried out by actually performing, managing, and supervising the work involved, evidencing the responsibilities and risks of a business owner such as negotiating the terms of (sub)contracts, taking on a financial risk commensurate with the contract or its subcontract, responsibility for acquiring the appropriate lines of credit and/or loans, or fulfilling responsibilities as a joint venture partner as described in the joint venture agreement.

"Construction Contract" means a contract, purchase order or agreement (other than lease of real property) for the construction, repair, or improvement of any building, bridge, roadway, sidewalk, alley, railroad or other structure or infrastructure, awarded by any officer or agency of the City, other than the City Council, and whose cost is to be paid from City funds

from City funds.

"Contract Specific Goals" means the subcontracting goals for MBE and WBE participation established for a particular contract.

"Contractor" means any person or business entity that has entered into a construction contract with the City, and includes all partners, affiliates and joint ventures of such person or entity.

"Direct Participation" the value of payments made to MBE or WBE firms for work that is done in their Area of Specialty directly related to the performance of the subject

180

matter of the Construction Contract will count as Direct Participation toward the Contract Specific Goals.

"Directory" means the Directory of Minority Business MBEs and WBEs maintained and published by the Chief Procurement Officer. The Directory identifies firms that have been certified as MBEs and WBEs, and includes the date of their last certifications and the areas of specialty in which they have been certified. Bidders and contractors are responsible for verifying the current certification status of all proposed MBEs and WBEs.

"Executive Director" means the executive director of the Office of Compliance or his or her designee.

"Good Faith Efforts" means actions undertaken by a bidder or contractor to achieve a Contract Specific Goal that, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program's requirements.

"Joint venture" means an association of a MBE or WBE firm and one or more other firms to carry out a single, for-profit business enterprise, for which each joint venture partner contributes property, capital, efforts, skills and knowledge, and in which the MBE or WBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

"Minority Business Enterprise" or "MBE" means a firm certified as a minority-owned business enterprise in accordance with City Ordinances and Regulations.

"Supplier" or "Distributor" refers to a company that owns, operates, or maintains a store, warehouse or other establishment in which materials, supplies, articles or equipment are bought, kept in stock and regularly sold or leased to the public in the usual course of business. A regular distributor or supplier is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials or supplies required for performance of the Contract are bought, kept in stock, and regularly sold to the public in the usual course of business. To be a regular distributor the firm must engage in, as its principal business and in its own name, the purchase and sale of the products in question. A regular distributor in such bulk items as steel, cement, gravel, stone, and petroleum products need not keep such products in stock if it owns or operates distribution equipment.

"Women Business Enterprise" or "WBE" means a firm certified as a women owned business enterprise in accordance with City Ordinances and Regulations.

JOINT VENTURES

181

The formation of joint ventures to provide MBEs and WBEs with capacity and experience at the prime contracting level, and thereby meet Contract Specific Goals (in whole or in part) is encouraged. A joint venture may consist of any combination of MBEs, WBEs, and non-certified firms as long as one member is an MBE or WBE.

- I. The joint venture may be eligible for credit towards the Contract Specific Goals only if:
1. The MBE or WBE joint venture partner's share in the capital contribution, control, management, risks and profits of the joint venture is equal to its ownership interest;
 2. The MBE or WBE joint venture partner, is responsible for a distinct, clearly defined portion of the requirements of the contract for which it is at risk;
 3. Each joint venture partner executes the bid to the City; and
 4. The joint venture partners have entered into a written agreement specifying the terms and conditions of the relationship between the partners and their relationship and responsibilities to the contract, and all such terms and conditions are in accordance with the conditions set forth in Items 1, 2, and 3 above in this Paragraph A.
- II. The Chief Procurement Officer shall evaluate the proposed joint venture agreement, the Schedule B submitted on behalf of the proposed joint venture, and all related documents to determine whether these requirements have been satisfied. The Chief Procurement Officer shall also consider the record of the joint venture partners on other City of Chicago contracts. The decision of the Chief Procurement Officer regarding the eligibility of the joint venture for credit towards meeting the Contract Specific Goals, and the portion of those goals met by the joint venture, shall be final.

The joint venture may receive MBE or WBE credit for work performed by the MBE or WBE joint venture partner(s) equal to the value of work performed by the MBE or WBE with its own forces for a distinct, clearly defined portion of the work.

Additionally, if employees of the joint venture entity itself (as opposed to employees of the MBE or WBE partner) perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture as described in Schedule B.

182

The Chief Procurement Officer may also count the dollar value of work subcontracted to other MBEs and WBEs. Work performed by the forces of a non-certified joint venture partner shall not be counted toward the Contract Specific Goals.

Contract Specific Goals.

III. Schedule B: MBE/WBE Affidavit of Joint Venture

Where the bidders Compliance Plan includes the participation of any MBE or WBE as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. These documents must both clearly evidence that the MBE or WBE joint venture partner(s) will be responsible for a clearly defined portion of the work to be performed, and that the MBE's or WBE's responsibilities and risks are proportionate to its ownership percentage. The proposed joint venture agreement must include specific details related to:

IV. The parties' contributions of capital, personnel, and equipment and share of the costs of insurance and bonding; and/or work to be performed by employees of the newly formed joint venture entity;

1. Work items to be performed under the supervision of the MBE or WBE joint venture partner; and
2. The MBE's or WBE's commitment of management, supervisory, and operative personnel to the performance of the contract.

NOTE: Vague, general descriptions of the responsibilities of the MBE or WBE joint venture partner do not provide any basis for awarding credit. For example, descriptions such as "participate in the budgeting process," "assist with hiring," or "work with managers to improve customer service" do not identify distinct, clearly defined portions of the work. Roles assigned should require activities that are performed on a regular, recurring basis rather than as needed. The roles must also be pertinent to the nature of the business for which credit is being sought. For instance, if the scope of work required by the City entails the delivery of goods or services to various sites in the City, stating that the MBE or WBE joint venture partner will be responsible for the performance of all routine maintenance and all repairs required to the vehicles used to deliver such goods or services is pertinent to the nature of the business for which credit is being sought.

IV. Counting MBE and WBE Participation Towards the Contract Specific Goals Work items to be performed by the MBE's or WBE's own forces

Refer to this section when preparing the MBE/WBE compliance plan and completing Schedule D-1 for guidance on what value of the participation by MBEs and WBEs will

be counted toward the stated Contract Specific Goals. The "Percent Amount of Participation" depends on whether and with whom a MBE or WBE subcontracts out any portion of its work and other factors.

Firms that are certified as both MBE and WBE may only be listed on a bidder's compliance plan as either a MBE or a WBE to demonstrate compliance with the Contract Specific Goals. For example, a firm certified as both a MBE and a WBE may only be listed on the bidder's compliance plan under one of the categories, but not both. Additionally, a firm that is certified as both a MBE and a WBE could not self-perform 100% of a contract, it would have to show good faith efforts to meet the Contract Specific Goals by including in its compliance plan

work to be performed by another MBE or WBE firm, depending on which certification that dual- certified firm chooses to count itself as.

- A. Only expenditures to firms that perform a Commercially Useful Function as defined above may count toward the Contract Specific Goals.
- B. The CPO will determine whether a firm is performing a commercially useful function by evaluating the amount of work subcontracted, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the credit claimed for its performance of the work, industry practices, and other relevant factors.

A. A MBE or WBE does not perform a commercially useful function if its participation is only required to receive payments in order to obtain the appearance of MBE or WBE participation. The CPO may examine similar commercial transactions, particularly those in which MBEs or WBEs do not participate, to determine whether non MBE and non WBE firms perform the same function in the marketplace to make a determination.

- Only the value of the dollars paid to the MBE or WBE firm for work that it performs in its Area of Specialty in which it is certified counts toward the Contract Specific Goals.

Only payments made to MBE and WBE firms that meet BOTH the Commercially Useful Function and Area of Specialty requirements above will be counted toward the Contract Specific Goals.

- If the MBE or WBE performs the work itself:
 - 100% of the value of work actually performed by the MBE's or WBE's own forces shall be counted toward the Contract Specific Goals, including the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces. 0% of the value of work at the project site that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals

If the MBE or WBE is a manufacturer:

- 100% of expenditures to a MBE or WBE manufacturer for items needed for the Contract shall be counted toward the Contract Specific Goals. A manufacturer is a firm that operates or maintains a factory or establishment that produces on the premises the materials or supplies obtained by the bidder or contractor.

If the MBE or WBE is a distributor or supplier:

- 60% of expenditures for materials and supplies purchased from a MBE or WBE that is certified as a regular dealer or supplier shall be counted toward the Contract Specific Goals.

If the MBE or WBE is a broker:

- 0% of expenditures paid to brokers will be counted toward the Contract Specific Goals.
- As defined above, Brokers provide no commercially useful function.

If the MBE or WBE is a member of the joint venture contractor/bidder:

- A joint venture may count the portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the MBE or WBE performs with its own forces toward the Contract

Specific Goals.

- OR if employees of this distinct joint venture entity perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture as described in Schedule B.
- Note: a joint venture may also count the dollar value of work subcontracted to other MBEs and WBEs, however, work subcontracted out to non-certified firms may not be counted.

C. If the MBE or WBE subcontracts out any of its work:

1. 100% of the value of the work subcontracted to other MBEs or WBEs performing work in its Area of Specialty may be counted toward the Contract Specific Goals.
2. 0% of the value of work that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals (except for the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces as allowed by Cl. above).
3. The fees or commissions charged for providing a bona fide service, such as professional, technical, consulting or managerial services or for providing bonds or insurance or the procurement of essential personnel, facilities, equipment, materials or supplies required for performance of the Contract, may be counted toward the Contract Specific Goals, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar

185

services.

4. The fees charged for delivery of materials and supplies required on a job site (but not the cost of the materials and supplies themselves) when the hauler, trucker, or delivery service is not also the manufacturer of or a regular dealer in the materials and supplies, provided that the fee is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.
5. The fees or commissions charged for providing any bonds or insurance, but not the cost of the premium itself, specifically required for the performance of the Contract, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.

V. Procedure to Determine Bid Compliance

The following Schedules and requirements govern the bidder's or contractor's MBE/WBE proposal:

- Schedule B: MBE/WBE Affidavit of Joint Venture
 - Where the bidder's Compliance Plan includes the participation of any MBE or WBE as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. See Section III above for detailed requirements.
- Schedule C: MBE/WBE Letter of Intent to Perform as a Subcontractor or Supplier

The bidder must submit the appropriate Schedule C with the bid for each MBE and WBE included on the Schedule D. The City encourages subcontractors to utilize the electronic fillable format Schedule C, which is available at the Department of Procurement Services website, <<http://cityofchicago.org/forms>>. Suppliers must submit the Schedule C for Suppliers, first tier subcontractors must submit a Schedule C for Subcontractors to the Prime Contractor and second or lower tier subcontractors must submit a Schedule C for second tier Subcontractors. Each Schedule C must accurately detail the work to be performed by the MBE or WBE and the agreed upon rates/prices. Each Schedule C must also include a separate sheet as an attachment on which the MBE or WBE fully describes its proposed scope of work, including a description of the commercially useful function being performed by the MBE or WBE in its Area of Specialty. If a facsimile copy of the Schedule C has been submitted with the bid, an executed original Schedule C must be submitted by the bidder for each MBE and WBE included on the Schedule D within five (5) business days after the date of the bid opening.

186

D. Schedule D: Compliance Plan Regarding MBE and WBE Utilization

The bidder must submit a Schedule D with the bid. The City encourages bidders to utilize the electronic fillable format Schedule D, which is available at the Department of Procurement Services website, <<http://cityofchicago.org/forms>>. An approved Compliance Plan is required before a contract may commence.

The Compliance Plan must commit to the utilization of each listed MBE and WBE. The bidder is responsible for calculating the dollar equivalent of the MBE and WBE Contract Specific Goals as percentages of the total base bid. All Compliance Plan commitments must conform to the Schedule Cs.

A bidder or contractor may not modify its Compliance Plan after bid opening except as directed by the Department of Procurement Services to correct minor errors or omissions. Bidders shall not be permitted to add MBEs or WBEs after bid opening to meet the Contract Specific Goals, however, contractors are encouraged to add additional MBE/WBE vendors to their approved compliance plan during the performance of the contract when additional opportunities for participation are identified. Except in cases where substantial, documented justification is provided, the bidder or contractor shall not reduce the dollar commitment made to any MBE or WBE in order to achieve conformity between the Schedule Cs and Schedule D. All terms and conditions for MBE and WBE participation on the contract must be negotiated and agreed to between the bidder or contractor and the MBE or WBE prior to the submission of the Compliance Plan. If a proposed MBE or WBE ceases to be available after submission of the Compliance Plan, the bidder or contractor must comply with the provisions in Section VII.

E. Letters of Certification

A copy of each proposed MBE's and WBE's Letter of Certification from the City of Chicago must be submitted with the bid.

A Letters of Certification includes a statement of the MBE's or WBE's area(s) of specialty. The MBE's or WBE's scope of work as detailed in the Schedule C must conform to its area(s) of specialty. Where a MBE or WBE is proposed to perform work not covered by its Letter of Certification, the MBE or WBE must request the addition of a new area at least 30 calendar days prior to the bid opening.

F. Schedule F: Report of Subcontractor Solicitations

A Schedule F must be submitted with the bid, documenting all subcontractors and suppliers solicited for participation on the contract by the bidder. Failure to submit the Schedule F may render the bid non-responsive.

187

G. Schedule H: Documentation of Good Faith Efforts

1. If a bidder determines that it is unable to meet the Contract Specific Goals, it must document its good faith efforts to do so, including the submission of Attachment C, Log of Contacts.

H. If the bidder's Compliance Plan demonstrates that it has not met the Contract Specific Goals in full or in part, the bidder must submit its Schedule H no later than three business days after notification by the Chief Procurement Officer of its status as the apparent lowest bidder. Failure to submit a complete Schedule H will cause the bid to be rejected as non-responsive.

I. Documentation must include but is not necessarily limited to:

1. A detailed statement of efforts to identify and select portions of work identified in the bid solicitation for subcontracting to MBEs and WBEs;

2. A listing of all MBEs and WBEs contacted for the bid solicitation that includes:

Names, addresses, emails and telephone numbers of firms solicited; Date and time of contact;
Person contacted;
Method of contact (letter, telephone call, facsimile, electronic mail, etc.).

3. Evidence of contact, including:

- Project identification and location; Classification/commodity of work items for which quotations were sought;
- Date, item, and location for acceptance of subcontractor bids; Detailed statements summarizing direct negotiations with appropriate MBEs and WBEs for specific portions of the work and indicating why agreements were not reached.
Bids received from all subcontractors.

4. Documentation of bidder or contractor contacts with at least one of the minority and women assistance associations on Attachment A.

- Agreements between a bidder or contractor and a MBE or WBE in which the MBE or WBE promises not to provide subcontracting quotations to other bidders or contractors are prohibited.

- Prior to award, the bidder agrees to promptly cooperate with the Department of Procurement Services in submitting to interviews, allowing entry to places of business, providing further documentation, or soliciting the cooperation of a proposed MBE or WBE. Failure to cooperate may render the bid non-responsive.
- If the City determines that the Compliance Plan contains minor errors or omissions, the bidder or contractor must submit a revised Compliance Plan within five (5) business days after notification by the City that remedies the minor errors or omissions. Failure to correct all minor errors or omissions may result in the determination that a bid is non-responsive.
- No later than three (3) business days after receipt of the executed contract, the contractor must execute a complete subcontract agreement or purchase order with each MBE and WBE listed in the Compliance Plan. No later than eight (8) business days after receipt of the executed contract, the contractor must provide copies of each signed subcontract, purchase order, or other agreement to the Department of Procurement Services.

VI. Demonstration of Good Faith Efforts

I. In evaluating the Schedule H to determine whether the bidder or contractor has made good faith efforts, the performance of other bidders or contractors in meeting the goals may be considered.

II. The Chief Procurement Officer shall consider, at a minimum, the bidder's efforts to:

1. Solicit through reasonable and available means at least 50% (or at least five when there are more than eleven certified firms in the commodity area) of MBEs and WBEs certified in the anticipated scopes of subcontracting of the contract, as documented by the Schedule H. The bidder or contractor must solicit MBEs and WBEs within seven (7) days prior to the date bids are due. The bidder or contractor must take appropriate steps to follow up initial solicitations with interested MBEs or WBEs.
2. Advertise the contract opportunities in media and other venues oriented toward MBEs and WBEs.
3. Provide interested MBEs or WBEs with adequate information about the plans, specifications, and requirements of the contract, including addenda, in a timely manner to assist them in responding to the solicitation.

4. Negotiate in good faith with interested MBEs or WBEs that have submitted bids. That there may be some additional costs involved in soliciting and using MBEs and WBEs is not a sufficient reason for a bidder's failure to meet the Contract Specific Goals, as long as such costs are reasonable.
5. Not reject MBEs or WBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The MBE's or WBE's standing within its industry, membership in specific groups, organizations, or

associations and political or social affiliations are not legitimate causes for rejecting or not soliciting bids to meet the Contract Specific Goals.

6. Make a portion of the work available to MBE or WBE subcontractors and suppliers and selecting those portions of the work or material consistent with the available MBE or WBE subcontractors and suppliers, so as to facilitate meeting the Contract Specific Goals.
7. Make good faith efforts, despite the ability or desire of a bidder or contractor to perform the work of a contract with its own organization. A bidder or contractor who desires to self-perform the work of a contract must demonstrate good faith efforts unless the Contract Specific Goals have been met.
8. Select portions of the work to be performed by MBEs or WBEs in order to increase the likelihood that the goals will be met. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate MBE or WBE participation, even when the bidder or contractor might otherwise prefer to perform these work items with its own forces.
- J. Make efforts to assist interested MBEs or WBEs in obtaining bonding, lines of credit, or insurance as required by the City or bidder or contractor.
- K. Make efforts to assist interested MBEs or WBEs in obtaining necessary equipment, supplies, materials, or related assistance or services; and
- L. Effectively use the services of the City; minority or women community organizations; minority or women assistance groups; local, state, and federal minority or women business assistance offices; and other organizations to provide assistance in the recruitment and placement of MBEs or WBEs.
 1. If the bidder disagrees with the City's determination that it did not make good faith efforts, the bidder may file a protest pursuant to the Department of Procurement Services Solicitation and Contracting

190

Process Protest Procedures within 10 business days of a final adverse decision by the Chief Procurement Officer.

VII. Changes to Compliance Plan

- No changes to the Compliance Plan or contractual MBE and WBE commitments or substitution of MBE or WBE subcontractors may be made without the prior written approval of the Chief Procurement Officer. Unauthorized changes or substitutions, including performing the work designated for a subcontractor with the contractor's own forces, shall be a violation of these Special Conditions and a breach of the contract with the City, and may cause termination of the executed Contract for breach, and/or subject the bidder or contractor to contract remedies or other sanctions. The facts supporting the request for changes must not have been known nor reasonably could have been known by the parties prior to entering into the subcontract. Bid shopping is prohibited. The bidder or contractor must negotiate with the subcontractor to resolve the problem. If requested by either party, the Department of Procurement Services shall facilitate such a meeting. Where there has been a mistake or disagreement about the scope of work, the MBE or WBE can be substituted only where an agreement cannot be reached for a reasonable price for the correct

scope of work.

- Substitutions of a MBE or WBE subcontractor shall be permitted only on the following basis:
 - Unavailability after receipt of reasonable notice to proceed;
 - Failure of performance;
 - Financial incapacity;
 - Refusal by the subcontractor to honor the bid or proposal price or scope;
 - Mistake of fact or law about the elements of the scope of work of a solicitation where a reasonable price cannot be agreed;
 - Failure of the subcontractor to meet insurance, licensing or bonding requirements;
 - The subcontractor's withdrawal of its bid or proposal; or
 - De-certification of the subcontractor as a MBE or WBE. (Graduation from the MBE/WBE program does not constitute de-certification.)
- If it becomes necessary to substitute a MBE or WBE or otherwise change the Compliance Plan, the procedure will be as follows:
 - M. The bidder or contractor must notify the Chief Procurement Officer in writing of the request to substitute a MBE or WBE or otherwise change the Compliance Plan. The request must state specific reasons for the substitution or change. A letter from the MBE or WBE to be substituted or affected by the change stating that it cannot perform on the contract or that it agrees with the change in its scope of work must be submitted with the request.
 - N. The City will approve or deny a request for substitution or other change within 15 business days of receipt of the request.
 - O'. Where the bidder or contractor has established the basis for the substitution to the satisfaction of the Chief Procurement Officer, it must make good faith efforts to meet the Contract Specific Goal by substituting a MBE or WBE subcontractor. Documentation of a replacement MBE or WBE, or of good faith efforts, must meet the requirements in sections V and VI. If the MBE or WBE Contract Specific Goal cannot be reached and good faith efforts have been made, as determined by the Chief Procurement Officer, the bidder or contractor may substitute with a non-MBE or non-WBE.
 - P. If a bidder or contractor plans to hire a subcontractor for any scope of work that was not previously disclosed in the Compliance Plan, the bidder or contractor must obtain the approval of the Chief Procurement Officer to modify the Compliance Plan and must make good faith efforts to ensure that MBEs or WBEs have a fair opportunity to bid on the new scope of work.
 - Q. A new subcontract must be executed and submitted to the Chief Procurement Officer within five business days of the bidder's or contractor's receipt of City approval for the substitution or other change.
 - D. The City shall not be required to approve extra payment for escalated costs incurred by the contractor when

...the City shall not be required to approve extra payments for additional costs incurred by the contractor when a substitution of subcontractors becomes necessary to comply with MBE/WBE contract requirements.

VIII. Reporting and Record Keeping

- During the term of the contract, the contractor and its non-certified subcontractors must submit partial and final waivers of lien from MBE and WBE subcontractors that show the accurate cumulative dollar amount of subcontractor payments made to date. Upon acceptance of the Final Quantities from the City of Chicago, FINAL certified waivers of lien from the MBE and WBE subcontractors must be attached to the contractor's acceptance letter and forwarded to the Department of Procurement Services, Attention: Chief Procurement Officer.
- The contractor will be responsible for reporting payments to all subcontractors on a monthly basis in the form of an electronic audit. Upon the first payment issued by the City of Chicago to the contractor for services performed, on the first day of each month and every month thereafter, email and/or fax audit

192

notifications will be sent out to the contractor with instructions to report payments that have been made in the prior month to each MBE and WBE. The reporting of payments to all subcontractors must be entered into the Certification and Compliance Monitoring System (C2), or whatever reporting system is currently in place, on or before the fifteenth (15th) day of each month.

Once the prime contractor has reported payments made to each MBE and WBE, including zero dollar amount payments, the MBE and WBE will receive an email and/or fax notification requesting them to log into the system and confirm payments received. All monthly confirmations must be reported on or before the

20th day of each month. Contractor and subcontractor reporting to the C2 system must be completed by the 25th of each month or payments may be withheld.

All subcontract agreements between the contractor and MBE/WBE firms or any first tier non-certified firm and lower tier MBE/WBE firms must contain language requiring the MBE/WBE to respond to email and/or fax notifications from the City of Chicago requiring them to report payments received for the prime or the non-certified firm.

Access to the Certification and Compliance Monitoring System (C2), which is a web based reporting system, can be found at: <<http://chicago.mwdbe.com>>

R. The Chief Procurement Officer or any party designated by the, Chief Procurement Officer shall have access to the contractor's books and records, including without limitation payroll records, tax returns and records and books of account, to determine the contractor's compliance with its commitment to MBE and WBE participation and the status of any MBE or WBE performing any portion of the contract. This provision shall be in addition to, and not a substitute for, any other provision allowing inspection of the contractor's records by any officer or official of the City for any purpose.

S. The contractor shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs.

- The contractor shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs, retaining these records for a period of at least five years after final acceptance of the work. Full access to these records shall be granted to City, federal or state authorities or other authorized persons.

IX. Non-Compliance

- Without limitation, the following shall constitute a material breach of this contract and entitle the City to declare a default, terminate the contract, and exercise those remedies provided for in the contract at law or in equity: (1) failure to demonstrate good faith efforts; and (2) disqualification as a MBE or

193

WBE of the contractor or any joint venture partner, subcontractor or supplier if its status as an MBE or WBE was a factor in the award of the contract and such status was misrepresented by the contractor.

- Payments due to the contractor may be withheld until corrective action is taken.
- Pursuant to 2-92-740, remedies or sanctions may include disqualification from contracting or subcontracting on additional City contracts for up to three years, and the amount of the discrepancy between the amount of the commitment in the Compliance Plan, as such amount may be amended through change orders or otherwise over the term of the contract, and the amount paid to MBEs or WBEs. The consequences provided herein shall be in addition to any other criminal or civil liability to which such entities may be subject.
- The contractor shall have the right to protest the final determination of noncompliance and the imposition of any penalty by the Chief Procurement Officer pursuant to 2-92-740 of the Municipal Code of the City of Chicago, within 15 business days of the final determination.

X. Arbitration

If the City determines that a contractor has not made good faith efforts to fulfill its Compliance Plan, the affected MBE or WBE may recover damages from the contractor.

Disputes between the contractor and the MBE or WBE shall be resolved by binding arbitration before the American Arbitration Association (AAA), with reasonable expenses, including attorney's fees and arbitrator's fees, being recoverable by a prevailing MBE or WBE. Participation in such arbitration is a material provision of the Construction Contract to which these Special Conditions are an Exhibit. This provision is intended for the benefit of any MBE or WBE affected by the contractor's failure to fulfill its Compliance Plan and grants such entity specific third party beneficiary rights. These rights are non-waivable and take precedence over any agreement to the contrary, including but not limited to those contained in a subcontract, suborder, or communicated orally between a contractor and a MBE or WBE. Failure by the Contractor to participate in any such arbitration is a material breach of the Construction Contract.

A MBE or WBE seeking arbitration shall serve written notice upon the contractor and file a demand for arbitration with the AAA in Chicago, IL. The dispute shall be arbitrated in accordance with the Commercial Arbitration Rules of the AAA. All arbitration fees are to be paid pro rata by the parties.

The MBE or WBE must copy the City on the Demand for Arbitration within 10 business days after filing with the AAA. The MBE or WBE must copy the City on the arbitrator* s decision within 10 business days of receipt of the decision. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

XI.Eaual Employment Opportunity

Compliance with MBE and WBE requirements will not diminish or supplant equal employment opportunity and civil rights provisions as required by law related to bidder or contractor and subcontractor obligations.

DESIGN AND CONSTRUCTION STANDARD OPERATING PROCEDURES -
CONCESSIONS



CHICAGO DEPARTMENT OF AVIATION 3f)c

Design and Construction Standard Operating Procedures

Concessions Projects (C-SOP)

O'Hare International Airport Midway International Airport

Chicago Department of Aviation Revised June, 2020



Table of Contents

<u>Definitions</u>	3
<u>Introduction</u>	5
<u>Development and Design Process Overview</u>	5
<u>STEP 1.0; Project Initiation</u>	5

1.1: Concept Proposal and Design Presentation	5
1.2: Project Initiation Letter	6
1.3: Sustainable Airport Manual (SAM™)	7
<u>STEP 2.0: Design Review</u>	<u>7</u>
2.1: Concessionaire and Concessionaire's Consultants' Responsibilities	7
2.2: Design Overview	7
2.3: Design Submittals	8
2.4: Concessionaire and CDA Signage	8
2.5: Review Comments	9
2.6: Response to Comments	9
2.7: Requests for Information	9
2.8: Requests for As-Built Drawings	9
2.9: Requests for CDA Design Standards Variance	9
2.10: 30% Schematic Design (SD) Submittal	9
2.11: CDA Review and Response to 30% SD Submittal	10
2.12: 60% Design Development (DD) Submittal	10
2.13: Additional Submittals	10
2.14: Compliance Overview	11
2.15: 90% Construction Document (CD) Submittal	11
<u>STEP 3.0: Final CDA Document Review and Conditional Approval to Construct</u>	<u>11</u>
3.1: Final CDA Document Submittal	11
3.2: Pre-Permitting Drawing Set Review and Response	11
3.3: Applying for Permit with the Chicago Department of Buildings	11
3.4: Self-Certification	12
<u>STEP 4.0: Pre-Construction</u>	<u>12</u>
4.1: Pre-Construction Meeting	12
4.2: Pre-Construction Documentation	13
4.3: Logistics	13
4.4: Pre-Construction Meeting Attendance	133

<u>STEP 5.0: Notice to Airport User Form (eForm)</u>	<u>14</u>
5.1: Notice to Airport Users Form (eForm)	14
<u>STEP 6.0: Construction</u>	<u>14</u>
6.1: Site Maintenance / Construction Administration	14
6.2: Building Inspections	14
6.3: Chicago Department of Public Health Inspections and Liquor License	15
6.4: Safety and Security Plan	15
6.5: Demolition	155
6.6: Construction Meetings and Reporting	16
6.7: Non-Compliance and Unauthorized Construction	16
<u>STEP 7.0: Substantial Completion</u>	<u>166</u>
7.1: Substantial Completion Notification	17
7.2: Final Walk Through and Punch List	17
7.3: Business License and Certificate of Insurance	18
7.4: ComEd Verification of Meter(s)	18
7.5: Open for Business	18
<u>STEP 8.0: Project Closeouts</u>	<u>19</u>
8.1: Close Out Documents	19
8.2: Final SAM™ Checklist	20
8.3: Contractor's Warranty	20
8.4: Subcontractor's Manufacturer's and Equipment Warranties	20
8.5: Final Notice to Airport Users Form	20
8.6: Final Closeout Notice and Acceptance	21
<u>STEP 9.0: Compliance Overview</u>	<u>21</u>
9.1: City of Chicago Minority and Women Owned Business Participation Rules	21
9.2: Required MBE and WBE Documentation	21
9.3: MBE and WBE Compliance Plans	21
MBE and WBE Good Faith Efforts	22
9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements	22
9.5: Compliance Close Out Documents	23
<u>STEP 10.0: Supplemental Exhibits</u>	<u>23</u>



Definitions

In addition to the terms defined elsewhere, the following words, phrases, when capitalized, have the following meanings:

"Airport" refers to O'Hare International Airport (ORD) and/or Midway International Airport (MDW). "Airport Concession Program Handbook" refers to the manual created by CDA to coordinate operations of the Concession location with the CDA, including inspections, daily operations, and construction. "As-Built Drawings" refers to the drawings that document on-site changes to the original construction documents. The initial plan markups are submitted by the General Contractor to the Architect of Record for submission to CDA. These drawings are required by Chicago Department of Aviation as part of the close out documentation package.

"Business Day" refers to a measurement of time that typically is a day in which normal business is conducted Monday through Friday; excluding Saturday, Sunday and City of Chicago holidays for all documentation and design submittals.

"Chicago Department of Aviation" (CDA) refers to the managing entity for the Airports on behalf of the City of Chicago.

"CDA CAD / BIM Standards" refers to the standards created by the Chicago Department of Aviation describing requirements for drawings

"CDA's Coordinating Architect of Design and Construction" refers to the designee appointed by the CDA to oversee the design creation and review process. This entity may also be involved in the review of the construction process to ensure coordination with the design.

"CDA Concessions" (CDA-C) refers to the department within CDA responsible for the oversight of the concessions program or its Concessions Management Representative (CMR)

"CDA Point of Contact" (CDA POC) refers to a designee assigned by CDA to oversee the development of the construction project on behalf of CDA.

"CDA Project Number" refers to the CDA project identification number that is required to be included on all correspondence and applications submitted throughout the design and construction process. "CDA Construction Safety Manual" refers to the manual, as amended from time to time, created by The City of Chicago, to incorporate health and safety regulations as the responsibility of the Contractor working on airport premises. See Exhibit D.5

"CDA Safety" refers to any party working for, or on behalf of, the CDA in regard to safety, security, or similar airport operations.

"Chicago Department of Public Health" (CDPH) refers to the City of Chicago entity responsible for enforcing Chicago Health Codes, by performing inspections and administering permits. "Concessionaire" refers to the leaseholder or tenant in the business of selling products or services to the public at the Airport. "Concessionaire Point of Contact" (Concessionaire POC) refers to any party working on behalf of a concessionaire; which will include architects and their engineers and consultants (POC Architect), and the general contractors and their subcontractors (POC Contractor).

"Concessions" refers to non-rental car concession businesses at the Airport selling products or services to the public.

"Concessions Design Guidelines for Midway" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development at Chicago Midway International Airport (MDW).

"Concessions Design Guidelines for O'Hare" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development at Chicago O'Hare International Airport (ORD).



"Concessions Management Representative" (CMR) refers to the entity or entities retained by the CDA to assist in overseeing Concessions, including construction of Improvements at the airport.

"Construction Services" refers to the portion of the project involving construction, including but not limited to trade labor, material purchase, equipment purchase, tool or equipment rentals, support services such as safety monitoring, clean up labor, delivery costs, taxes, etc. that directly results in a code compliant concession location. "Department of Buildings" refers to the City of Chicago entities responsible for enforcing Chicago Building Codes, by performing inspections and administering permits including the Ventilation Department, Electrical Department, Plumbing Department, and New Construction Department.

"Design and Construction Standard Operating Procedures; Concessions Projects" (C-SOP) refers to the guidelines established by CDA and CDA Concessions as the process by which all Concessions projects are reviewed and approved.

"Design Documents" refers to the documents that illustrate and describe the project design by defining scope, relationships, forms, size and appearance of the project with specifications, plans, sections, elevations, perspectives, typical sectional details, diagrams and equipment layouts.

"Liquor License" refers to the City of Chicago entity responsible to enforce the Chicago Liquor Licensure by performing inspections and administering permits.

"Pre-Construction Meeting" refers to the mandatory meeting held prior to project construction.

"Project's Digital Design Coordinator" (DDC) refers to the Concessionaire's architect's and engineer's point of contact for document exchange. Multiple members of the design team may have password access, but only the DDC should contact the CDA POC if follow up coordination is required.

"Project Initiation Letter" (PIL) refers to the concessionaire's formal letter submittal to CDA Design and Construction requesting a CDA Project Number. The Project Initiation Letter should clearly define the project and scope. Please refer to Exhibit A for a list of items to be included in the PIL.

"Professional Services" refers to the portion of the project involving design, coordination, or post-construction work including but not limited to design, code review, project or program coordination, etc. that is associated with, but not necessarily required for the concession location. Note that work performed by an employee of the Concessionaire does not count as Professional Services.

"Retail Management System" (RMS) refers to the CDA's secure concessions portal, AirportWare™ Software Suite, for Capital Program Management, Lease Management, Aviation Statistics, and Facilities Inspection.

"Review Comments Form" refers to the CDA template used to document all reviewing parties' comments regarding the drawing submittal.

"Review and Conditions Letter" refers to the document that is issued by CDA and used at all submittals throughout the drawing review process as a communication and response tool between review parties and the Concessionaire.

"The Sustainable Airport Manual (SAM™)" refers to the manual created by CDA to incorporate and track sustainability in administrative procedures, planning, design and construction, operations and maintenance, and concessions and tenants with minimal impact to project schedules or budgets.



Introduction

O'Hare and Midway International Airports are owned by the City of Chicago and operated by the Chicago Department of Aviation (CDA). As a department within the City of Chicago, CDA is responsible for the management of the Airports, including the concessions program, and accordingly CDA reserves the right to review and approve the construction or modification of any Concession on Airport property.

For O'Hare International Airport official addresses and site map refer to:

- Exhibit 1: O'Hare International Airport Official Addresses and Site Map(s)

For Midway International Airport official addresses and site map refer to:

- Exhibit 2: Midway International Airport Official Addresses and Site Map

The procedures, submission requirements, and deadlines set forth in this C-SOP document are mandatory and may only be waived in unique circumstances upon written approval by CDA Concessions. CDA reserves the right to modify the requirements at any time.

The Concessionaire shall provide evidence of professional services throughout all stages of work. All project documentation shall be prepared, signed, and stamped by a licensed design professional. Throughout the design process the Concessionaire is to utilize the most sustainable design practices in the industry with reference to the Sustainable Airport Manual (SAM™) to the extent dictated in the Concessionaire's signed Lease and License Agreement. The CDA, through its Design and Construction Division & CDA Concessions, reviews, oversees, and approves design and work for all new construction, renovation, and remodeling projects at the Airports.

Project oversight varies based on milestones

CDA D&C / Facilities ICDA Concessions

Step 2 • Design Review

Step 3

Final Design Review

Step 4 • Pre-

Construction

Step 5

- National Airport User Form (eForm)

Step 6

- Construction

Step 7

- Substantial Completion

Step 8 • Project Closeouts

Step 9

- Compliance Overview

Development and Design Process Overview

The concept development and design process has been established to provide a systematic and organized process by which a concessions concept and design are reviewed and approved by CDA Concessions. It should be noted that field verification is mandatory for all projects.

STEP 1.0: Project Initiation

1.1: Concept Proposal and Design Presentation

In order to begin a remodel project, store renovation or concept change, CDA Concessions must approve the proposed project and/or concept. The Concessionaire's concept design should include spatial relationships or models as necessary to describe the image and function of the project for CDA's review. CDA Concessions will be available to assist with the presentation scheduling.

The Concessionaire must provide the following items at the Conceptual Design presentation:

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 5 or" 23



- 1) Site Plan
- 2) Concept plan
- 3) Proposed terminal, concourse and requested square footage,
- 4) The existing to remain or newly proposed lease line
- 5) Design perspectives / renderings (illustrative images)
- 6) Design plans / elevations
- 7) Proposed materials / finish board (to be mailed to the address below)
- 8) Preliminary overall project schedule
- 9) Preliminary construction budget
- 10) Sample menu

The concepts documents should be submitted via email to:

O'Hare International Airport Contacts

Chicago Department of Aviation Chicago Department of Aviation

Aviation Administration Building

Attn: Deputy Commissioner Concessions

10510 West Zemke Rd. 10510 West Zemke Rd.

Chicago, IL 60666 Chicago, IL 60666

Email: ordretailconstruction@cityofchicago.org <<mailto:ordretailconstruction@cityofchicago.org>>;

mdwretailconstructionfalcitofchicago.org <<http://mdwretailconstructionfalcitofchicago.org>>

Midway International Airport Contacts

Aviation Administration Building

Attn: Deputy Commissioner Concessions

Email:

These items will be reviewed by CDA Concessions for completeness. The Concessionaire will be contacted via email or hard copy letter with review results within ten (10) business days of the Concept presentation with comments and direction regarding items that need revisions or enhancements, and that should be addressed before the Concessionaire moves forward to submit a Project Initiation Letter.

1.2: Project Initiation Letter

When CDA Concessions issues written approval for the conceptual design, the Concessionaire shall submit to CDA's Coordinating Architect of Design and Construction, a Project Initiation Letter (PIL) on Concessionaire's or Concessionaire's Architect's letterhead. Within ten (10) business days of receiving the PIL, CDA will send a "Response to Project Initiation Letter" to the Concessionaire with comments and direction regarding the required number of and completion level of design submittals, along with the assigned

CDA Project Number which must be included on all future project correspondence and submittals including permits. CDA's Coordinating Architect of Design and Construction will determine if the scope of work requires a CDA Project Number as well as a full design and construction review. At that time, it is also determined if compliance with the SAM™ is required. Not all projects will be assigned a CDA Project Number or must be SAM™ compliant. Based on the construction scope and duration, some projects may be eligible to proceed through CDA's eForm system (for more information on eForms see Step 5). All Concessionaire questions, concerns, or requests for information or project coordination should be directed to the CDA POC.

For a list of required documentation to include in the PIL refer to: • Exhibit A:
Project Initiation Letter Submittal Check List

Please refer to Step 1.1 for where O'Hare and Midway Pre-Construction Submittals should be sent. Once the PIL has been received and acknowledged, the project owner and/or representative is responsible and required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page6of23



- Project written reports pertaining to all Design Reviews, Pre-Construction, Construction and PostConstruction updates e-mailed to the CDA POC as requested. The project owner and/or representative is to ensure all project meetings be attended by a project representative. Please refer to Step 6.6 for further information.

1.3: Sustainable Airport Manual (SAM™)

The Concessionaire is required to submit a Sustainable Airport Manual (SAM™) Checklist. The Designer will complete and submit a checklist for the SAM™ Terminal Occupants - Design & Construction Chapter (SAM™ TO-DC Credits 1.0 to 6.0) and include all relevant supporting documentation. Be advised that the Terminal Occupants -Operations & Maintenance (CT-OM) checklist is not required for construction projects (all projects would need to submit a checklist). Please refer to link below:

[SAM™ Manual](#)

End of STEP 1

STEP 2.0: Design Review

All projects require review by CDA Concessions. The Concessionaire's design professional shall perform code review to determine what permits are required. If it is determined that the scope of work does not require permit(s), the design professional shall provide this determination in writing to CDA Concessions. Otherwise, building permits are issued by the Department of Buildings. CDA encourages the Concessionaire to allow ample schedule time to acquire the required building permits. Please note that if a sign construction permit is required, it can only be obtained by a licensed sign contractor. All projects are to conform and comply with all applicable CDA standards.

2.1: Concessionaire and Concessionaire's Consultants' Responsibilities

The Concessionaire is ultimately responsible for all work designed, approved and constructed in the Airport by its vendors and consultants. ^v

2.2: Design Overview

The design review process includes design drawing, review, and approval. The project design timeline will vary based on multiple factors, such as scope of work, existing conditions, drawing completeness at time of submittal, and/or as dictated by CDA.

Please note:

60% Design Submittal
Final CDA Document Submittal

- CDA's design review requires a minimum of fifteen (15) business days.
- Concessionaire's design professional is allotted thirty (30) business days after receipt of CDA comments to submit the next drawing package.

100% Construction Document Submittal

The Concessionaire will receive a "Review and Conditions Letter" qualifications, "Reviewed as Noted" or a "Revise and Resubmit".

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 7 of 23



2.3: Design Submittals /

The Concessionaire will submit to the CDA's Coordinating Architect of Design and Construction, at the 30%, 60%, 90%, and 100% design completion levels, or other completion level combinations based upon review and completeness of the initial and follow-up submittals. Less complex projects may be approved to deviate from this requirement, which will be addressed in CDA's "Response to Project Initiation Letter".

The Concessionaire is required to prepare and submit architectural and engineering drawings, material samples, specifications, lighting schedule and catalog cuts, display fixture and equipment plans, and other technical data as necessary to create a complete design package. The submittal must be in accordance with General Procedures and as described in the Concession Lease and License Agreement.

- 1) The design drawing documents shall be prepared by design professionals licensed to practice in the State of Illinois.
- 2) Particular attention should be given to the non-combustible classification of the building, related flame spread ratings and smoke development classification of materials. Documentation should demonstrate compliance with these requirements.
- 3) Concessionaire documentation for all submissions shall be provided in imperial measurement at the following suggested minimum scales:
 - a) Key plans; 1/32" = 1'-0", with the location of the space clearly identified by the column line designation.
 - b) Floor plans, reflected ceiling plans, merchandising plans, interior elevations, sections and related details; = 1'-0".
 - c) Passenger traffic flow diagrams (queuing) and adjacency plans at 1/8" = 1'-0".
 - d) Storefronts, signage, logos and lettering, in elevation, section or detail; 1/8" = 1'-0".
 - e) Sample boards identifying all proposed materials, 11" x 17" panel minimum, include legend.
 - f) Sample boards identifying photos for all proposed furniture and lighting fixtures, 11" x 17" panel minimum, include legend.
 - g) Renderings 11" x 17" or larger for presentation, provide 11" x 17" hand-out copies to be distributed to the attendees.
- 4) All drawings shall be submitted in accordance to CDA CAD / BIM Standards. Electronic submittals will also be accepted in AutoCAD format or the current CDA standard format. A complete set of PDFs is also required as part of each Concessionaire design submission. During design development, at the Concessionaire's request, CDA will make available known as-built files.
- 5) Concessionaire and design team to relay existing condition findings to CDA Facilities for review and approval before submitting the 30% design submittal. An in-person meeting may be required. The CDA POC will help facilitate a meeting date and time.

2.4: Concessionaire and CDA Signage

Sign design documents must be submitted for review and approval by CDA separate from the phase submittals. Each project must include an illuminated storefront sign. Where it is applicable a blade sign may also be included. Design documents for the signage must express the image, location, specifications, materials, and dimensions. All signage, with or without electrical components, require a sign permit from the Department of Buildings; which can only be obtained by a licensed sign contractor.

The Concessionaire must inform the CDA Concessions POC if the project requires airport owned signage removal or modification. A walk through with CDA Concessions will be scheduled to ensure adequate time will be allotted for

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)

Page 8 of 23

6/15/2020 - Revised



the required airport owned sign work to occur during the construction phase. Any CDA signage needing to be removed or relocated within the project area must be performed by CDA. If CDA signage is located within the project area, the Concessionaire must include specifications in the construction documents, detailing steps to be taken by the contractor to adequately protect all CDA signage to ensure it is not damaged during construction. ¹

2.5: Review Comments

CDA's Coordinating Architect of Design and Construction will distribute a blank "Review Comments Form" form to the appropriate review team. This document will be distributed as an Excel Workbook file and will only be used by the reviewer for their comments. After all comments have been made, each reviewer will send back their comments to the CDA's Coordinating Architect of Design and Construction.

The designer is to provide written line item responses to all comments in the workbook file. This process will repeat for each review phase, as designated in the CDA's "Response to Project Initiation Letter".

Please refer to:

- **Exhibit B: Submittal Review Comments Form Concessions 2.6: Response**

to Comments

The Concessionaire is required to respond to all review comments listed on the Review Comments Form, as well as any issues identified in the "Review and Conditions Letter". The spreadsheet column titled "Concessionaire Response" must be completed and accompany the preceding design submittal. Failure to do so will affect the design review process timeline. Concessionaire must respond to all review comments, in writing and submit within or no less than three (3) business days prior to the request for a Pre-Construction Meeting.

2.7: Requests for Information

Concessionaire questions, concerns or requests for information or project coordination should be directed to the CDA Concessions

POC.

2.8: Requests for As-Built Drawings

The Concessionaire, their architect and/or engineer may submit an as-built drawing request from CDA for use in their design. Use the link below "Document Request Form" and submit it to the CDA for approval. As-built drawings will not be available until the form is signed by CDA. The Concessionaire, their architect and/or engineer will be notified by the CDA if and when the drawings are available. Please refer to:

Exhibit B.I: CDA Standard Electronic Document Request Form 2.9: Requests

for CDA Design Standards Variance

The Concessionaire, their architect and/or engineer may submit a request for a variance to the CDA Design Standards. Use the link below to access the "Designer's Request for CDA Design Standards Variance" form. The variance must be reviewed and approved by CDA Design and Construction. Please refer to:

Exhibit B.2: Designer's Request For CDA Design Standards Variance Form 2.10: 30%

Schematic Design (SD) Submittal

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)

Page 9 of 23

6/15/2020 - Revised



The 30% SD submittal illustrates further development of the Concessionaire's design concept. The 30% SD should respond to the feedback given during the Concept Design Presentation and include, at a minimum, more definitive spatial relationships, updated perspectives, plans, elevations, sections, and overall dimensions and other illustrative materials critical to describing the development of the project.

Work required outside the Concessionaire's lease/license line should be clearly identified on all drawings and communicated directly to the CDA POC. Designs must also specify affected Airport base building structure or utilities, including but not limited to: advertising space, public telephones, vending devices, internet kiosks, charging stations, AED's, fire extinguishers, signage, public address speakers, mechanical, electrical, plumbing, fire protection equipment, etc.

For a detailed list of 30% SD Submittal refer to:

- Exhibit C: 30% Schematic Design (SD) Submittal Check List

2.11: CDA Review and Response to 30% SD Submittal

The CDA will provide a "Review and Conditions Letter" as well as a Review Comments Form (see Steps 2.5 and 2.6), which is used for all submittals throughout the design review process between CDA review parties and the Concessionaire's architect or design professional.

The letter will include the following information:

- 1) Identify the project status as "Reviewed as Noted" or "Revise and Resubmit".
- 2) Provide comments and direction regarding the proposed scope of work and design submittals.
- 3) If applicable, display the assigned CDA Project Number.

- 4) Determine if the project will require (SAM™) compliance.

2.12: 60% Design Development (DD) Submittal

The 60% DD drawings further enhance the previous submittals and should include: architectural, structural, mechanical, electrical, plumbing, fire protection, and equipment demolition plans as well as MEP existing conditions, floor and reflected ceiling plans, elevations, sections, details, specifications, system diagrams, and structural load calculations. Additionally, this submittal should include meter locations: water, gas and electrical. The 60% DD drawings should convey the full scope of work and all impacts to the Airport base building and adjacent spaces. The Concessionaire, their architect and/or engineer may also be required to attend coordination meetings with CDA to present and clarify the submittal documents. For a detailed list of 60% DD Submittal refer to:

- Exhibit C1: 60% Design Development (DD) Submittal Check List
- Exhibit C.2: Electrical Submittal Check List
- Exhibit C.3: Mechanical, Fire Protection & Plumbing Submittal Check List

2.13: Additional Submittals

CDA Concessions or CDA Design and Construction may determine that the proposed design is more complex and will require an intermediate design review, page turn with the CDA, or site walkthrough to confirm all concerns and questions are sufficiently resolved. The CDA will identify in the 60% "Review and Conditions Letter" that an additional submittal is required and will list the reasons for the request before continuing to the next major phase.

The additional submittal(s) must address the issues identified by CDA. The Concessionaire is encouraged to schedule

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 10 of 23



a coordination meeting with CDA to discuss the issues identified. See Step 2.15 for where to send Design submittals via email and hardcopies. All submittals to include the project number and design submittal phase on the email subject line i.e. THXXX. 19-00 Concession's Project Name 60% Submission

2.14: Compliance Overview

All Concessionaires are required to comply with the City of Chicago construction compliance rules, city residency requirement and certified payroll requirements. See Step 9 for more information.

2.15: 90% Construction Document (CD) Submittal

The 90% CD drawings further enhance the previous submittals and should include: specifications, signage details and locations, and additional mechanical, electrical, fire protection, and plumbing details. With the 90% submittal, comments should include minimal outstanding issues that need to be incorporated into the 100% CDs.

For a detailed list of 90% CD Submittal refer to:

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List

O'Hare International Airport Contacts Midway International Airport Contacts

CDA Aviation Administration Building CDA Aviation Administration Building

Attn: Coordinating Architect, Design and Construction Attn: Coordinating Architect, Design and Construction
10510 West Zemke Rd. 10510 West Zemke Rd. Chicago, IL 60666 Chicago, IL 60666
cc: ordretailconstruction@cityofchicago.org cc: mdwretailconstruction@cityofchicago.org

End of STEP 2

STEP 3.0: Final CDA Document Review and Conditional Approval to Construct 3.1: Final CDA Document

Submittal

When the documents are 100% complete, the Concessionaire will need to submit the final documents to CDA for review. If approved, CDA will issue a "Review and Conditions Letter" with a "Reviewed as Noted" status to the Concessionaire, and if applicable, a separate letter to the City of Chicago, Department of Buildings, indicating the construction documents have been reviewed and approved, allowing for the start of the permit application process.

For a detailed list of 100% CD Submittal refer to:

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List

3.2: Pre-Permitting Drawing Set Review and Response

The Concessionaire is required to respond to all review comments listed on the Review Comments Form throughout all design phases. The Concessionaire is to submit a Pre-Permitting Drawing Set for CDA review and approval prior to applying for the project required permits. If any or all review comments have not been incorporated into the Pre-Permitting Drawing Set, the set will not receive approval and/or no construction activities are able to take place until all review comments are incorporated.

3.3: Applying for Permit with the Chicago Department of Buildings

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 11 of 23



Following approval of 100% CDs, the project is bid and construction contracts are awarded. It is necessary for the awarded contractor to apply for the required permits from the City of Chicago's Department of Buildings, and any other applicable state and federal authority. The Concessionaire must coordinate the method, process and schedule for the permit application submittals as well as coordinate conduction of final inspections. It is the Concessionaire's sole responsibility to follow-up on the permit issuance process. Note, the Description of Work on the permit must include the associated terminal (i.e. Terminal 2), the closest gate (i.e. E4), the project name and, if applicable, CDA project number.

A list of required work permits is located on the Department of Buildings website. Please note that when a sign construction permit is required, it can only be obtained by a licensed sign contractor.

All Chicago Department of Buildings permit applications and submittals are fully electronic and available via the City's online system "E-Plan" at the following website: <https://www.chicago.gov/city/en/depts/bldgs>

3.4: Self-Certification

The Self-Certification Permit Program simplifies the building permit process for eligible residential, business and mercantile and small assembly projects where the Architect of Record takes full responsibility for code compliance. The Department of Buildings plan reviews are eliminated by allowing the Professional of Record to certify that the permit drawings comply with the Chicago Building Code. The Professional of Record must have prepared and sealed the permit drawings, completed DOB's Self-Certification Training Class, and hold an active Self-Certification registration. Structural work cannot be self-certified.

For more information please visit: [Chicago Dept. of Buildings Self Certification Program](#)

End of STEP 3

STEP 4.0: Pre-Construction 4.1: Pre-Construction

Meeting

The Concessionaire POC shall request a Pre-Construction Meeting through CDA as directed in the final CDA review comments. All Pre-Construction documents must be compiled, and electronic copies sent to the CDA prior to scheduling the Pre-Construction Meeting. The Pre-Construction Meeting can be scheduled no sooner than three (3) business days after the final pre-construction document is received.

CDA or the CDA POC will schedule a Pre-Construction Meeting and notify the Concessionaire of the meeting time and location. At the Pre-Construction Meeting, the Concessionaire and their representatives should be prepared to answer any questions regarding the required documentation and the proposed construction. If applicable, the General Contractor must provide proof that the barricade graphic has been produced and is ready for installation; the barricade and graphic must be installed within (7) seven business days from the start of construction. The Pre-Construction Meeting will NOT take place until MBE/WBE Compliance Plans have been reviewed and accepted by the CDA. Please refer to Step 9 for more information on compliance.

At the conclusion of the pre-construction meeting, CDA will determine if the documentation and Concessionaire's response to any questions are complete and, if so, CDA will issue a letter authorizing construction to start. Note that

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 12 of 23



an eForm must also be submitted and approved before construction can start. Please refer to Step 5 for more information on the eForm.

4.2: Pre-Construction Documentation

It is the Concessionaire's POC's responsibility to compile and submit the required documentation in a timely manner in order to maintain the overall project schedule. The list of required documents can be found in Exhibit D. Allow two (2) to four (4) weeks to acquire badging, vehicle permits, building permits and other necessary pre-construction documentation, identified below. Processes for all required Airport badges and permits must be completed for every employee/worker and vehicle involved in the project before work begins. Construction will NOT begin until all required documentation has been submitted and reviewed by the CDA POC.

Pre-Construction document submittal shall include the following: one (1) full size hard copy set of stamped approved plans by the Department of Buildings, one (1) half size set of stamped approved plans by the Department of Buildings, and one (1) PDF of stamped plans approved by the Department of Buildings.

The Pre-Construction Documentation includes the following: Exhibit D: Pre-Construction Meeting Check List Exhibit D.la or D.lb:

Pre-Construction Meeting Form

Exhibit D.2: FAA Approved 7460 Forms - FAA Letter of Determination Exhibit D.3: Impact to CDA Security and TSA Approval Exhibit D.4: Certificate of Insurance (COI)

Exhibit D.5: General Contractor Safety, CDA Construction Safety Manual & Safety Manager Credentials Exhibit D.6: Safety and Security Plan Exhibit D.7 & D.8: Incident Notification Plan Exhibit D.9: Building Permit (example)

4.3: Logistics

The General Contractor must develop a logistic plan prior to the Pre-Construction Meeting. The logistic plan should identify the following:

- 1) Hours of Construction are 10:00 PM to 5:00 AM, unless approved otherwise by the CDA.
- 2) **Obtain employee/worker and vehicle badging, employer /worker information, authorization form and permits. (See Exhibits D.10 & D.11)**
- 3) **Identify dock location for deliveries / Determine dumpster locations. (See Exhibit D.12 & D.13)**
- 4) **Determine site access / Elevator matrix & maps. (See Exhibits D.14 - D.17)**
- 5) **Vehicle Access Form - Airfield (See Exhibit D.18)**
- 6) **Operations Plan - Material delivery and debris removal. (See Exhibit D.19)**
- 7) Create a detailed project schedule that identifies all work phasing
- 8) Identify, any building systems that will be required to be shutdown
- 9) All material storage and staging areas, should be off site or within the barricaded concession area; and
- 10) Contractors and Sub-Contractors new to the Airport are required to perform an onsite facilities training. The CDA POC will facilitate a meeting date time

Please refer to Step 2.15 for where O'Hare and Midway Pre-Construction Submittals should be sent. 4.4: Pre-

Construction Meeting Attendance

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 13 of 23



The following is a list of required attendees: Concessionaire and/or Owner's representative(s); General Contractor's, Project Manager, Superintendent, and Safety Manager. Concessionaire's design consultant's attendance is optional. The CDA Concessions POC will notify all Airport stakeholders necessary to attend the meeting.

End of STEP 4

STEP 5.0: Notice to Airport User Form (eForm) 5.1: Notice to Airport Users

Form (eForm)

For all construction projects, the Concessionaire is required to submit a Notice to Airport User Form. The Concessionaire shall register or login to the online Notice to Airport Users Form at <<https://eforms.cityofchicago.org/uformsand>> create a project start up form indicating scope, start and completion dates. Additional User Forms required during the course of construction will be discussed at the Pre-Construction Meeting. All User Forms must be submitted at least three (3) business days in advance of the anticipated start of construction to allow adequate time for review. Select the link below to learn more about how to submit a Notice to Airport Users Form for O'Hare International Airport and Midway International Airport. The eForm must be approved by the CDA before the Concessionaire can begin construction.

ORD Quick Reference Guide MDW Quick Reference Guide

Any work on the fire protection system within the tenant space which requires a fire protection shutdown should have a separate user form submitted and follow the CDA fire shutdown procedures:

Any work on the domestic water service within the tenant space which requires partial domestic water service shutdown should have a separate user form submitted and follow the CDA domestic water service shutdown procedures.

End of STEP 5

STEP 6.0: Construction

6.1: Site Maintenance / Construction Administration

All permits, user forms, emergency contact directory, and construction alerts shall be prominently displayed in a locked glass display cabinet 30" high by 36" wide approved by the CDA. One full size stamped set of drawings and the original permit must be kept on site at all times.

6.2: Building Inspections

Department of Buildings Inspection Bureau will be conducting inspections throughout construction. Contractors must request inspections of ventilation, electrical, plumbing, and new construction on all projects with issued building permits, regardless of scope, for both rough and final inspections. Failure to request these inspections may result in suspension or revocation of the permit, and issuance of citations by the Chicago Department of Buildings for violation of licensing requirements against the General Contractor and subcontractors.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 14 of 23



Chicago Department of Buildings inspections shall be scheduled via the on-line inspection scheduling system at www.cityofchicago.org/buildings <<http://www.cityofchicago.org/buildings>>. All requests for rough and final Chicago Department of Buildings inspections should be requested at least fourteen (14) business days in advance.

If needed, contact the Department of Buildings Inspection Bureaus by phone as listed below:

Ventilation Department-(312) 743-3573 Electrical Department - (312)
743-3622 Plumbing Department - (312) 743-3572 New Construction
Department - (312) 743-3531

In addition, contractors must offer the terminal manager and building engineer an opportunity to perform an inspection at demolition, rough, and final phases. The Concessionaire shall contact the CDA Concessions POC to coordinate these inspections.

6.3: Chicago Department of Public Health Inspections and Liquor License

Food establishments and retail establishments serving food require a health inspection to be conducted by the Chicago Department of Public Health (CDPH). Concessionaires applying for a liquor license require a separate inspection coordinated by the Business Affairs and Consumer Protection Department, in addition to the Department of Buildings inspections. For both inspections, allow one (1) to three (3) weeks to schedule and obtain a final inspection and certificate.

Please note, the construction barricade cannot be removed until applicable licenses and inspections are complete.

- PDF of the Health Inspection Approval and supporting documentation must be supplied and sent to CDA Concessions prior to store opening.

For Chicago Department of Public Health (CDPH) visit their website at: <<https://www.cityofchicago.org/city/en/depts/cdph.html>> or call (312) 747-9884.

For Business Affairs and Consumer Protection Department information visit their website at: <<https://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6249.

6.4: Safety and Security Plan

All contractors and subcontractors and the work they perform are subject to the CDA Construction Safety Manual. Each project requires an onsite full time Safety Manager who is solely responsible to monitor job site safety and security (See Exhibit D.5 for more details).

Please refer to link below:
[CDA Construction Safety Manual](#)

CDA Safety will perform site safety walkthroughs during construction to ensure all work is being performed per the CDA Construction Safety Manual. CDA Safety and the CDA POC have the authority to stop work if unsafe conditions or practices are observed.

6.5: Demolition

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 15 of 23

Prior to demolition, pre-construction photos must be taken, documenting all of the existing conditions. Failure to provide photo documentation of the existing conditions before construction will result in the contractor and Concessionaire assuming responsibility for all damages and perceived damage to existing base building materials. Damaged materials must be repaired or replaced at the contractor's and/or Concessionaire's expense. Once demolition is complete, the CDA terminal manager, the CDA building engineer, and CDA POC shall perform a site inspection prior to the start of construction.

Core drilling, cutting of floors, walls or roofs may be required for tenants needing plumbing and/or additional mechanical HVAC provisions. Under no circumstances shall the Concessionaire or its contractors, at any time be permitted to drill or cut conduit, pipe sleeves, chases or duct equipment openings in the floor, columns, walls or roofs of the structure without prior review and acceptance of the proposed locations and sizes by the CDA's structural consultant. The Concessionaire is required to x-ray or scan the area prior to beginning work utilizing a 3D ground penetrating radar and will provide a copy of x-ray / scan results to CDA. Scan / x-ray to be submitted via eForm three (3) business days prior to performing coring or drilling work.

6.6: Construction Meetings and Reporting

During construction, the General Contractor is required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

- 1) Minutes from a weekly contractor led meeting (in person or via telecom) including the project owner and/or representative and CDA POC, at an agreed location (project site or POC conference room).
- 2) A weekly status summary report describing the progression of the work. The weekly status report must contain at a minimum the following:
 - Project title
 - Project number
 - Forecasted / actual start / completion date(s)
 - What construction occurred since the last weekly report
 - Revised three (3) week "Look Ahead" construction task schedule (CDA Design and Construction / CDA Concessions will determine if applicable to a given project)
 - What issues occurred and / or are projected
 - At least three (3) photos taken daily to document in-progress installation of materials
 - Other items as requested by CDA
- 3) A revised overall schedule when necessary
- 4) All Issued for Construction Drawings (IFC), addenda to the permit drawings, and resolved RFIs as they become available

6.7: Non-Compliance and Unauthorized Construction

Non-compliance or construction that deviates from the approved permit documents without CDA's prior written approval may be just cause for CDA to order work stoppage until corrective measures are taken and compliance is obtained. Any cost or claims due to this work stoppage shall be borne by the Concessionaire and the General Contractor.

End of STEP 6

STEP 7.0: Substantial Completion

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 16 of 23



7.1: Substantial Completion Notification

The General Contractor shall notify the CDA POC a minimum of seven (7) business days prior to the anticipated substantial completion date to request a site inspection project completion walk through. The construction space must be clean and all tools and surplus materials must be removed from the site or the walk through will be canceled. Mandatory attendance at the walk through includes: Concessionaire and/or Owner's Representative(s), and the General Contractor's Project Manager and Superintendent. The CDA POC will notify the CDA terminal manager, the CDA building engineer, the CDA Project Manager, and any other attendees identified during the Pre-Construction meeting or as deemed necessary. The items listed below are required to support the substantial completion walk through process:

- (1) The Concessionaire's architect should compile their punch list items. The Concessionaire or concessionaire's architect will provide a copy of their punch list to CDA for review prior to the walk through.
- (2) The concessionaire will receive final CDPH and Department of Buildings inspector's approval before the substantial completion walk through.

(3) The substantial completion walk through must occur 5-10 business days prior to concessions opening.

7.2: Final Walk Through and Punch List

At the substantial completion walk through, the General Contractor will conduct a brief meeting to distribute and discuss the punch list items that they have identified and the proposed date of substantial completion. The General Contractor and Concessionaire must show proof of all final Department of Buildings and CDPH inspections, Certificate of Occupancy, Business and Liquor licenses and Certificate of Insurance. If a Certificate of Occupancy is required as determined by the Department of Buildings, it will need to be submitted to the CDA prior to any occupancy of the renovated or newly constructed space. It is the Tenant's responsibility to arrange for inspection by the Department of Buildings for the Certificate of Occupancy. The Concessionaire should identify meter locations to be properly labeled and provide the meter number and the room name of meter location(s).

After all attendees have completed the walk through, the parties will reassemble to discuss their punch list items with the Concessionaire and General Contractor. CDA Concessions will review the Concessionaire's architect's punch list and relay any additional items identified during the substantial completion walk through on a separate punch list. Any punch list items that are noted as critical and thus require immediate correction will be identified during the substantial completion walk through. The concessions location cannot open until these critical punch list items have been corrected.

Within five (5) business days after the substantial completion walk through, the Concessionaire, Concessionaire's architect, and/or the contractors will consolidate all agreed upon punch list items and issue via e-mail, a composite formal punch list. This list will be distributed to all parties invited from the substantial completion walk through. The Concessionaire's architect will also submit their substantial completion letter to the CDA.

Depending on issues presented, CDA will determine which option below is acceptable.

For Retail Concessions:

- (1) Concessionaire may proceed to stock, train, and open their concession, while non-critical punch list repairs continue.
- (2) Concessionaire may stock and train for their concession but cannot open until the identified critical punch list items are corrected.
- (3) Concessionaire may NOT stock, or train for, or open their concession until the identified critical punch list items are corrected.



For Food and Beverage Concessions:

- 1) Concessionaire may proceed to train, furnish, and prep their food and beverage, while noncritical punch list repairs continue.
- 2) Concessionaire may proceed to train, furnish, and prep their food and beverage but cannot open until the identified critical punch list items are corrected.
- 3) The Concessionaire may NOT furnish, prep, or train for their facility until the identified critical punch list items are corrected.

CDA Concessions will review and then issue a response/acceptance letter back to the Concessionaire or Concessionaire's architect after receipt of the substantial completion letter. The concession location cannot open until they have received CDA Concession's notice to open.

The Concessionaire will track the completion of the punch list and periodically send CDA the list of completed and outstanding punch list items (with reason for incomplete items and lead times for materials not immediately available).

Please note, the construction barricade may not be removed without written approval from CDA Concessions.

The General Contractor is to complete the punch list items within thirty (30) business days of the initial walk through or as dictated in the Concessionaire's signed Lease and License Agreement.

If after thirty (30) business days, the punch list items remain incomplete CDA may elect to:

- Impose a fine of \$200 per item, per day, until the work is finished.

If after sixty (60) business days, the punch list items remain incomplete CDA may elect to:

- Hire contractors to complete the work at the Concessionaire's expense.

The punch list completion tracking document will be sent to CDA Concessions for review within the thirty (30) business day period after the substantial completion walk through takes place. All punch list items should be resolved to the satisfaction of CDA or include an agreed upon completion schedule.

7.3: Business License and Certificate of Insurance

Prior to opening, the Concessionaire must obtain a Business License from the City of Chicago Business Affairs & Consumer Protection Department (BACP) City Hall, Room 805, 121 N. LaSalle St, 60602.

Concessionaire is also responsible for providing a current Certificate of Insurance per the Concessionaire's signed Lease and License Agreement.

- PDF of the Business License must be sent to CDA Concessions prior to store opening.

For Business License and Certificate of Insurance information visit their website at:
<<https://www.ci.vofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6060.

7.4: ComEd Verification of iVTeter(s)

Prior to opening, the Concessionaire must reference the meter #, and provide its tax ID and billing mailing address. For more information call (877) 426-6331. 7.5: Open for Business

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 8 of 23



After written approval has been obtained from CDA Concessions, the construction barricade may be removed no earlier than the evening prior to the concession's opening.

- Please refer to the 'Airport Concession Program Handbook' for other operational procedures as dictated in the Concessionaire's signed Lease and License Agreement.

End of STEP 7

STEP	8.0:	Project	Closeouts	8.1:	Close	Out
------	------	---------	-----------	------	-------	-----

Documents

The Concessionaire's architect and engineer of record must transmit to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement all architectural and engineering "As-Built Documents". If no time period is specified, then the "As-Built Documents" must be submitted within thirty (30) business days. The items listed below are required to support maintenance of accurate facility records and future construction. The Concessionaire must submit two (2) copies of the below documents on CD and (1) full size hard copy:

- 1) One (1) full size hard copy As-Built Documents, including the General Contractor's redline markups and clouding construction changes
- 2) One (1) CD / DVD of CAD files either in AutoCAD and/or BIM format - all CAD files to be submitted per CDA BIM standards
- 3) One (1) CD/ DVD of all image files in PDF format
- 4) If applicable, one (1) PDF of the finalized SAM™ Construction Checklist
- 5) If applicable, one (1) PDF of all Operating and Maintenance Manuals (O&M Manual) for equipment being maintained by the CDA
- 6) One (1) PDF of the General Contractor's, and if applicable, subcontractor's, manufacturer's, and equipment warranties
- 7) One (1) PDF of all the specifications
- 8) One (1) PDF of the Building Permit (both sides) with all required rough and final inspection signoffs
- 9) If applicable, PDFs of the preventative maintenance schedules listing:
 - a) the systems and equipment that require preventative maintenance
 - b) scope of maintenance to be performed
 - c) frequency
 - d) clarification on which entity is responsible for maintenance

Closeout and Warranty documents should be both emailed and one (1) full size hard copy sent to O'Hare or Midway Airport, see address below:

O'Hare International Airport Contacts

CDA Aviation Administration Building
Attn: Coordinating Architect, Design and Construction
10510 West Zemke Rd.
Chicago, IL 60666

Midway International Airport Contacts

CDA Aviation Administration Building
Attn: Coordinating Architect, Design and Construction
10510 West Zemke Rd.
Chicago, IL 60666

cc: ordrailconslmction@cityofchicago.org <<mailto:ordrailconslmction@cityofchicago.org>> cc: mdwretailconstmctionf3toityorchicago.org



In addition, the following close out documents must be transmitted to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement. If no time period is specified, then the documents must be submitted within sixty (60) business days

- 1) PDFs containing the Concessionaire's Sworn Statement of Improvement Costs, and all final lien waivers, including change orders.
- 2) PDFs containing the General Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.
- 3) PDFs containing the Professional Services Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.

8.2: Final SAM™ Checklist

If applicable, the Concessionaire must submit a final construction SAM™ Checklist that incorporates information on final quantities, contractor submittals, and other SAM™ related data that is incorporated during the construction phase. The Sustainable Review Panel (SRP) will evaluate the final SAM™ checklist and as recognition for participation in the SAM™ Checklist, a Green Airplane Certification will be awarded to the Concessionaire.

8.3: Contractor's Warranty

The General Contractor must warrant to the City of Chicago and CDA that the work, materials, and equipment furnished and installed under the contract are of good quality and new, and that the work conforms to the requirements of the contract documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. The Contractor's warranty shall exclude remedy for damage or defect caused by abuse, modifications, improper or insufficient maintenance and operation, or normal wear and tear, and normal usage, not executed by the contractor.

8.4: Subcontractor's Manufacturer's and Equipment Warranties

The General Contractor must ensure that all required subcontractor's, manufacturer's, and equipment warranties are passed on to the CDA. The warranties must include the name of the project as designated in the contract documents, project reference number and must be signed by an officer of the company having authority to provide the warranty. Include wording such as "this document serves as a (list duration of the warranty) written guarantee for the work performed, and the material and equipment installed on the above referenced project. This warranty incorporates all provisions of the contract documents that refer or relate to the guarantee. This warranty will commence on the date of the store opening."

During the warranty period, the Contractor must repair and replace at its own expense, all materials or equipment that may develop defects whether these defects may be inherent in the equipment or materials, in the functioning of the piece of equipment, or in the functioning and operation of pieces of equipment operating together as a functional unit. Any equipment or material that is repaired or replaced will have the warranty period extended for a period of one additional year from the date of the last repair.

8.5: Final Notice to Airport Users Form

After the punch list is complete, the General Contractor shall close out the Notice to Airport Users Form by electronically attaching a PDF of the all permits, front and back sides showing the inspector sign-offs. Enter the last day the punch list was completed, and the anticipated submittal date of the General Contractor redlined drawings.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)

Page 20 of 23

6/15/2020 - Revised



8.6: Final Closeout Notice and Acceptance

After all the close out documentation has been reviewed and verified complete, CDA will issue a response/acceptance letter.

End of STEP 8

STEP 9.0: Compliance Overview

Throughout the Design and Construction process, the Concessionaire will be responsible for complying with various City of Chicago participation requirements. The Concessionaire will also be responsible for tracking their participation and providing verifying documents to CDA for review.

9.1: City of Chicago Minority and Women Owned Business Participation Rules

In accordance with the Municipal Code of Chicago 2-92-650, or as dictated in the Lease and License Agreement, the City's Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts has set goals of MBE participation and WBE participation on all contracts.

Please refer to link below for additional information pertaining to this Compliance Rule:

- **Exhibit E.1: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Professional Services**
- **Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts**

MBE and WBE participation shall be separately documented for Construction Services and Professional Services. 9.2: Required

MBE and WBE Documentation

Required compliance documentation will be submitted through the web-based Retail Management System ("RMS") which is the City of Chicago, Department of Aviation's, secure concession's portal. All compliance reporting must be submitted electronically

using RMS.

The Concessionaire and General Contractors are required to enter the Compliance Plans, Certified Payroll and Sworn Statements into RMS. Once the Concessionaire selects a Professional Service Contractor and General Contractor, the designated Concessionaire POCs will be provided with RMS log in information. The RMS links and User Guide are listed below. The individual Exhibits E.1 - E.12 listed below should be used as reference only; all required documents must be submitted electronically using RMS.

- RMS Portal: <<https://www.airportware.com/rms>> prod/App forms/General/Login.aspx
- Exhibit E.3: RMS Construction Compliance User Guide

9.3: MBE and WBE Compliance Plans

Once the Final or 100% Construction Document Submittal is approved by CDA (see Step 3.0), and the Concessionaire has selected a General Contractor, then the Concessionaire is required to submit, via RMS, the Concessions'

Compliance Plans: Affidavit of Concessionaire, Affidavit of Prime Contractor for Construction and Affidavit of Prime

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 21 of 23



Contractor for Professional Services. Exhibits E.4 - E.7, which includes a selection of MBE, WBE and Non-Minority Sub-Contractors.

- Exhibit E.4: Concession's Compliance Plan - Affidavit of Concessionaire
- Exhibit E.5: Concession's Compliance Plan - Affidavit of Professional Services
- Exhibit E.6: Concession's Compliance Plan - Affidavit of Prime Contractor

PLEASE NOTE:

If at any point during the construction phase of the project, there is a change in MBE or WBE participation, the CDA POC must be immediately notified.

Resource:

To aid in outreach efforts to meet or exceed the City of Chicago's Construction and Professional Services Program goals, a list of City of Chicago certified MBE and WBE firms may be found at:

- <<https://www.cityofchicago.org/city/en/depts/dps/supp>> info/process improvements.html
- <<http://www.idot.illinois.gov/doing-business/certifications/disadvantaged-business-enterprise->

MBE and WBE Good Faith Efforts

If the Concessionaires' and Prime Contractors' Compliance Plans fall short of the MBE or WBE Construction Program goals, a Good Faith Efforts form must be included with the submitted Compliance Plans. Good Faith Efforts are achieved by actively soliciting MBE and WBE firms to perform work on the contract in accordance with Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts. The Good Faith Efforts form must contain contact information for not less than five (5) MBEs and/or WBEs.

- Exhibit E.7: Good Faith Efforts Form

A Compliance Plan may be rejected as non-responsive if the Concessionaire and/or General Contractor fail to submit one or more of the documents (Exhibits E.4 - E.7) with the response.

PLEASE NOTE:

If a Concessionaire's and/or General Contractor's Compliance Plan fails to meet the Construction Program goals for MBE and WBE participation, the project will be delayed and not move toward a Pre-Construction Meeting until either the goal is satisfied or Good Faith Efforts have been demonstrated and approved.

9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements

In accordance with the Municipal Code of Chicago 2-92-330 and Article 5 of the Concession Lease and License Agreement, at least 50% of the total construction worker hours worked by persons on the site of the Work must be performed by actual residents of the City and at least 7.5% by project area residents. The Airport will identify the project area for the purposes of calculating project area residents.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 22 of 23



The Concessionaire will provide each general contractor bidding on the project with a Compliance Plan (Exhibit E.5) and the "City Resident Construction Worker Employment Requirement" (Exhibit E.8) for use in the bid preparation process.

Once a project has been approved by CDA and construction has commenced, the General Contractor must submit on a weekly basis, the following Certified Payroll Report for all contractors and subcontractors:

- Exhibit E.8: City Resident Construction Worker Employment & Certified Payroll Requirements
- Exhibit E.9: Excel Certified Payroll Worksheet (example)

9.5: Compliance Close Out Documents

Within sixty (60) business days of substantial completion, the Concessionaire, the General Contractor and the Professional Services Contractor are required to submit the following documents, along with final lien waivers.

- Exhibit E.10: Concession's Sworn Statement - Affidavit of Concessionaire
- Exhibit E.11: Concession's Sworn Statement - Affidavit of Prime Contractor for Professional Services
- Exhibit E.12: Concession's Sworn Statement - Affidavit of Prime Contractor for Construction Services

End of STEP 9

STEP 10.0: Supplemental Exhibits

These Guidelines should be read in conjunction with the Design and Construction Standard Operating Procedures Concessions Projects Exhibits (C-SOP Exhibits) and referenced with the Concessionaire Design Guidelines. Please refer to links below:

[Concession Projects \(C-SOP Exhibits\) ORD Concessionaire Design Guidelines MDW Concessionaire Design Guidelines](#)

End of STEP 10

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 23 of 23



EXHIBIT 11

ECONOMIC DISCLOSURE STATEMENTS AND AFFIDAVITS

CHICAGO

HOSPITALITY PARTNERS LLC

02022-1215

Exhibit A-3

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Chicago Hospitality Partners, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity currently holding, or anticipated to hold within six months after City action on
2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the
2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name:

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 1200 NW 78 Avenue, Suite 400, Doral FL 33126

Type text here

C. Telephone: 305 871 0559 fax: 305 871 9323 Email: amaro@mca-airports.com

<mailto:amaro@mca-airports.com>

D. Name of contact person: Pedro Amaro Jr

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

A license to develop and operate food and beverage, specialty retail, travel essentials concessions at O'Hare International Airport Terminal 5

G. Which City agency or department is requesting this EDS? Chicago Department of Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1

Page 1 of IS

SECTION H - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership

Limited partnership

Trust

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
 Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
Pedro Amaro Jr	President
Guillermo Cardona	Treasurer
William Alberni	Director
John Wober	Vice-president

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
Master ConcessionAir, LLC	i200NW78Avenue.Suite400,Dcraifl33i26	65%
Mobility Innovation, Inc d/ba/ Airbrands 202s w. Superior	cwicago. il 60612	35%

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether Business retained or anticipated Address to be retained)
Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)
Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. **The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS-**

a. **are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily**

excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect

to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to

believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

NONE

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

NONE

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

NONE

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes

No

Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

- A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
- B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.
- C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.
- D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.
- E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Chicago Hospitality Partners, LLC

(Print or type legal name of Disclosing Party) By: _____
(Signature)

Pedro Amaro Jr

(Print or type name of person signing) President
(Print or type title of person signing)

Signed and sworn to before me on (date) at
at _____ County, Florida (state).

Notary Public

Commission expires:

MARIBEL CARDO
Notary Public-State of Florida
Commission #GG 922206
My Commission Expires
October 13, 2023

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

Master ConcessionAir LLC

02022-1215

Exhibit A-3

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Master ConcessionAir, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: Chicago Hospitality Partners, LLC

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 1200 NW 78 Avenue, Suite 400, Doral FL 33126

C. Telephone: 305 871 0559 pax: 305 871 9323 Email: amaro@mca-airports.com
<mailto:amaro@mca-airports.com>

D. Name of contact person: Pedro Amaro Jr

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

A License to develop and operate food beverage, specialty retail, travel essentials concessions at O'Hare International Airport Terminal 5

G. Which City agency or department is requesting this EDS? Chicago Department of Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Page 1 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Limited partnership Trust

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes

No

Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or

any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.
Type text here

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Pedro Amaro Jr

President

Guillermo Cardona Treasurer

William Alberni Director

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
See Attachment - Exhibit A		

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

Chapter 2-156 of the Municipal Code of Chicago (MCC) in the Disclosing Party:

Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether Business retained or anticipated Address to be retained)
Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)
Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).
2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics)

5. *Certifications (5), (6) and (7) concern: I*

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid rigging in violation of 720 ILCS 5/33E 3; (2) bid

result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

NONE

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

NONE

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month

list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

NONE

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION ~

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X_1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in

form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements? «i

Yes

No

Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes

No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII « FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a

training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

(Print or type By: _

Master ConcessionAir, LLC
legal name of Disclosing Party)

(Sigl Pedro Amaro Jr

(Print or type name of person signing) President

(Print or type title of person signing)

Signed and sworn to before me on (date) {1&id 2°, J^^a, at Miami DatW
County, Rrvid*- (state).

Jotary Public

Commission expires: (^cJ^ /3 2Q^-^>

§

MARIBEL CARDO

£ Notary Public-State of Florida

I Commission #GG 922206

' My Commission Expires

- October 13. 2023

Page 12 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which

has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFTOAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity

which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined

in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Master ConcessionAir, LLC

Ownership Structure Response to Section B.2

Percentage Interest in

Name	Business Address	Applicant
Pedro Amaro Jr	1200 NW 78 Ave., Doral, FL 33126	17.35%
William Alberni	1200 NW 78 Ave., Doral, FL 33126	7.90%
Ileana Alberni	1200 NW 78 Ave., Doral, FL 33126	7.80%
Jose G. Alberni	1200 NW 78 Ave., Doral, FL 33126	2.88%
Jaquelin Ervesun	1200 NW 78 Ave., Doral, FL 33126	1.24%
Maribel Cardo	1200 NW 78 Ave., Doral, FL 33126	1.24%
Guillermo Cardona	1200 NW 78 Ave., Doral, FL 33126	0.80%
Jennifer Carbajal	1200 NW 78 Ave., Doral, FL 33126	0.35%
Carlos Aguilera	1200 NW 78 Ave., Doral, FL 33126	0.35%
Jose E Souto Sr	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	13.41%
Oscar J Vila	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	15.85%
Ana Vila	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	13.34%
Jose E Souto Jr	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	14.37%
Gloria Souto	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	1.18%
Vivian Vila	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	0.59%
Oscar E. Vila	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	0.41%
Nicolas Vila	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	0.24%
Andres Vila	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	0.24%
Ana Sofia Vila	201 Alhambra Circle, Suite 702, Coral Gables, FL 33134	0.24%
<u>Daniela Vila</u>	<u>201 Alhambra Circle, Suite 702, Coral Gables, FL 33134</u>	<u>0.24%</u>

100.00%

MOBILITY INNOVATION INC., d/b/a Airbrands

02022-1215 Exhibit A- 3

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:
Mobility Innovation, Inc., d/b/a Airbrands

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: Chicago Hospitality Partners, LLC

~OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 2026 W. Superior Chicago, IL 60612

C. **Telephone: 312-767-8715** **Fax:** **Email: jw@airbrandsinc.com**
<mailto:jw@airbrandsinc.com>

D. Name of contact person: John Wober

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

A LICENSE TO DEVELOP AND OPERATE FOOD AND BEVERAGE. SPECIALTY RETAIL. TRAVEL ESSENTIALS CONCESSIONS AT O'HARE INTERNATIONAL AIRPORT TERMINAL 5

G. Which City agency or department is requesting this EDS? Chicago Department of Aviafon

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1

Page of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Person
 - Publicly registered business corporation tyf Privately held business corporation
 - Sole proprietorship
 - General partnership
 - Limited partnership
 - Trust
 - Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
- Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title John Wober President

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
John Wober	2026 W Superior Chicago, IL 60612	100%

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)
--	------------------	--

Chico & Nunes, P.C. 333 W. Wacker Dr. Suite 1420 Attorney

Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. \$2,500 per month / Est.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. **The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:**

a. **are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;**

b. **have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;**

c. **are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;**

d. **have not, during the 5 years before the date of this EDS, had one or more public transactions**

(federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

100%

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or

Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. **The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set**

which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Mobility Innovation, Inc., d/b/a Airbrands

(Print or type exact legal name of Disclosing Party)

(Sign here) John

Wober

(Print or type name of person signing)

President

(Print or type title of person signing)

at Washington County, Florida, (state).

Notary Public

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any

"Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes 1/ No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw

or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>). generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) use the City resources for a business, contract or agreement allowing them to conduct

professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

EXHIBIT 12

AIRPORT CONCESSIONS HANDBOOK

AIRPORT CONCESSION PROGRAM HANDBOOK



CHICAGO DEPARTMENT OF AVIATION 3^C

CITY OF CHICAGO
DEPARTMENT OF AVIATION

21)21 Concessions Program Handbook

TABLE OF CONTENTS

INTRODUCTION	3
THE CONCESSIONS PROGRAM	3
THE MONITORING PROGRAM	4
<u>THE PRE-MONITORING PROCESS</u>	<u>4-4</u>
KEY ELEMENTS OF THE MONITORING PROGRAM	5^
SUMMARY	6

APPENDICES:

- 1 PHYSICAL INSPECTION STANDARDS
- 2 CONCESSION INSPECTION FORMS
- 3 FINANCIAL AUDIT STANDARDS
- 4 CONCESSIONS OPERATING STANDARDS
- 5 LISTING OF KEY DEPARTMENT OF AVIATION PERSONNEL
- 6 LISTING OF KEY CONCESSIONS MANAGEMENT PERSONNEL
- 7 RULES AND REGULATIONS

2021 Concessions Program Handbook

INTRODUCTION:

The City of Chicago ("City") and the Chicago Department of Aviation ("CDA") welcome you to the family of concessionaires operating at the City's airports. Your concession represents an excellent business and professional opportunity to serve the traveling public as well as operate a profitable enterprise. In order to ensure quality and uniformity among all concessions, we have designed a Concessions Program that is outlined in this handbook. It is important that you review and adhere to these standards as they will serve as tools for the successful operation of your concession.

THE CONCESSIONS PROGRAM:

The CDA's Airport Concessions Program serves as the primary resource to meet the needs of the traveling public with regard to the provision of quality, reasonably-priced goods and services at Chicago's airports. To this end, CDA is further responsible for the outreach, selection, coordination and monitoring of concessionaires. In order to fulfill these responsibilities, CDA has several functional units that, as part of their overall duties, operate as liaisons to prospective and existing concessionaires. The primary units and their concession-related functions are as follows:

Policy generation and resolution.

Overall coordination of revenue, finance, bonding, insurance, property management and concessions functions/issues including merchandising plans, outreach, proposal generation and evaluation, contract negotiation, and overall coordination and processing.

CDA UNIT FUNCTIONS Commissioner's Office

Managing Deputy Commissioner

Assist in overseeing Concessions, the monitoring program and general airport guidelines.

Entity retained by the CDA to assist in overseeing Concessions, including construction of Improvements at the airport.

Assistant Commissioner

Concession Management Representative ("CMR")

Planning/Coordinating Architects Plan and design review; construction coordination and monitoring.

Finance/Revenue Financial reporting, review and auditing.

Security Coordination of security identification and other related issues.

2021 Concessions Program Handbook

THE MONITORING PROGRAM:

The Monitoring Program is designed to provide a process to ensure that concessions operating in the Airports comply with the ordinances and policies of the City, provisions of their respective Lease Agreements and specific airport guidelines as established by the CDA. The primary areas that will be reviewed include financial commitments, maintenance of concession space(s), licensing (where required), and overall adherence to the provisions of the Lease Agreement.

The intent of the Monitoring Program is to benefit the traveling public and other airport visitors, concessionaires and the City.

THE PRE-MONITORING PROCESS:

After a prospective concession is selected by CDA there are five stages that precede the commencement of the Monitoring Program.

STAGE 1 - CITY COUNCIL APPROVAL

Upon completing lease negotiations with the concessionaire, CDA forwards the lease agreement ("Agreement"), signed by the Tenant, to the City's Law Department. After the Law Department's review of the form and legality of the proposed concession agreement, the proposed tenant is introduced to the full City Council. City Council sends the Agreement to the Aviation Committee for review. The Aviation Committee approves, rejects or requests further information. Once approved by the Aviation Committee, the recommendation is forwarded to the full City Council for final approval. In most cases, recommendations submitted to the full Council by Committee are ratified, usually at the next meeting. This approval is documented in the "Journal of Proceedings." The documented approval and contract are then forwarded to the Mayor and other pertinent City departments for execution.

STAGE 2 - LEASE AGREEMENT

The Lease Agreement outlines a concessionaire's contractual relationship with the City. It delineates the responsibilities, expectations and the requirements of both parties, financial and non-financial. During negotiation of the terms of the agreement, you will have cause to interact with individuals from the CDA and the CMR Office. The Managing Deputy Commissioner of Concessions will oversee the processing of the Lease Agreement as well the Monitoring Program.

4

STAGE 3 - DESIGN APPROVAL

All concessionaires must submit a conceptual, schematic drawing which shows the general design of the unit. The Planning and Architecture departments will review the concept, and if the approval is given, a letter will be sent giving conceptual approval and requesting 100% architectural drawings including a complete materials board, plans and specifications so the plans meet the CDA requirements and aesthetic appeal. Upon providing approval of the 100% plans, Architecture will send a letter to the concessionaire giving authority to apply to the City Buildings Department for building permits. In no case may construction begin prior to the receipt of this approval. The Planning Unit will also monitor construction in progress.

STAGE 4 - PRE-CONSTRUCTION APPROVAL

Prior to construction, each concession will meet with the CMR for the purpose of providing the concessionaire with general airport construction guidelines. Examples of these guidelines are locations and times for pick-ups, deliveries, refuse disposal, elevator usage, and badging.

Following the operations meeting, the CMR will schedule a pre-construction meeting with CDA. Prior to the meeting, the General Contractor for the project will submit all documents, permits, and approvals to

the meeting, the General Contractor for the project will submit all documents, permits and approvals to CDA for review. Construction may begin following approval at the pre-construction meeting.

STAGE 5 - CONSTRUCTION

After the contract is finalized, each concessionaire has a specified period to commence and complete construction based on approved design and construction specifications. During this period each concessionaire has the responsibility to expeditiously begin and obtain all necessary approvals, licenses, insurances, etc. Each concessionaire should maintain communication with the CMR during the process to ensure that all construction and licensing requirements are addressed in a timely fashion. It is important that the concession be open to the public within the time parameters specified in the Agreement.

KEY ELEMENTS OF THE MONITORING PROGRAM:

The Concessions Monitoring Program consists of three primary elements: operations reviews, audits and pricing reports. Operations reviews will be conducted on an ongoing basis by the CMR. The operations review form in Appendix 2 will provide a frame work for this component of the Monitoring Program.

Financial and compliance audits will be conducted on an annual and periodic basis, respectively. Financial audits will review all financial, bonding and insurance related requirements.

As specified in the Agreement, each concession shall submit an annual pricing report.

PHYSICAL INSPECTIONS

5

The Monitoring Process will include ongoing site inspection of each concession site by the CMR. Typical inspections will consist of reviews of facilities, general maintenance, employee practices, product/price conformity and space utilization. Inspection staff will use the CMR Operation Review Form (Appendix 2) to record their findings and observations. Reviews will be sent to the concession manager for review and follow-up on all review items. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation.

FINANCIAL AUDITS

In accordance with the provisions of the standard Concession Lease Agreement, CDA reserves the right to require a certified public and/or City audit of all books, ledgers, journals, accounts and records of its concessions.

COMPLIANCE AUDITS

On a regular basis, the CDA will review compliance with insurance coverage, financial commitments and financial reporting requirements. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation. Additionally, compliance with ACPDF Special Conditions will be required.

compliance with ACDBE Special Conditions will be audited.

SECRET SHOPPING

The CDA, from time to time, may hire an outside contractor to perform "secret shopping" and evaluate employee performance of each concession location. Such reviews shall be used to monitor customer service and cash handling procedures among other things.

SUMMARY:

The Monitoring Program will provide a basis of uniformity to all concessions. Adherence to the Concession Lease Agreement as well as the elements of this Handbook will contribute to the successful operation of your business.

The following Appendices will further delineate additional information/requirements stated above.

APPENDIX 1

PHYSICAL INSPECTION STANDARDS:

FACILITY MAINTENANCE STANDARDS ITEMS:

Overall appearance

Cleanliness of counters, displays, floors, fixtures, equipment, etc. Litter management/control Pest control

STANDARD:

Clean and neat to the eye.

Free of dust and litter upon inspection. ACTION:

Expect employees to clean/dust/sweep/vacuum/mop daily. Utilize

Expect employees to clean/brush/sweep/vacuum/mop daily. Sanitize covered metal waste receptacles. Have waste receptacles in high traffic areas.

Empty waste receptacles into designated compactor areas on a regular basis.

Have grease traps serviced and cleaned as often as necessary.

Instruct employees to look for and clean problem areas.

Provide for regular pest control service to sales and storage areas.

Have a plan/system for emergency clean-ups and replacement of broken or worn fixtures. Report any damage to the premises to CDA and your insurance company (if applicable) immediately.

ITEMS:

Lease line maintenance "Pop-out" areas

STANDARD:

All customer lines must be maintained within the Leased area.

Merchandise and displays must be maintained within the Leased area.

Solicitation and sampling must be maintained within the Leased area.

Only CDA approved fixtures may be placed in the pop-but area (if so designated in the Agreement) at the front of the space.

ACTION:

Train employees to direct customer lines so they do not spill out into the public corridor.

Review tenant design criteria for approved merchandising and fixtures.

Obtain written approval from CDA prior to adding or removing any merchandise fixtures or other objects within the pop-out area.

7

ITEMS:

Altering of layout

Renovations/construction Signage/advertising

STANDARD:

Written approval, prior to action, by the Commissioner of Aviation.

ACTION:

Consider areas for improving the concession location either from layout changes or renovation. Submit requested changes for approval with appropriate drawings, etc., to the CMR prior to initiation of the changes.

All signs must be professionally produced.

All signs and sign holders must be kept clean and in good repair.

All signs must be pre-approved by the Commissioner or a representative of the Commissioner.

ITEMS:

Properly functioning equipment

STANDARD:

Preventative maintenance program.
Ongoing, reliable, licensed source for immediate repairs.

ACTION:

Have employees' spot check all equipment for possible malfunction.
Maintain a back-up/alternative plan. Repair equipment as soon as possible.

EMPLOYEE STANDARDS

ITEMS:

Courteous and professional appearance Proper dress
Proper identification including CDA security badge Customer Service

Attend customer service meetings, as offered

STANDARD:

Employees should be polite and courteous to the traveling public.
Employees must wear clean and neat uniforms or approved attire.
Employees must not eat while on duty.
Employees must display a CDA issued security badge in addition to any other employee identification.
Only badged employees may work in the secured portion of the airport.

8

Employees must be familiar with the Merchant Handbook. Employees are to offer general public services:

- Making change
- Giving directions

ACTION:

Train employees in proper customer service techniques using the Merchant Handbook provided to all companies.
Give all new employees airport tours so they are familiar with the airport layout and available services.
Encourage employees to be polite and courteous.
Provide necessary employee breaks to discourage eating while on duty.
Supply employees with uniforms or at least a written standard, if they are responsible for their own, as well as guidelines for proper maintenance of the uniform.
Supply employees with company identification.
Obtain CDA security badges for all employees.
Supply employees with a company policies and procedures manual so that they know what is expected

of them.

ITEMS:

Sanitary handling of foods/beverages
Proper cleaning and maintenance of food areas

STANDARD:

Employees must handle food in a safe and sanitary manner.
Employees must comply with all company and governmental health regulations and Lease requirements.

ACTION:

Provide explicit instructions to employees on the safe and sanitary handling of foods. Obtain and post proper instructions regarding health information available from City, State and Federal sources.
Provide explicit instructions for cleaning food areas in a manner that will not possibly lead to any harmful contamination.
A Certified Food Manger must be on-site during food preparation. A Safe Food Handling Certificate must be posted.

PRODUCT STANDARDS

ITEMS:

Selling of authorized products only Adequate inventory level Proper/professional approved signage Merchandising Product pricing

9

STANDARD:

Only authorized products can be sold as determined in the Lease Agreement.
Only use professionally produced or printed signage as approved by CDA.
Merchandising permitted only within the confines of the locations, unless as authorized in writing, by CDA.

Must adhere to Value Pricing as provided in the Lease Agreement. **ACTION:**
Use professionally produced, approved signage only.
Consider innovative ways to merchandise your products/services.
Obtain written approval from the Commissioner of Aviation prior to implementing merchandising that will go beyond the confines of your space or that is outside of the terms of the Lease Agreement.
Maintain adequate inventory levels.
Notify the Department when adding, deleting or changing merchandise or changing prices. Maintain pricing as provided in the Lease Agreement.

AUXILIARY SPACE STANDARDS

ITEMS:

ITEM:

Storage Area
Corridors, common areas
Pick-up, delivery and disposal

STANDARD:

Safe use of storage space.
Proper storage of potentially flammable items in accordance with fire codes. Provide adequate ingress and egress within storage space. Clear aisles and corridors.
Pick-ups and deliveries during designated hours at designated locations as determined by CDA. Refuse disposal during designated hours at designated locations as determined by CDA.

ACTION:

Use storage space wisely.
Maintain a system providing for access by authorized personnel only. Report any tampering with or malfunctioning of security locks, gates, etc. Keep corridors and common areas free of debris, trash, carts and stock. Provide pest control service on a regular basis. Refrain from using luggage carts for deliveries. Dispose of refuse during designated hours.

10

APPENDIX 2

CONCESSIONS INSPECTIONS ARE DOCUMENTED USING THE CHICAGO DEPARTMENT

Airport Concessions Program Handbook Page 11 Rev. 07/30/2020

F&B Storage Dishwashing Area

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay

Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Are Soda and Condiment Stations Clean and Maintained⁷

- Needs detail cleaning
- Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?
- Equipment needs detail cleaning
- Is Ice Machine Clean and in Good Repair?
- Leaking/needs repair
 - Mold

Exterior

- Are Blade, Facia, and Sign Holders in Good Condition?
Are Hours of Operation Posted?
Are Signs/Items Infringing on Corridor?
Is Facade Clean and Maintained? Is the Exterior in Good Condition?

Interior

- Are Ceilings/Walls/Floors Clean and Maintained?
Are Counters Clean and Maintained?
Are Fixtures and Furniture Clean and Maintained?

11

- Are Light Fixtures and Lights Clean and Maintained⁷
Are Supplies/Product Raised off the Floor?
Are Trash Receptacles Clean and Maintained?
Is Bar Area Clean and Maintained?
Is Cash Wrap Clean, Free of Debris, and Maintained?
Is Front of House/Dining Area Clean and Maintained?
Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

- Are Merchandise/Product Levels Adequate?

Pest Control

- Is there Pest Evidence?
- Flies
 - Mice
 - Mouse Droppings
 - Roach Droppings
 - Roaches

Safe Food Handling

- Does all Food Appear to be Fresh? Is Safe Food Handling Practiced?
- Food Product
 - Personal
- Is the Food Service Manager on-site?

Safety Requirements

- Are CO2 Tanks Secured?
Are Cleaning Supplies Segregated from Merchandise/Product⁷ Are Exit Sign in Good Condition?
Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean⁷

- Drains need cleaning - Drains need cover/screen Hot Water? Is 3 Compartment Sink working properly?
- 3-Comp Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning .
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water
- Water is not reaching Temp (110) Is Mop Sink working properly⁷
- Leaking/needs to be sealed
- Mop Sink not draining properly

12

- Mops not hung properly
- Standing water

Staff

Are All Sales Being Rung Appropriately⁷

Are Cash Handling Employees working in the Food Prep Area⁷

Are Employee IDs Visible Above the Waist?

Are Employees Courteous, Informed, and Greeting Customers?

Are Employees Eating or on the Phone?

Are Employees Wearing Appropriate Attire? Are Off-Shift Staff Affecting On-Shift Staff?

Monthly F&B Dishwashing Area

Is Dishwashing Area Dry and Clean?

- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site⁷

•Food Temps have not been taken/Temps okay Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair '

Are Soda and Condiment Stations Clean and Maintained?

- Needs detail cleaning

Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?

- Equipment needs detail cleaning

Is Ice Machine Clean and in Good Repair?

- Leaking/needs repair
- Mold

Exterior

Are Blade, Facia, and Sign Holders in Good Condition? Are Hours of Operation Posted?

13

Are Signs/Items Infringing on Corridor⁷ Is Fagade Clean and Maintained? Is the Exterior in Good Condition⁷

Interior

Are Ceihngs/Walls/Floors Clean and Maintained?

Are Counters Clean and Maintained?

Are Fixtures and Furniture Clean and Maintained?

Are Light Fixtures and Lights Clean and Maintained⁷

Are Supplies/Product Raised off the Floor⁷

Are Trash Receptacles Clean and Maintained?

Is Bar Area Clean and Maintained?

Is Cash Wrap Clean, Free of Debris, and Maintained⁷

Is Front of House/Dining Area Clean and Maintained?

Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safe Food Handling

Does all Food Appear to be Fresh? Is Safe Food Handling Practiced?

- Food Product
- Personal

Is the Food Service Manager on-site?

Safety Requirements

Are CO2 Tanks Secured?

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition⁷

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean?

- Drains need cleaning

- Drains need cover/screen Are Sinks draining properly? Hot Water?
- Is 3 Compartment Sink working properly?
- 3-Comp. Sink not draining properly
 - Clean Grease and debris around grease trap
 - Grease trap needs cleaning
 - Grease trap needs to be sealed

14

- Leaking/needs to be sealed
 - Standing water
- Is Dishwashing Area Dry and Clean?
- Debris on floor in dishwash area
 - Standing water in dishwash area Is Hand Sink working properly?
 - Hand Sink not draining properly
 - Leaking/needs to be sealed
 - Standing water
 - Water is not reaching Temp (110) Is Mop Sink working properly?
 - Leaking/needs to be sealed
 - Mop Sink not draining properly
 - Mops not hung properly
 - Standing water

Staff

Are All Sales Being Rung Appropriately ? Are Cash Handling Employees working in the Food Prep Area? Are Employee IDs Visible Above the Waist ? Are Employees Courteous, Informed, and Greeting Customers? Are Employees Eating or on the Phone? Are Employees Wearing Appropriate Attire? Are Off-Shift Staff Affecting On-Shift Staff? Retail

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay

Is the Pest Control Log on-site? Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Is Cash Register Clean and Maintained?

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted?

Are Signs/Items Infringing on Corridor? Is

Facade Clean and Maintained?

Interior

Are Ceilings/Walls/Floors Clean and Maintained? Are Counters Clean and Maintained? Are Fixtures and Furniture Clean and Maintained? Are Light Fixtures and Lights Clean and Maintained?

- Are Supplies/Product Raised off the Floor⁷
- Are Trash Receptacles Clean and Maintained?
- Is Cash Wrap Clean, Free of Debris, and Maintained⁷
- Is Front of House/Dining Area Clean and Maintained?
- Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safety Requirements

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed⁷ (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Staff

Are Employee IDs Visible Above the Waist? Are Employees Courteous, Informed, and Greeting Customers? Are Employees Eating or on the Phone ⁷ Are Employees Wearing Appropriate Attire ⁷ Retail Storage

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site⁷ Is the Food Temp Log on-site?

- Food Temps have not been taken/Temps okay

Is the Pest Control Log on-site? Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Is Cash Register Clean and Maintained⁷

Exterior

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted⁷

Are Signs/Items Infringing on Corridor? Is

Facade Clean and Maintained?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?

- Are Counters Clean and Maintained?
- Are Fixtures and Furniture Clean and Maintained?
- Are Light Fixtures and Lights Clean and Maintained?
- Are Supplies/Product Raised off the Floor?
- Are Trash Receptacles Clean and Maintained?
- Is Cash Wrap Clean, Free of Debris, and Maintained?
- Is Front of House/Dining Area Clean and Maintained?
- Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

- Are Merchandise/Product Levels Adequate?

Pest Control

- Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safety Requirements

- Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?
- Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Staff

- Are Employee IDs Visible Above the Waist?
- Are Employees Courteous, Informed, and Greeting Customers?
- Are Employees Eating or on the Phone?
- Are Employees Wearing Appropriate Attire?

Weekly F&B Dishwashing Area

- Is Dishwashing Area Dry and Clean?
- Debris on floor in dishwash area
- Standing water in dishwash area

Documents/Logs

- Is the Food Temp Log on-site?
- Food Temps have not been taken/Temps okay Is the Pest Control Log on-site?

Equipment

- Are Refrigerator/Freezer Temps Okay and in Good Repair?
- Cooler needs repair
- External Temp gauges not working
- Freezer needs repair
- Inside of Cooler/Refrigerator/Freezer needs cleaning
- Outside Doors of Refrigerator/Freezer needs cleaning
- Refrigerator needs repair

Interior

- Are Ceilings/Walls/Floors Clean and Maintained? Is Bar Area Clean and Maintained?

Pest Control

- Is there Pest Evidence?
- Flies
- Mice

- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

Safe Food Handling

Is the Food Service Manager on-site?

Safety Requirements

Are CO2 Tanks Secured?

Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains

Are Floor Drains clean?

- Drains need cleaning
- Drains need cover/screen Hot Water?

Is 3 Compartment Sink working properly?

- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water
- Water is not reaching Temp (110)

Is Mop Sink working properly?

- Leaking/needs to be sealed
- Mop Sink not draining properly
- Mops not hung properly
- Standing water

APPENDIX 3

FINANCIAL AUDIT STANDARDS:

In accordance with the provisions of most Concession Lease Agreements, CDA reserves the right to audit and review the records of each concession as they relate to the operation of the concession. Therefore, the following will serve as the standards and practices that will govern those audits/reviews.

Lease Fees

Each concessionaire shall submit the rent and fees in accordance with its Agreement.

Records

Each concession is required to maintain true and accurate accounts, records, books and data recording all sales made and services performed on the premises for cash, credit or other conveyance including the gross receipts. The following represent appropriate practices that will reflect the prior stated requirements:

Maintenance of an internal control system (e.g. cash register, point of sale equipment) to insure proper reporting to the City.

Books, ledgers, journals, accounts and/or records must be maintained according to generally accepted accounting principles.

Each concession must provide timely submission of the audited "Statement of Sales and Fees" and annual audited financial statements based upon their individual reporting system.

Other items as required in the Agreement.

Insurances

The following insurances are customarily required during the terms of the Agreement and should be maintained at the levels specified by the Agreement:

Worker's Compensation Comprehensive
General Liability Comprehensive Automobile
Liability Property Insurance
Other insurance as required in the Lease Agreement

The City of Chicago will be named as "Additional Insured", with the following language: "The City, and its elected and appointed officials, agents, representatives, and employees shall be named as additionally insureds..."

Security Deposit/Letter of Credit

All concessions must provide a letter of credit or cashier's check per the terms of the Agreement

All concessions must provide a letter of credit or cashier's check per the terms of the Agreement.

APPENDIX 4

CONCESSIONS OPERATING STANDARDS:

General Airport Guidelines

The following guidelines are examples of the types of issues that will be reviewed with the City's CMR, who will provide each operator with specific guidelines for their concession.

Pick-up and deliveries to/from specific areas at specified times.

Refuse disposal at specific and designated areas/times.

Unauthorized use of restricted Airport areas.

Adherence to minimum business operating hours.

Agreement to emergency hours as may be determined by CDA under special conditions.

Elevator use at designated times.

Ingress and egress from designated areas, as outlined in Agreement. Proper and improper use of signage.

Laws and Ordinances

CDA reserves the right to adopt and enforce reasonable rules and regulations with respect to the use of the Airport, terminal buildings, terminal concourse areas, and related facilities.

All concessions must observe all laws, ordinances, regulations and rules of the Federal, State, County and Municipal governments which may be applicable to the operation at the Airport.

Permits and Leases necessary for the operation of the concession areas must be obtained prior to the first day of operation, and renewed annually as needed.

Default Notices

The CDA reserves the right to issue a Default Notice to any concessionaire who is not in compliance with the Agreement.

/

APPENDIX 5

KEY DEPARTMENT OF AVIATION PERSONNEL:

NAME/TITLE	TELEPHONE NUMBER
Castalia Serna Deputy Commissioner of Concessions	
Glen Ryniewski Assistant Commissioner of Concessions	
DrewHomyk	(773) 838-3992
(773) 894-3321 Projects Administrator / MDW	(773) 894-5422 (773) 686-4899 (312) 489-9080
Horatio Watson Projects Administrator	
Marc Wright Projects Administrator	
Russell Johnson Projects Administrator	
Michael Stein Projects Administrator	

APPENDIX 6

KEY CONCESSION MANAGEMENT REPRESENTATIVE (CMR) PERSONNEL:

<u>NAME/TITLE</u>	<u>TELEPHONE NUMBER</u>
Joseph Crump Managing Director	(773) 894-3905 (773) 307-9339 (cell)
Yolanda Woodruff Director of Retail Operations	(773) 894-5463 (773) 844-0821 (cell)
Dorine Litman Property Manager / ORD	(773) 894-3908 (773) 671-3908 (cell)
Patricia Grzyb Property Manager / MDW	(773) 838-0733 (312) 907-8820 (cell)
Sungjin Choi Construction and Design Manager	(773) 686-7606 (312) 301-1043 (cell)

APPENDIX 7

RULES AND REGULATIONS:

Lessee shall, at all times during the term of the Lease Agreement:

1. Use, maintain and occupy the Premises in a careful, safe, professional and lawful manner. Keep Premises and its appurtenances in a clean and safe condition.
2. Keep all glass in the doors and windows of the Premises clean and in good repair with floor displays and shelving cleaned daily.
3. Not place, maintain or sell any merchandise or place any signage in any vestibule or entry to the public area adjacent to the Premises, or place any signage in the public area adjacent to the Premises, or elsewhere on the outside of the Premises without the prior written consent of the Commissioner.
4. At its own cost, keep Premises in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pests.
5. Not permit accumulation of garbage, trash, rubbish and other refuse inside or outside the Premises, and keep refuse in closed containers within the interior of the Premises until removed. Not place any rubbish, litter, trash, or material of any nature in the parking areas, exterior areas, entryways, passages, doors, elevators, hallways, or stairways of the Airport. Comply with any recycling program as directed by the Commissioner.
6. Not use, or permit the use of any apparatus or instruments for musical or other sound reproductions or transmissions in such manner that the sound emanating therefrom or caused thereby shall be audible beyond the interior of the Premises, without the prior written consent of the Commissioner.
7. Not use helium balloons and blinking lights.
8. Not cause or permit objectionable odors to emanate from the Premises.
9. Not deliver or permit delivery of merchandise at any time other than those times allowed by the Commissioner or her designated representative.
10. Maintain and keep operational all electric signs, and where applicable, light the show windows and exterior signs of Premises during hours of operation.
11. Use only signage of professional quality. All signage must be approved by the Commissioner or her designated representative. Handwritten signs of any kind are not permitted. Signage or other materials may not be taped to windows.
12. Prominently sign or mark pricing on each product or mark with easily recognizable professional signage.
13. Keep all mechanical apparatus in good working order and free of vibration and noise.
14. Not overload the floors or electrical wiring or install any additional electrical wiring or plumbing without the Commissioner's prior written consent.
15. Not use show windows on the Premises for any purpose other than display of merchandise for sale. Merchandise must be kept in a neat, professional and attractive manner.

16. Not conduct, permit or suffer any public or private action sale to be conducted on or from the Premises.

24

17. Not solicit business in the common area of the Airport or distribute handbills or other advertising materials in the common area. If this provision is violated, the Lessee shall pay the City the cost of collecting same from the common area for trash disposal. Lessee shall not hold demonstrations in the Premises or any other area of the Airport. Lessee agrees to cooperate and assist the City in the prevention of canvassing, soliciting and peddling within the Premises or Airport.

18. Not use the plumbing facilities in the Premises for any purpose other than that for which they were constructed or dispose of any foreign substance therein, whether through the utilization of "garbage disposal units" or otherwise. If Lessee uses the Premises for the sale, preparation or service of food for on-premises consumption, Lessee shall install such grease traps as shall be necessary or desirable to prevent the accumulation of grease or other wastes in the plumbing facilities servicing the Premises. Lessee shall contract with a grease trap/plumbing service for periodic maintenance of its plumbing facilities. Lessee shall provide the City with a copy of said service contracts.

19. Not operate in the Premises or in any part of the Airport any coin or token operated vending machines or similar devices for the sale of any merchandise or service, except as may be allowed in the Lease Agreement or with the prior written consent of the Commissioner.

20. Not have slot machines, devices, or other gambling games on the Premises or in any part of the Airport without the prior written consent of the Commissioner.

21. Refer all contractors or contractor's representatives rendering any service on or to the Premises for the Lessee, to the City or the CMR for approval before performance of any contractual service provided that they meet insurance requirements.

Lessee's contractors and installation technicians shall comply with the City's rules and regulations pertaining to construction and installation. This provision shall apply to all work performed on or about the Premises or the Airport, including installation of telecommunication devices, electrical devices, attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings and equipment, or any other physical portion of the Premises or project.

22. Keep from public view all personal property, cups, papers, cleaning and other supplies.

23. Not permit employees to eat, drink or sleep in public view.

24. Not at any time occupy any part of the Premises or project as sleeping or lodging quarters.

25. Not place, install or operate on the Premises or in any part of the Airport any engine, stove or machinery, or conduct mechanical operations or cook thereon or therein, or place or use in or about the Premises or project any explosives, gasoline, kerosene, oil, acids, caustics, or any flammable, explosive or hazardous material.

26. Insure that staff members are, at all times, appropriately dressed (as designated in the Lease Agreement) with airport badges in view.

27. Not hold the City responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or the Airport regardless of whether such loss occurs when the area is locked against entry or not.

28. Not have dogs, cats, fowl, or other animals brought into or kept in or about the Premises or Airport.

29. Not use the public restrooms for any purpose other than those for which they were constructed, and any damage resulting to them from misuse or by the defacing or injury of any part of the

25

building shall be borne by the person who shall cause it. No person shall waste water by interfering with the faucets or otherwise.

30. Not lay floor covering within the Premises without written approval of the Commissioner. The use of cement or other similar adhesive materials not easily removed with water is expressly prohibited.
31. Comply with and ensure that Lessee's employees comply with the City's non-smoking policy for the Airport.
32. Post any Emergency Evacuation Plan adopted by the City. Lessee shall post the Plan in a place which is non-visible to Lessee's customers, but visible to Lessee's employees. Train all employees regarding Lessee's Emergency Evacuation Plan and other emergency procedures.
33. Along with its employees, agents and invitees park their vehicles only in those parking areas allowed by the City. If requested, furnish the City with state automobile Lease numbers of Lessee's vehicles and its employees' vehicles and shall notify the City of any changes within five (5) days after such change occurs. Concessionaire or its employees shall not leave any vehicle in a state of disrepair (including without limitation, flat tires, out-of-date inspection stickers or Lease plates) on Airport property or in its parking areas.
34. Comply with all parking rules and regulations including any sticker or other identification system established by the City. Failure to observe the rules and regulations shall terminate Lessee's right to use the parking area and subject the vehicle in violation of the parking rules and regulations to removal or impoundment. No termination of parking privileges or removal or impoundment of a vehicle shall create any liability on the City or be deemed to interfere with Lessee's right to possession of its Premises. Vehicles must be parked entirely within the parking lines and all directional signs, security notices, arrows and posted speed limits must be observed. Parking is prohibited in areas not striped for parking, in aisles, where "No Parking" signs are posted, on ramps, in cross hatched areas, and in other areas as may be designated by the City. Parking stickers or other forms of identification, if any, supplied by the City, shall remain the property of the City and not the property of Lessee and are not transferable. Every person is required to park and lock his vehicle. All responsibility for

damage to vehicles or persons is assumed by the owner of the vehicle or its driver.

35. Follow all ID Badging procedures as may be required by the Commissioner or her designated representative.
36. Instruct employees to report spills, hazardous conditions and any suspicious activities to the appropriate party as directed by the Commissioner or her designated party.
37. Not use luggage carts for product deliveries.
38. Use only delivery carts and equipment as approved by the Commissioner or her designated party.
39. Use only designated elevators for deliveries.
40. Surrender all keys to the Premises to the Commissioner upon termination of this Lease Agreement.
41. Comply with the City's desire to maintain in the Airport the highest standard of dignity and good taste consistent with comfort and convenience for the Lessee. Any action or condition not

meeting this high standard should be reported directly to the City. Lessee's cooperation will be mutually beneficial and sincerely appreciated.

The City reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be necessary for the safety, care and cleanliness of the Premises and for the preservation of good order therein.

EXHIBIT 13 LIQUIDATED DAMAGES

Tenant acknowledges the City's objective to provide the public and air traveler with the level and quality of service as described herein. Accordingly, the City has established liquidated damages and not penalties, as set forth in the table below, that it may assess, in its sole discretion, for various violations of the provisions of this Agreement, the Airport Concession Program Handbook, and/or City Rules and Regulations. Tenant and the City agree that the fines set forth herein are reasonable, and Tenant further agrees to pay to the City in accordance with amounts specified herein upon each occurrence of the specified violation and upon written demand by the City.

Notwithstanding any other liquidated damages provisions provided for in this Agreement, the liquidated damages shown on the table below are intended to reflect the inconvenience to the public and adverse effects on the Airport's operation. Payment of liquidated damages shall not relieve the Concessionaire of responsibility for damage, personal injury, or the harm caused by any of these violations. Tenant further acknowledges that the liquidated damages are not exclusive remedies and the City may pursue other remedies as allowed for in this Agreement and at law, at the Commissioner's or CMR's sole discretion. The City's waiver of any liquidated damages provided for below shall not be construed as a waiver of the violation or Tenant's obligation to remedy the violation.

1. For the first violation of a requirement during any 12-month rolling year, the City will provide written notice to Tenant to correct the violation within the time specified in the notice.
2. For the second and third violation of the same requirement during any 12-month rolling year commencing upon the first notice of violation, liquidated damages shall be immediately assessed with no grace period.
3. Further, after the third violation of the same requirement within any 12-month rolling year, the City reserves the right, in its sole discretion, to deem the repeated violations an Event of Default and to seek any other remedies available to it under this Agreement.

1

2

3

(Initial Here)

EXHIBIT A-4

LICENSE AGREEMENT

BETWEEN

THE CITY OF CHICAGO (CHICAGO DEPARTMENT OF AVIATION)

AND

GRAB CHICAGO JV LLC

AT

CHICAGO O'HARE INTERNATIONAL AIRPORT

Lori E. Lightfoot MAYOR

Jamie L. Rhee COMMISSIONER

TABLE OF CONTENTS

SIGNATURE PAGE

Signature Page

SIGNATURE PAGE

iii

2	Business Documents, Disclosure of Ownership Interests and Maintenance	
2	of Existence	35
3	Licenses and Permits	35
4	Subcontracts and Assignments	35
5	Compliance with Laws	39
6	Airport Security	4 3
7	Non-Discrimination	45
8	Airport Concession Disadvantaged Business Enterprises (ACDBEs). .	50
9	No Exclusive Rights	50
10	National Emergency	50
11	2014 Hiring Prohibition	50
ARTICLE 11	GENERAL CONDITIONS	51
1	Entire Agreement	51
2	Counterparts	51
3	Amendments	51
4	Severability	51
5	Covenants in Subcontracts	52
6	Governing Law ■.	52
7	Notices	52
8	Successors and Assigns: No Third Party Beneficiaries	53
9	Subordination	53
10	Conflict	54
11	Offset by Licensee	54
12	Waiver: Remedies	54
13	Authority of Commissioner	54
14	Estoppel Certificate	54
15	No Personal Liability	55
16	Limitation of City's Liability	55
17	Joint and Several Liability	55
18	Non-Recordation	55
19	Survival	55
20	Force Majeure	5 6

SIGNATURE PAGE

SIGNED:

CITY OF CHICAGO

By:

Mayor

Date:

RECOMMENDED BY:

Commissioner of Aviation

APPROVED AS TO FORM AND LEGALITY:

Senior Counsel

(LICENSEE)

By:

Its:

[Title]

Date:

[Notary]

LICENSE AGREEMENT

This License Agreement ("Agreement") is entered into as of _____, 2022 ("Effective Date"). This Agreement is by and between Grab Chicago JV LLC, doing business as Grab, a Delaware Limited Liability Company with a business address at 3302 Canal Street, Suite 13, Houston, Texas 77003, ("Licensee"), and the City of Chicago, a municipal corporation and home rule unit of local government under the Constitution of the State of Illinois ("City"), acting through its Chicago Department of Aviation ("CDA" or "Department").

BACKGROUND

The City owns and, through CDA, operates Chicago O'Hare International Airport ("O'Hare" or the "Airport").

O'Hare includes an international terminal, three domestic terminals, a multimodal facility, and a transportation center (collectively, the "Terminals"). The City has determined that certain portions of the Terminals will be used for food, beverage and retail concessions designed to serve the needs of Airport patrons and employees and desires to operate its concession program at the Terminals to strive to meet the needs and desires of Airport users by providing first-class food, beverage, retail, and service facilities;

The City issued a Request for Proposals ("RFP") for electronic self-ordering and delivery services for concessions at the Airport and Licensee responded with a proposal to provide a mobile, remote self-ordering and on-demand delivery service for concessions through its proprietary web ordering platform at O'Hare. The City desires to grant Licensee, and Licensee desires to accept, a license to operate such services in the Terminals, all under the terms and conditions of this Agreement;

The City's goal is to enhance customer service by providing passengers and employees the ability to order, purchase, pay and receive (either through self-pick up or delivery) food, beverages and retail items directly at their gates, hold rooms or other locations authorized by the City through the use of an electronic platform;

CDA has selected Licensee to provide such services at the Airport. Licensee has agreed to operate and maintain the Grab Platform at the Airport and to make available to the City Grab Hub to access the Grab Data, all on the terms and conditions set out in this Agreement;

The City and Licensee acknowledge that the continued operation of the Airports as safe, convenient and attractive facilities is vital to the economic health and welfare of the City of Chicago, and that the City's right to supervise performance under this Agreement by Licensee is a valuable right incapable of quantification; and

NOW, THEREFORE, the City and Licensee agree as follows:

1

ARTICLE 1 CITY APPROVAL

This Agreement is subject to approval by the City Council of the City of Chicago. The City is not bound by the terms of this Agreement until such time as it has been approved by the City Council and has been duly executed by the Mayor of Chicago or the Mayor's proxy. As provided in Section 10.13, where the approval or consent of the City is required under this Agreement, unless expressly provided otherwise in this Agreement, it means approval or consent of the Commissioner, the Commissioner's authorized representative or such other person as may be duly authorized by City Council. As provided in Section 10.3, unless expressly provided otherwise in this Agreement, any amendment of this Agreement will require execution by the Mayor or the Mayor's proxy. As further provided in Section 10.3, any substantial amendment of the terms of this Agreement will require approval by the City Council.

ARTICLE 2 INCORPORATION OF BACKGROUND AND EXHIBITS

- 2.1 Incorporation of Background, reference as if fully set forth here.
- 2.2 Incorporation of Exhibits. The following exhibits are incorporated into and made a part of this Agreement:

Exhib															
t1															
t2															
t3															
t4															
t5															
t6															
t7															
t8															
t9															
t10															
t11															
t12															
t13															
t14															
t15															
t16															

ARTICLE 3 DEFINITIONS

3.1 Interpretation and Conventions.

- A. The term "include," in all of its forms, means "include, without limitation," unless the context clearly states otherwise.
- B. The term "person" includes firms, associations, partnerships, trusts, corporations

2

and other legal entities, including public bodies, as well as natural persons.

C. Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies of this Agreement are solely for convenience of reference and do not constitute a part of this Agreement, nor do they affect its meaning, construction or effect.

D. Words in the singular include the plural and vice versa. Words of the masculine, feminine or neuter gender include correlative words of the other genders. Wherever an article, section, subsection, paragraph, sentence, exhibit, appendix, or attachment is referred to, the reference is to this Agreement, unless the context clearly indicates otherwise.

E. Where the approval or consent of Licensee is required under this Agreement, it means the approval or consent of the Licensee's authorized representative. To be binding on the City, all approvals or consents must be in writing and signed by the appropriate City representative.

F. Whenever time for completion or performance is listed as "days", if the number of days is 30 or more, it means calendar days, and if the number of days is less than 30, it means business days per the City of Chicago calendar.

3.2 Definitions

In addition to terms defined elsewhere in this Agreement, the following words and phrases, when capitalized, have the following meanings:

"Additional Fees" has the meaning set forth in Section 7.1.

"Affiliate", except where otherwise defined, means any individual, corporation, partnership, trustee, administrator, executor or other legal entity that directly or indirectly owns or controls, or is directly or indirectly owned or controlled by, or is under common ownership or control with Licensee.

"Airport Channels" means the Channels owned or operated by the City available at the Airport, including (i) software applications running on mobile devices or websites owned and operated by the City, (ii) the Airport's public facing Wi-Fi landing page/portal (upon request and approval by City); and (iii) any other Channels as agreed by the parties from time to time.

"Airport Concession Disadvantaged Business Enterprise" or "ACDBE" means an entity meeting the definition of airport concession disadvantaged business enterprise, as defined in U.S. Department of Transportation Regulations Title 49, Code of Federal Regulations, Part 23, as amended from time to time, and certified as such in the State of Illinois in accordance with those regulations.

"Airport Concession Program Handbook" means the handbook developed by the CDA to govern the uniform operation of the concession's programs at the Airports. The Airport Concession Program Handbook is available on the CDA website and may be amended from time to time by the Department. Any amendment of the Airport Concession Program Handbook by the Department during the Term of this Agreement will be binding on Licensee without need for amendment of this Agreement, provided that the amendment of Airport Concession Program Handbook does not conflict with the other terms and conditions of this Agreement.

3

"Channels" means the channels used by Purchasers to access the Grab Platform in the Airport, such as the City's or Licensee's mobile app, the City's or Licensee's webpage or any third-party mobile app, webpage or platform which supports the Grab Platform (by way of embedding a link to the Grab Platform or otherwise).

"Chief Procurement Officer" means the head of the Department of Procurement Services of the City and any City officer or employee authorized to act on the Chief Procurement Officer's behalf.

"Commissioner" means the head of the Department and any City officer or employee authorized to act on the Commissioner's behalf. City contractors and consultants, including the Concession Management Representative, have no authority to grant approvals or consents required to be granted by the Commissioner under this Agreement, except where the Concession Management Representative is expressly authorized to do so.

"Common Areas" means those areas of the Terminals that are not leased, licensed, or otherwise designated or made available by the Department for exclusive or preferential use by specific party or parties.

"Comptroller" means the head of the Department of Finance of the City and any City officer or employee authorized to act on his behalf.

"Concession Management Representative" or "CMR" means the entity retained by the City to assist in overseeing concessions, including the construction of Improvements, at the Airport.

"Concessionaire" means a food and beverage, or retail provider located at the Airport operated by a Customer.

"Convenience Fee" if applicable, means an amount, or fee charged by Licensee to Purchasers in respect to Orders, as set forth on Exhibit 6.

"Customer" means each Concessionaire with which Licensee enters into a written term for the provision of the Grab Platform to such Concessionaires based at the Airport.

"Customer Agreement" means an agreement entered into between Licensee and a Concessionaire for the

Customer Agreement means an agreement entered into between Licensee and a Concessionaire for the provision of the Grab Platform to such Concessionaire based at the Airport for which the City shall be notified and provided a copy.

"Date of Beneficial Occupancy" or "DBO" means, the earlier to occur of (A) or (B), as follows:

- A. the Go-Live Date.
- B. the date that is the 180 days from the Effective Date; provided, however, that the date set forth in the Development Plan for commencement of operations shall be extended one day for each day Licensee has demonstrated to the satisfaction of the Commissioner that Licensee was delayed due to (a) force majeure pursuant to Section 10.20, or (b) no Customer being able or ready to participate in the program through no fault of Grab's and despite Grab's commercially reasonable efforts to assist each Customer in being able and ready to participate in the program. Under

4

no circumstance can this date exceed 90 days beyond the date established in A above.

The DBO shall be confirmed in writing by the parties, and such written "Confirmation(s) of DBO" shall thereafter be attached to Exhibit 2 of this Agreement without need for a formal amendment of this Agreement.

"Default Rate" means 12% per annum.

"Delivery Fee" means the fee charged per Order for delivery of such Order as set forth on Exhibit 6 attached hereto.

"Delivery Provider" means a third-party entity with whom Grab has contracted to perform the Delivery Services, including but not limited to labor and oversight related to the Delivery Services; provided, however, Licensee must obtain the written consent of the City approving a proposed Delivery Provider prior to contracting with any such Delivery Provider to perform the Delivery Services.

"Delivery Services" mean the physical delivery of Orders from Concessionaires to the Purchasers at the Delivery Location specified for such Order.

"Delivery Zone" or "Delivery Location" means public and non-public areas designated by CDA to which the Licensee may deliver Orders, as shown in Exhibit 13.

"Department" means the Chicago Department of Aviation, also known as CDA.

"Design and Construction Standard Operating Procedures- Concessions Projects" or "C-SOP" means those certain design standards and policies prepared by the Department for the concession areas at the Airport, as amended by the Department from time to time.

"Development Plan" means, as further described in Exhibit 4, the Licensee's conceptual plans, budget and other design specifications for construction of its Improvements and its schedule for commencement of operations via the Retail Service. The Development Plan is attached hereto as Exhibit 4.

"Environmental Laws" means collectively, all applicable federal, state and local environmental, safety or health laws and ordinances and rules or applicable common law, including the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. §651 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. §5101 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.), the Toxic Substances Control Act of 1976, as amended (15 U.S.C. §2601 et seq.), the Clean Air Act (42 U.S.C. §7401 et seq.), the Clean Water Act (33 U.S.C. §1251 et seq.), the Safe Drinking Water Act (42 U.S.C. §300(f) et seq.) as any of the foregoing may later be amended from time to time; any rule or regulation pursuant to them; and any other present or future law, ordinance,

be amended from time to time, any rule or regulation pursuant to them, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order or directive addressing environmental, health or safety issues of or by the federal government, or any state or other political subdivision of it, or any agency, court or body of the federal government, or any state or other political subdivision of it, exercising executive, legislative, judicial, regulatory or

I
II

I
administrative functions.

"Equipment" means any hardware, furniture and fixtures used in connection with the Services.

"Event of Default" has the meaning set forth in Article 8.

"Fees" means all amounts payable by Licensee in connection with this Agreement, including but not limited to License Fees, Additional Fees and any liquidated damages specified in the Agreement for non-compliance with the City's requirements for operation of the License.

"Food Court Common Area" means space where shared seating is provided to the public.

"Go-Live Date" means the first date the Grab Platform and Grab Hub are publicly available-the Go-Live Date shall not occur prior to the City approving of such date in writing.

"Grab Data" means the anonymous and aggregated information accessible via the Grab Hub created by Licensee derived from Orders for Concessionaires' productions.

"Grab Hub" means the web-based portal used to access the Grab Platform and hosts the Grab Data accessible by both Concessionaires and Purchasers.

"Grab Platform" means Licensee's proprietary online remote ordering hardware and software and associated services made available to Purchasers.

"Gross Revenues" means the total amount in dollars at the actual sales price of all receipts, that are derived from the Services, all deposits not refunded to purchasers, all orders taken in and from the Services, and receipts or sales by Licensee and any other person or persons doing business via the Services, including receipts from promotions, advertising, and income derived from retail display advertising or any other use of the Services by Licensee. Gross Revenues includes any and all other fees and payments collected by Licensee unless specifically excluded below. Gross Revenues do not, however, include the following:

- A. any sums collected and paid out by Licensee for any sales, retail excise, use, privilege, or retailers occupation taxes now or later imposed by any duly constituted governmental authority.
- B. the amount of any cash or credit refund made upon any sale, but only if the original sale was made via the Services and included in Gross Revenue.
- C. bona fide transfers of products via the Services between same concessions, stores or warehouses of the

Airport's Licensees who report and pay rent on said sales.

- D. sales of Licensee's fixtures and equipment not in the ordinary course of Licensee's business.
- E. returns to shippers, suppliers or manufacturers.
- F. bulk sales of products inventory not sold to the public and not in the ordinary course of business;
- G. insurance proceeds received from the settlement of claims for loss of or damages to hardware, software, fixtures, trade fixtures and other Licensee personal property

6

other than the proceeds of business interruption insurance;

- H. revenues transferred to a participating concessionaire which the participating concessionaire pays a rental to the city based on a separate agreement; and
- I. any subscription fees or other products which Licensee offers optionally to Concessionaires; provided, however, that to the extent any such subscription fees or other products relate to Licensee and Customer's relationship at the Airport; provided, however, such subscription fees or other products shall (i) not be offered to any Customer for prices or on terms more favorable than those offered to any other Customer, and (ii) only be implemented after receiving the Commissioner's written approval, which approval shall be granted or denied no later than sixty (60) days after Licensee's written request. City's failure to respond in the above referenced time period shall be deemed approval.

A "sale" is deemed to have been consummated for purposes of this Agreement, and the entire amount of the sales price must be included in Gross Revenues, at the time that: (i) the transaction is initially reflected in the books or records of Licensee; or (ii) Licensee receives all or any portion of the sales price; or (iii) the applicable goods or services are delivered to the customer, whichever occurs first.

"Hosting Services" means the displaying of the Grab Platform by the City or third-party web-based Channels.

"Imposition" has the meaning set forth in Section 6.1(c).

"Kiosk" means a Retail Space that is a non-mobile, free-standing (whether freestanding or completely located against a wall), permanent or temporary facility that may or may not be affixed to the Terminals used to select, purchase and order retail, food and beverage items for pick up or delivery from participating Concessionaires.

"License" means the privilege granted to Licensee under this Agreement to perform the Services at the Airport.

"License Fee" means the fee payable by Licensee for the License, equal to the greater of the "Percentage Fee" or "Minimum Annual Guarantee," as set forth in Section 6.1 and Exhibit 3.

"License Year" means

- A. for the initial License Year of this Agreement, a period beginning on Go-Live Date and ending on December 31 of that calendar year, and
- B. for the balance of the Term, each successive calendar year, but including only that portion of the calendar

year prior to the date on which the Term expires, or the Agreement is otherwise terminated.

"Minimum Annual Guarantee" or "MAG" means the minimum amount payable each License Year for the License Fee as set forth on Exhibit 3.

"Order(s)" mean fully paid and completed orders processed via the Grab Platform and submitted to Concessionaires at the Airport and which are initiated by Purchasers using the

7

Channels.

"Percentage Fee" means the percentage fee(s) set forth in Exhibit 3.

"Purchaser" means a person who places an Order for goods or services to a Concessionaire via the Grab Platform, including without limitation, through a mobile or web application.

"Purchaser Fee" means the fees that, pursuant to this Agreement, Licensee is permitted to charge per Order, initially, the Delivery Fee and the Convenience Fee.

"Retail Space" means any space within the Airport utilized for retail, food and beverage concessions.

"Revenue Share" means the total amount of dollars from actual sales attributable solely to the Purchaser Fees generated by the Services. The percentages of Revenue Share set forth on Exhibit 3 constitute Percentage Fees.

"Self-Ordering" means an placing an Order electronically through the Grab Platform without physically engaging with a cashier or other staff.

"Self-Pickup" means the option offered on the Grab Platform to physically pick up an Order from a Concessionaire's Retail Space.

"Services" means (i) the management, operation, and maintenance of the Grab Platform or a similar electronic platform that permits customers to order and pay for food, beverages and retail products for either Self-Pickup or to utilize Delivery Services within the Delivery Zones; (ii) the Delivery Services; (iii) manage the staffing necessary to perform such services; and (iv) any related work necessary to support such functions.

"Set Up Costs" means the costs associated with installing the Grab Platform at the Airport which shall be funded as further defined in Exhibit 13.

"Shell and Core" means those improvements to the Licensed Space to be completed by the City as specified in Exhibit 5 and, with respect to Additional Space or Relocation Space, as may be agreed in writing by the Commissioner.

"Storage and/or Office Space" means the space that Licensee is granted access to under this Agreement for the sole purpose of exercising the License identified on Exhibit 2, which such Exhibit may be modified from time to time without need for formal amendment of this Agreement.

"Subcontractor" means all entities providing services and materials to Licensee necessary for its performance of Services or for the construction, repair, operation and maintenance of the Retail Service and Improvements. The term "Subcontractor" also includes subconsultants of any tier, subcontractors of any tier, suppliers and materialmen, whether or not in privity with Licensee.

"Subcontracts" means all oral or written agreements with Subcontractors.

"Sustainable Airport Manual" or "SAM" means the manual developed by the CDA regarding environmentally sustainable practices in the construction and operation of the Airports. The manual is available on the CDA website and may be updated from time to time by the CDA

may be updated from time to time by the CDA.

Any amendment of the SAM by the Department during the Term of this Agreement will be binding on Licensee without need for amendment of this Agreement, provided that the amendment of SAM does not conflict with the other terms and conditions of this Agreement.

"Term" means the period of time beginning on the Effective Date and ending at 1:59 p.m. on the third (3rd) anniversary of the Go-Live Date (or the date this Agreement is terminated earlier in accordance with its term); provided, however, the Commissioner may extend the Term by two additional years, in one-year increments by written notice to Licensees.

"Trade Fixtures" mean all the improvements, including furniture and fixtures, installed by the Licensee within Airport for use in its performance of the Services, which may be removed from the area it is installed without causing material damage to the such area.

"Use Agreements" means those certain airport use and facility lease agreements between the City and the airlines operating out of the Airport regarding the use and operation of the Airport, as amended or executed from time to time.

ARTICLE 4 LICENSE AND LICENSEE'S OPERATIONS

1 License . As of the Effective Date, the City grants Licensee a License to perform the Services in the Terminals at the Airport. Licensee accepts the License from the City and assumes the duties of Licensee provided in this Agreement and in the Airport Concession Program Handbook. Licensee understands and agrees that its License to operate, its right to perform Services in the Terminals pursuant to such License, and its ability to offer the Grab Platform on Airport Channels will terminate upon the expiration or earlier termination of this Agreement. If Licensee complies with the terms of this Agreement, Licensee will have the right of ingress to and egress from Terminals for Licensee, its officers, employees, agents, Subcontractors, vendors, suppliers, and invitees, subject, however, to all statutes, ordinances, rules and regulations from time to time enacted or established by the City, the FAA, the TSA or any other governmental agency or authority having jurisdiction. Licensee must not operate under its License in a manner that, in the judgment of the Commissioner:

- A. interferes or might interfere with the reasonable use by others of Common Areas or the leased or licensed space of tenants or licensees at the Airport;
- B. hinders or might hinder TSA, Airport security, police, fire-fighting or other emergency personnel in the discharge of their duties;
- C. would, or would be likely to, constitute a hazardous condition at the Airport;
- D. would, or would be likely to, increase the premiums for insurance policies maintained by the City, unless the operations are not otherwise prohibited under this Agreement and Licensee pays the increase in insurance premiums occasioned by the operations; or
- E. would involve any illegal purposes.

2 No Sublicense, Assignments or Other Uses. Licensee acknowledges that the principal purpose of this Agreement is to provide Licensee a License to perform the Services, without right of sublicense or assignment, within the Terminals and via the Airport Channels and that any attempted sublicense or other use of the License without the written consent of the City

in accordance with the terms of this Agreement is absolutely prohibited and is an Event of Default. The City hereby consents to @YourGate, LLC ("AYG") as the initial Delivery Provider subject to the following conditions precedent occurring: (i) Licensee delivers to the City a proposed contract between Licensee and AYG within sixty (60) days of execution of this Agreement; (ii) the City approves such contract, which approval, shall not be unreasonable withheld; and (iii) the executed contract is in substantially the form approved by the City such that no material changes have been made to the approved form.

3 Purchaser Fees.

A. For each retail item available for purchase on the Grab Platform through a Concessionaire, Licensee shall not charge more than the applicable Concessionaire does for such retail item.

B. Notwithstanding the foregoing, the City has reviewed and approves of Licensee charging the Convenience Fee and, as applicable, the Delivery Fee, to Purchasers for each Order. The Licensee shall not charge Purchasers an amount for the Convenience Fee or the Delivery Fee other than the City-approved amounts set forth on Exhibit 6, unless otherwise agreed to in writing by the Commissioner. The Licensee shall not charge Purchasers any fees other than the Convenience Fee and the Delivery Fee without the written consent of the Commissioner.

C. The Commissioner may adopt other reasonable pricing policies, with which Licensee and Subcontractor shall comply, to restrict overcharging and price gouging by Subcontractor due to their dominant market position and any exclusive rights granted.

D. Licensee must submit to the CMR, within 30 days after the end of each License Year, or as requested from time to time by the Commissioner or CMR, a pricing report demonstrating compliance by Licensee with the price requirements set forth herein. Any prices that the Commissioner or CMR determines to be inconsistent with the requirements of this Section must be adjusted accordingly. At any time, and from time to time, the Commissioner or CMR may review the Convenience Fee and Delivery Fee then being charged per Order by Licensee and require adjustments in such fees in order to comply with the requirements set forth herein. Following the CMR's written notice to Licensee, Licensee shall promptly adjust the price of the Convenience Fee and Delivery Fee, as applicable. However, in no event shall the City require the price of the Convenience Fee and Delivery fee be less than the initial fees as of the Effective Date and/or less than fees charged at comparable airports in the United States. Licensee may offer lower prices as incentives or marketing initiatives. Failure to comply within five days will constitute an Event of Default. Licensee's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after the five-day cure period, the Commissioner will assess Licensee as liquidated damages and not as a penalty, an amount, as outlined in Exhibit 11.

4 General Requirements for Operation under the License. Licensee has the authority to offer the Services under the License in the Terminals subject to the rights of the City under the law, in equity, and under this Agreement to direct Licensee in order to ensure that the Airport operates in the most effective and efficient way possible and to supervise the Licensee's

performance. Licensee covenants to take all commercially reasonable measures to maintain, develop, facilitate and increase its business so as to maximize Gross Revenues. Licensee further covenants that neither it nor any Affiliate of Licensee will divert or cause or allow to be diverted any business within the Airport to other locations not at the Airport that are served by Licensee or any Affiliate of Licensee. A material condition of this Agreement is that Licensee must

that are served by Licensee or any Affiliate of Licensee. A material condition of this Agreement is that Licensee must operate under the License in accordance with the Airport Concession Program Handbook, the Sustainable Airport Manual, and the following general requirements:

A. Licensee shall not deliver Orders outside of the Delivery Zones. Licensee shall only operate within the Terminals for the purpose of performing Services under the License. Licensee shall not use the Terminals for any other purpose whatsoever without the prior written consent of the City.

B. Licensee must perform all Services described in Exhibit 1, Scope of Licensee's Services, in accordance with the terms set forth therein. In all cases, Licensee shall perform the Services in a first-class, businesslike, efficient, courteous, and accommodating manner consistent with the terms of the Airport Concession Program Handbook, to the extent applicable.

C. Licensee must, within thirty (30) days of the Effective Date, demonstrate to the City that it has or has arranged for internet access, including Wi-Fi availability, necessary to support Licensee's operation and maintenance of the Grab Platform and the Grab Hub, which access may be through Customer's internet access. For the avoidance of doubt, the City is not obligated to provide internet access to the Licensee.

D. Licensee must at all times accept at least three nationally recognized credit cards, such as but not limited to American Express, Visa, MasterCard and Discover, as suitable payment on the Grab Platform. Licensee must offer an electronic receipt with each Order. Licensee's failure to comply would cause the City damages, including loss of goodwill, that are difficult or impossible to prove or quantify. Therefore, in addition to other remedies for an Event of Default, for as long as non-compliance continues after a five-day cure period, the Commissioner will assess Licensee, as liquidated damages and not as a penalty, an amount, as outlined in Exhibit 11.

E. Licensee's must, in conducting its operations under the License, be and remain compliant with Payment Card Industry Security Standards ("PCI Standards") at all times as the PCI Standards are in effect at such time. Any breach of foregoing must be reported to the City within twenty-four (24) hours of Licensee's knowledge of such event. Licensee's failure to be in compliance with the PCI Standards on more than one occasion constitutes an Event of Default under this Agreement.

F. In its capacity as Licensee under this Agreement, and not as an agent of the City, Licensee must perform the Services in accordance with this Agreement, in furtherance of which Licensee must, among other things:

- i) use reasonable efforts to remedy problems and issues raised by Airport patrons with respect to the Services.
- ii) answer in writing all written customer complaints within 72 hours after receipt, furnishing a copy of the complaint and the answer to the Commissioner within that

11

period; and,

- (iii) furnish the Commissioner within 72 hours after their receipt copies of all written notices received by Licensee from any governmental authority or any Subcontractor with respect to any part of the Services or any Subcontract.

If Licensee fails to timely respond to customer correspondence or governmental notices and furnish the requisite copies to the Commissioner, Licensee acknowledges that the City may suffer loss of goodwill and other harm the value of which is difficult to determine, and thus, in addition to any remedies for the Event of Default, the Commissioner will assess as liquidated damages against Licensee, and not as a penalty as shown in Exhibit 11.

G. Licensee shall comply within five days with requests for reasonable improvements in the quality of

G. Licensee shall comply within five days with requests for reasonable improvements in the quality of Services as the Commissioner may make at any time. Licensee shall immediately adjust the Services offered to the extent the Commissioner determines such Services raise safety or security issues.

H. Licensee shall make the Grab Platform available to the City for integration into the Airport Channels and shall provide reasonable assistance to the City with respect to such integration at no cost to the City; provided, however, this Section shall not obligate Licensee to provide City with development support.

I. Facilitate City access to the Grab Hub during the Term;

J. Engage with Concessionaires, their respective agents, representatives, commercial partners and suppliers, or other City approved Licensees, based at the Airport.

K. Be responsible for facilitating obtaining and maintaining, along with the Concessionaires, all Equipment, needed access and use of the Grab Platform under this Agreement, including, but not limited to any of the following: any kiosks, tablets, displays, interactive displays, cables, mounting equipment, etc.

L. Licensee shall provide the City a copy of any Customer Agreements and any amendments to such agreement and shall notify the City promptly of any notices of an event of default delivered or received under any Customer Agreement.

M. To the extent Licensee utilizes any third party to perform aspects of the Services, Licensee shall, at all times during the Term: (i) be licensed or permitted by such third party to utilize its in connection with performing the Services, (ii) provide the City with copies of any agreements or other evidence the City may reasonably request demonstrating such arrangements ("Third Party Agreements"), (iii) comply in all material respects with the terms and conditions of any Third Party Agreements, unless Licensee's compliance with such terms and conditions would cause Licensee to breach its obligations hereunder, (iv) notify the City in writing immediately upon notification by any party to a Third Party Agreement of Licensee's or the applicable third party's breach under or termination of such agreements. Failure to comply with this Section 4.4(M) shall be an Event of Default under this Agreement.

12

5 City's Obligations. In consideration of Licensee performing the Services in the Terminals, the City shall:

A. Subject in all respects to the Airport's safety and security protocols, including Airport Security Laws, allow Licensee personnel reasonable access to the Terminals to perform all actions reasonably necessary to perform its obligations under this Agreement and under the Customer Agreements.

B. Work with Licensee to integrate the Grab Platform within the Airport Channels, and, once integrated, reasonably ensure that the Grab Platform remains accessible at all times within the Airport Channels.

C. Provide the Hosting Services or cause a third-party to provide the Hosting Services.

6 Proprietary Rights.

A. Licensee shall provide City with the Grab Data, accessible via the Grab Hub. The City expressly acknowledges and agrees that Licensee will monitor City's, Concessionaires' and Purchasers' use of the Grab Platform and compile aggregated, anonymized statistical and performance information related to the provision and operation of the Grab Platform ("Aggregated Statistics").

B. Solely with respect to the Grab Data and Aggregated Statistics, all rights not granted in this Agreement are reserved by Licensee and its third-party licensors.

C. Subject to the City's obligations under Illinois Freedom of Information Act, 5 ILCS 140/1, et seq. ("FOIA"), Illinois Local Records Act, 50 ILCS 205/1 et seq., ("ILRA") and other applicable laws, the City shall not directly do any of the following:

- i. attempt to de-anonymize the Grab Data and/or the Aggregated Statistics and identify individuals from such data;
- ii. use information contained in the Grab Data and/or the Aggregated Statistics to contact any Purchasers (unless mutually agreed to by Licensee and City);
- iii. publish or sell the Grab Platform and/or Grab Hub;
- iv. reverse engineer, decompile, disassemble or attempt to gain access to the source code form' of the Grab Platform and/or Grab Hub;
- v. use the Grab Platform and/or Grab Hub in violation of laws and regulations;
- vi. remove any proprietary notices from the Grab Platform and/or Grab Hub to the extent that any such notices are consistent with the terms of this Agreement; or

13

- vii. sell, resell, rent or lease the Grab Platform and/or Grab Hub, including, without limitation, use the Grab Platform and/or Grab Hub on a service bureau or time-sharing basis or otherwise for the benefit of a third party

D. attempt to gain unauthorized access to the Grab Platform and/or Grab Hub or their related data, systems or networks.

Subject to the City's obligations under Illinois Freedom of Information Act, 5 ILCS 140/1, et seq. ("FOIA"), Illinois Local Records Act, 50 ILCS 205/1 et seq., ("ILRA") and other applicable laws, the City shall take reasonable precautions to preserve the integrity of, and prevent the corruption, unauthorized disclosure or loss of, any Grab Data and/or Aggregated Statistics which are in its possession or control or which are processed by it.

E. As between Licensee and City, all right, title and interest in the use of the Grab Platform and Grab Hub, except as otherwise set forth in this Agreement, and all modifications and enhancements thereof, including those derived from suggestions, ideas and feedback proposed by City regarding Licensee or the use of the Grab Platform and/or Grab Hub, including all copyright rights, patent rights and other intellectual property rights in each of the foregoing, belong to and are retained solely by Licensee or Licensee's licensors and providers, as applicable.

F. Each party acknowledges that the ownership, right, title and interest in and to the other party's trademarks

rests with the other party, and both parties agree that neither will do anything inconsistent with such ownership. Licensee hereby grants, during the Term, to the City a non-exclusive, non-sublicensable, non-transferable right to use the Grantor's trademarks, service marks, logos, trade names, trade dress and URLs ("Trademarks") solely for the purposes contemplated hereby, including, without limitation, using Trademarks in connection with marketing the Grab Platform and/or Grab Hub, using Trademarks as part of sales and marketing materials in written form or otherwise, and displaying Licensee's logo or other Trademarks on City websites and mobile applications. The Licensee shall not use the City's trademarks, service marks, logos, trade names, trade dress or URLs without the express written consent of the Commissioner. Each party shall abide by any Trademark usage guidelines made available by the other party from time to time and shall provide specimens for review and approval by the other party upon request.

G. For the avoidance of doubt, any prohibition on the use of Grab Data contained in this Section 4.6 by the City or agent, subcontractor, sublicensee or other third party acting on the City's is subject to the City's obligations under Illinois Freedom of Information Act, 5 ILCS 140/1, et seq. ("FOIA"), Illinois Local Records Act, 50 ILCS 205/1 et seq., ("ILRA") and other applicable laws as well as the compliance with applicable laws provisions set forth in Section 9.5 herein.

4.7 Confidentiality. Except as may be required by law during or after the performance of this Agreement, Licensee will not disseminate any non-public information regarding this Agreement or the Concession operations without the prior written consent of the Commissioner, which consent will not be unreasonably withheld or delayed. If Licensee is presented with a request for documents by any administrative agency or with a subpoena duces tecum regarding

any documents that may be in its possession by reason of this Agreement, Licensee must immediately give notice to the City's Corporation Counsel. The City may contest the process by any means available to it before the records or documents are submitted to a court or other third party. Licensee, however, is not obligated to withhold the delivery beyond that time as may be ordered by the court or administrative agency, unless the subpoena or request is quashed or the time to produce is otherwise extended. Licensee must require each prospective Subcontractor to abide by such restrictions in connection with their respective Subcontracts.

8 Hours of Operation.

A. Licensee must begin conducting its Concession operations in the Airport Terminals on or before the Date of Beneficial Occupancy and continue them uninterrupted after that date during all required hours of operation. The Services shall be available to serve the public seven (7) days per week and three hundred sixty-five (365) days per year. In no event shall the hours of operation be curtailed to an extent that the Services contemplated under this License shall be diminished. Except as otherwise stated herein, the hours of service shall be determined in light of changing public demands, Customer's operating hours and Airport's flight schedules. The Self-Ordering Services will be available, with respect to each Customer, during the hours of operation as set and managed by such Customer. Delivery Services shall be available from 7:00 a.m. to 7:00 p.m. or during such other hours mutually agreed to by the Licensee and Commissioner. From time to time, the Commissioner or CMR may require Licensee to extend its hours for peak holiday travel seasons or for flight delays due to inclement weather, or conversely, the Commissioner or CMR may allow the Licensee to adjust the Self Ordering and/or Delivery Services when participating Concessionaire's hours are reduced due to passenger traffic being light.

B. Except as otherwise permitted under this Agreement, if Licensee fails to offer the Services during all times that Licensee is required to do so under this Agreement and continues for more than three days after the City gives Licensee notice, it is an Event of Default. In addition, Licensee acknowledges that failure to provide the Services to the public would cause the City substantial damages, a portion of which may be ascertainable but another portion of which,

related to loss of goodwill due to the public's inability to obtain the Products, the provision of which is one of the key purposes of this Agreement, might be difficult or impossible to prove or quantify. Accordingly, in addition to other remedies available to the City for an Event of Default, Licensee must pay the City as liquidated damages (and not as a penalty) in connection with such loss of goodwill the amount as outlined in Exhibit 11, beginning as of the time that the City first notifies Licensee that it is not operating the Concession in accordance with the time requirements of this Agreement. The obligation to make payments of liquidated damages will continue until the earliest of: (i) the time that the affected portion of the Services is offered for business again; (ii) the date that this Agreement expires or is terminated with respect to the affected portion of the Services; and (iii) the date that the Commissioner receives possession of the affected portion of the Services.

9 Personnel. A. Staff.

(i) Licensee must maintain a full time, fully trained staff during the Term having sufficient size, expertise and experience to perform the Services. Licensee must maintain an

15

adequate staffing to support the Services and maximize Gross Revenues and use the utmost skill and diligence in the conduct of its Concession operations. A minimum number of staff members, submitted in writing by Licensee and approved by the City, must be present during all hours of operation. A staff member must be able to or must have access to a person who is able to, troubleshoot and perform routine fixes on the Grab Platform and Grab Hub during all hours of operation. Grab will maintain a Grab Operations Manager who may or may not reside at the Airport but shall be available for on-site support during self-ordering hours seven (7) days a week. Grab, or through its third-party delivery service, shall maintain a Delivery Operations Manager who will reside at the Airport and will be available during delivery hours, seven days a week.

ii) All employees of Licensee must at all times be clean, courteous, neat in appearance and helpful to the public, whether or not on duty. While on duty at the Airport, Licensee's employees must wear Airport identification badges (and any other form(s) of identification that may be required by the Commissioner or CMR from time to time) and are required to wear uniforms in good taste, the color and style of which Licensee selects. Licensee may make the arrangements with its own employees as it considers appropriate regarding the purchase and maintenance of standard uniforms. The City is entitled at any time to direct Licensee to require any of its employees not properly attired to immediately conform to the requirements of this Section or leave the Airport. Licensee must not permit its employees to use any portion of the Terminal Common Spaces, including the public washrooms located there, for the changing of clothes or the storage of their personal effects, nor may Licensee permit its employees to loiter in the Common Areas of the Terminals, including but not limited to the Food Court Common Area.

iii) Licensee and its personnel must at all times participate and cooperate fully in all quality assurance programs that may be instituted by the Commissioner or CMR from time to time. Licensee must cause its personnel to attend all customer service training meetings and participate in such other programs as may be required by the Commissioner or CMR. An appropriate officer or management representative of Licensee must meet with the Commissioner or CMR as requested by the Commissioner or CMR to discuss matters relating to this Agreement, including merchandising and marketing plans. In addition, at the request of the Commissioner or CMR, an appropriate officer or management representative of Licensee must attend other meetings with the City, airlines, other users of the Terminals or any other parties designated by the Commissioner or CMR.

iv) The Commissioner reserves the right to object to any of the personnel responsible for the day-to-day operations under the License. Upon receipt of such objection, Licensee must use its best efforts to resolve the cause for Commissioner's objection or replace the objectionable personnel with personnel satisfactory to the Commissioner.

B. General Manager. Licensee must designate a General Manager experienced in management and supervision

who has sufficient authority and responsibility to administer and manage the operations under the License. The General Manager (or authorized representative) must be immediately available to the Department whenever any of the Services are offered. The base of operations of the General Manager may be at the Airport, and the General Manager should spend a substantial amount of his or her working hours for the Airport account, unless the Commissioner approves in writing another arrangement. The General Manager is subject to

16

removal at the direction of the Commissioner if the Commissioner reasonably determines, in the Commissioner's sole discretion, that the General Manager is not performing up to standards consistent with the fulfillment of Licensee's obligations.

C. Salaries. Salaries of all employees of Licensee and its Subcontractors performing Services under this Agreement must be paid unconditionally and not less often than once a month without deduction or rebate on any account, except only for those payroll deductions that are mandated by law or permitted by the applicable regulations issued by the United States Secretary of Labor under the "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; 18 U.S.C. § 874, and 40 U.S.C. § 276c). Licensee must comply with all applicable "Anti-Kickback" regulations and must insert appropriate provisions in all Subcontracts covering Work under this Agreement to ensure compliance of all Subcontractors with those regulations and with the other requirements of this subsection and is responsible for the submission of affidavits required under them, except as the United States Secretary of Labor may specifically provide for variations of, or exemptions from, the requirements of them.

4.10 Operation and Maintenance.

A. The City, at its sole cost and expense, will keep in good repair the Common Areas, including the roof, structures, foundations and central mechanical, plumbing and electrical systems in the Airport providing heating, ventilation, cooling, water, sewage and electrical service to the Terminals. The City will provide, without separate charge to Licensee, heating, ventilating and cooling of the Common Areas. The Commissioner reserves the right to interrupt temporarily the heating, air cooling, ventilation, plumbing or electrical services furnished to the Common Areas, the Terminals or the Airport as a whole to make emergency repairs or for other reasonable purposes, and the Commissioner will restore the services as soon as reasonably possible. The City has no responsibility or liability for failure to supply heat, air cooling, ventilation, plumbing, electrical or any other service to the Retail Service System, the Common Areas, the Terminals or the Airport, when prevented from doing so by laws, orders or regulations of any federal, state or local governmental requirement (including any requirement of any agency or department of the City) or as a result of the making of repairs or replacements, fire or other casualty, strikes, failure of the utility provider to provide service or due to any other matter not within the City's reasonable control.

- (i) Licensee has the non-exclusive right to use the Food Court Common Area, in common with tenants and their customers, on the terms and conditions established by the City and as may be revised during the Term at the City's sole discretion. That use includes the right to deliver to customers in the Food Court Common Area. The City reserves the right to establish and enforce the policies for the Food Court Common Area and tenants whose customers use the Food Court Common Area that the City determines are in the best interest of the overall operation of the Food Court Common Area, so that the City may properly and efficiently operate and manage it as a whole. Licensee must comply with these

policies.

- (ii) Licensee must at all times in operating under the License abide by all rules and regulations applicable to tenants whose customers use the Food Court Common

17

Area including those relating to: (a) the health and sanitary conditions of the Food Court Common Area and the employees of Licensee; (b) standards and quality of products, services, and merchandising as determined by the City; (c) customer relations; and (d) other matters as the City determines applicable with respect to the operation of the Food Court Common Area and the business conducted by Licensee and all tenants whose customers use the Food Court Common Area.

11 Promotion.

A. Signs and Advertising. Licensee may, at its own expense and subject to obtaining any necessary permits and approvals from the City, install and operate necessary and appropriate identification, instructional and access signs in the Airport for its promotional use (identifying the operations of the Services in question and/or the products sold via the Grab Platform). All such signage (especially all signage visible from the Common Areas) must be in compliance with signage and other applicable criteria adopted by the Commissioner or other City agencies from time to time and subject to the prior written approval of the Commissioner as to the number, size, height, location and design (as applicable). Licensee must not install, affix, or display any signage except as permitted by the Department without the prior written consent of the Commissioner. Licensee and its Subcontractors must not distribute any advertising, promotional or informational pamphlets, circulars, brochures, or similar materials at the Airport related to Licensee's License without prior approval by the Commissioner.

B. Marketing and Advertising Fund. The Department operates a marketing fund ("Fund") for the purpose of financing a program for advertising and promoting concessions at the Airport. The Program may include advertising, media placements, special events, promotional events, brochures, videos and catalogs, mystery shops, market research and surveys, customer service training etc., as appropriate. The Program will be funded by contributions from the Licensee and other tenants at the Airport. Licensee will contribute an amount of \$5,000 per License Year to the Fund. All contributions to the Fund may only be expended for the promotion of concessions and marketing-related staff activities, including but not limited to; advertising, media placements, displays and related upkeep, special events, signage, enclosures, promotional events, brochures, videos and catalogs, mystery shops, market research and surveys, customer service training etc., as appropriate at the Airport and for no other purposes. Licensee shall make its contributions to the Fund monthly in arrears concurrently with its Fees payment under this Agreement. The City may, but is not required to, contribute to the Fund. Licensee has no ownership or beneficial interest whatsoever in the Fund or any unspent moneys therein.

C. Submission of Marketing Plan. Beginning on the Date of Beneficially Occupancy and annually thereafter during the Term, Licensee shall provide a plan to market the Grab Platform to the City.

12 Certain Rights Reserved By the City.

A. Except as expressly provided otherwise in this Agreement: the City has the rights set forth below, each of which the City may exercise with notice to Licensee and without liability to Licensee for damage or injury to property, person or business on account of exercising them; the City's exercise of any such rights is not deemed to constitute a breach of this Agreement or a

18

disturbance of Licensee's use or possession of or License for the Services or to the Storage and/or Office Space; the City's exercise does not give rise to any claim, including for set-off or abatement of Fees; the City's exercise also does not relieve Licensee of any obligation to pay all Fees when due. The rights include the rights to:

- i) Install, affix and maintain any and all signs on the exterior and on the interior of the Terminals;
- ii) Decorate or to make repairs, inspections, alterations, additions, or improvements, whether structural or otherwise, in and about the Terminals, or any part of them, and for such purposes to utilize the Services, and during the continuance of any of the work, to temporarily close doors, entryways, public space and corridors in the Terminals, and to interrupt or temporarily suspend services or use of facilities, all without affecting any of Licensee's obligations under this Agreement;
- iii) Licensee must not install or operate machinery, or any mechanical devices of a nature without the prior written consent of the Commissioner;
- iv) Grant to any person the right to conduct any business or render any service in or to the Terminals or the Airport; and
- (xi) Promulgate from time-to-time rules and regulations regarding the operations at the Airport.

13 Storage and/or Office Space. To operate under the License, the City will permit Licensee to use the Storage and/or Office Space, if any, identified in Exhibit 2. The Storage and/or Office Space is to be used solely to support performance of the Services and may only be used for a different purpose with the written consent of the Commissioner. In no case shall Storage and/or Office Space be used as a point of retail sales. If the Commissioner determines that Licensee is using Storage or Office Space for purposes unrelated to the License, the Commissioner may unilaterally revoke Licensee's permission to access the Storage and/or Office Space. If the Commissioner determines that the size of the Storage and/or Office Space exceeds the needs of the Licensee, the Commissioner may unilaterally reduce the size of the Storage and/or Office Space.

14 MBE/WBE Compliance. Licensee shall make good faith efforts to meet the following goals with respect to participation of Minority Business Enterprises/Woman-Owned Business Enterprises ("MBE/WBE") if undertaking any design (including professional services) and construction work in connection with the License, respectively: (i) Design: 25% MBE and 5% WBE; and (ii) Construction: 26% MBE and 6% WBE. However, the City will also accept a participation plan that meets a combined single Design and Construction goal of 26% MBE and 6% WBE participation, which participation may be achieved with any combination of construction and design contracts. The Special Conditions and related forms used by the City in its own procurements are attached hereto as Exhibit 10 and should be used by Licensee's Contractors. Licensee must submit to the CMR completed Schedules Cs and D's from its design and construction Contractors demonstrating their percentage MBE and WBE participation commitments, and their good faith efforts to achieve the foregoing goals if the commitments are less than those goals. Thereafter, Licensee must submit periodic reports to the CMR, in a form

and frequency determined by the Commissioner, documenting its Contractors' compliance with their commitments.

ARTICLE 5 TERM OF AGREEMENT

1 Term. The term of this Agreement is the Term as defined in Article 3, unless this Agreement is terminated earlier in accordance with its terms.

2 Holding Over. Continued performance of all or a portion of the Services under the License by Licensee, or continued operation of the Grab Platform by Licensee, with the written consent of the Commissioner, after expiration or termination of this Agreement constitutes holding over and will create a month-to-month license on the same terms and conditions as this Agreement, including payment of License Fees, until terminated by the Commissioner upon not less than thirty (30) days prior written notice to Licensee of such termination. If Licensee continues to hold over after receipt of such written notice, Licensee must pay License Fees for the entire holdover following the termination date under the notice, at double the rates of the License Fees. No occupancy of the Office and/or Storage Space by Licensee after the expiration or other termination of this Agreement extends the Term of this Agreement. Also, in the event of any unauthorized and willful occupancy after expiration or termination of this Agreement, Licensee must indemnify the City against all damages arising out of the retention of occupancy, and all insurance policies and letters of credit required to be obtained and maintained by Licensee as set forth in this Agreement must continue in effect. Also, in the event of such holdover, Licensee shall indemnify the City against all damages arising out of the Licensee's continued operations, and all insurance policies and letters of credit required to be obtained and maintained by Licensee as set forth in this Agreement shall continue.

3 Return of the Storage and/or Office Space . .

A. Licensee must remove all Licensee personal property and trade fixtures from the Airport, or the portions of the Airport before the date of termination or expiration. Any personal property or trade fixtures remaining from the Services forty-eight (48) hours after the date of termination or expiration shall be deemed, abandoned, and the City may dispose of such personal property or trade fixtures in the Commissioner's sole discretion, and Licensee shall have no claim to the proceeds, if any, from such disposition.

B. Licensee must repair any damage to Airport caused by Licensee's removal of Licensee personal property and trade fixtures. Any removal and repair required of Licensee under this section are at Licensee's sole cost and expense.

C. If Licensee fails to perform any of its foregoing obligations, then the Commissioner may cause the obligations to be performed by Department personnel or City contractors, and Licensee must pay the cost of the performance, together with interest thereon at the Default Rate from and after the date the costs were incurred until receipt of full payment thereof.

4 Termination Due to Change in Airport Operations. This Agreement and the License are subject to termination by either party on 60 days' written notice in the event of any action by the FAA, the TSA or any other governmental entity or the issuance of an order by any court of competent jurisdiction which prevents or restrains the use of the Airport, the Terminals or

a portion thereof that renders performance by either party for the Services impossible, and which governmental action or court order remains in force and is not stayed by way of appeal or otherwise, for a period of at least 90 days, so long as the action or order is not the result of any Event of Default of Licensee.

5 Eminent Domain.

A. If the entirety of the Terminals or a substantial part of them, including the entire Delivery Zones, is taken by eminent domain by an authority other than the City, the Term of this Agreement will end upon the earlier of the date when possession is required by the condemning authority or the effective date of the taking.

B. If any eminent domain proceeding is instituted by an authority other than the City in which it is sought to take any part of the Airport or the Terminals, the taking of which would, in the good faith judgment of the Commissioner or Licensee, render it impractical or undesirable to operate under the License on the remaining portion of the Terminals for the intended purposes, the Commissioner and Licensee will each have the right to terminate this Agreement upon not

for the intended purposes, the Commissioner and Licensee will each have the right to terminate this Agreement upon not less than 90 days' written notice to the other.

C. In the event of termination of this Agreement under either (A) or (B), all Fees accrued are payable to the City.

6 Early Termination. Notwithstanding anything to the contrary set forth in this Lease, the Commissioner may terminate this Agreement with respect to any or all of the and Services without cause for any reason, in the Commissioner's sole discretion, upon at least ninety (90) days prior written notice to Licensee. Upon the effective date set forth in such notice, Licensee shall cease operations under that portion of the License related to the Services as to which this Agreement is being terminated as if the Agreement had expired on that date with respect to such Services. In the event of such early termination, the City shall pay to Licensee a "Services Termination Payment", which shall be defined herein to be the sum equal to Revenue Share earned by Licensee from such Services being terminated during the four (4)-month period immediately preceding the termination date, less the Fees payable to the City for that period. Upon Licensee's receipt of the Services Termination Payment, the City and Licensee shall thereafter be released from any and all obligations under this Agreement with respect to those Services except for such obligations which are expressly stated to survive the expiration or earlier termination of this Agreement.

ARTICLE 6 FEES AND PAYMENT TERMS

6.1 Fees Pavable.

A. In consideration of Licensee's License and the associated rights and privileges granted in this Agreement, Licensee must pay the Fees incurred pursuant to this Agreement, without notice or demand, which include but are not limited to, the Fees specified below (collectively, "Fees") as follows:

(i) License Fee. Beginning as of the Go-Live Date, the License Fee shall be an amount equal to the greater of a. or b.:

21

a. Percentage Fee. The "Percentage Fee" is an amount equal to the percentage of Revenue Share as set forth in Exhibit 3.

b. Minimum Annual Guarantee. There is no "Minimum Annual Guarantee" or "MAG" for the first License Year of the Term. The Minimum Annual Guarantee for the second License Year is 85% of the Percentage Fee payable in the first License Year. Beginning with the third License Year, and for each License Year thereafter, the Minimum Annual Guarantee will equal the greater of 85% of the Percentage Fee payable for the preceding License Year, and the Minimum Annual Guarantee for the second License Year. The MAG will be pro-rated in the event any License Year is less than twelve months.

(ii) **Additional Fees. Any other charges payable to the City under this Agreement that are identified as "Additional Fees."**

B. Nonpayment of Fees; Obligation to Pay Fees. Failure by Licensee to pay the Fees, or any portion thereof, when due is an Event of Default. The payment of the Fees under this Agreement is independent of each and every other covenant and agreement contained in this Agreement, and Contractor must pay all Fees without any set off, abatement, counterclaim or deduction whatsoever except as otherwise expressly provided in this Agreement.

C. Impositions. Licensee must timely pay, as and when due, any and all taxes, assessments, fees, and charges levied, assessed or imposed by a governmental unit upon this Agreement, the License, the Grab Platform or Grab Hub or upon Licensee's personal property, including but not limited to all permit fees and charges of a similar nature for

Licensee's conduct of any business or undertaking in the Terminals (collectively, "Impositions"). Licensee must provide the Concession Management Representative with copies of any business licenses or permits required for the Licensee to perform the Services. Licensee must provide Commissioner a copy of all notices relating to any Impositions incurred within 30 days after receipt and must provide the Commissioner with a receipt indicating payment of such Imposition when due. Nothing in this Agreement precludes Licensee from contesting the amount of an Imposition, including those taxes or charges enacted or promulgated by City, but unless otherwise allowed by the entity imposing the tax or charge, Licensee must pay the tax or charge pending the judicial or administrative decision on the Licensee's contest. Failure of Licensee to pay any Imposition when due, except to the extent that Licensee is allowed to withhold payment while contesting the amount of the Imposition, will constitute an Event of Default. As provided in Section 4.1, Licensee acknowledges that the leasehold created under this Agreement is taxable, and while Licensee may contest the amount of the leasehold tax, Licensee shall not contest its applicability.

6.2 Time of Payments.

A. On or before the first day of each calendar month, prorated for any partial calendar month, beginning on the Go-Live Date and continuing throughout the Term, Licensee must pay to the City that portion of the Minimum Annual Guarantee as may be due;

B. On or before the 15th day of each month following the month in which the Go-Live Date occurs. Licensee must pay the City:

22

- i) the amount, if any, by which the actual Percentage Fee for the preceding month exceeds the Minimum Annual Guarantee payment that was made on the first day of the month;
- ii) any other forms of Additional Fees, if any, based, as applicable, either fixed or on the Revenue Share of the preceding month or pre-determined amount; and
- iii) any other charges payable to the City.

C. Year End True Up. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding License Year exceeds the amount of all payments made by Licensee to the City for the License Year in question, then Licensee must pay the amount of the underpaid Percentage Fee to the City upon the submission of the annual statement of Gross Revenues. If the annual statement of Gross Revenues indicates that the Percentage Fee attributable to the preceding License Year is less than the amount of all License Fee payments made by Licensee to the City for the period in question, but the Percentage Fee still exceeds the MAG for that License Year, then Licensee will receive a credit against the next License Fee payment due under this Agreement for the amount by which the License Fee actually paid by Licensee exceeded the Percentage Fee attributable to the period.

3 Material Underpayment or Late Payment. Without waiving any other remedies available to the City, if:

- i) Licensee underpaid Fees due in any calendar year by more than 5%, or
- ii) Licensee failed to make any Fees payments within 5 days of the date due, then Licensee must pay, in addition to the amount due the City as Fees, interest on the amount of underpayment or late payment at the Default Rate. Interest on the amount underpaid accrues from the date on which the original payment was due until paid in full and shall be considered Additional Fees. The provision for the payment of interest does not constitute an authorization by the City of underpayment or late payment.

4 Reports.

A. Monthly. Licensee must furnish to the Commissioner on or before the 15th day of each calendar month falling

wholly or in part within the Term of this Agreement a complete statement, certified by Licensee, of the amount of Gross Revenues derived from Orders related to each Concessionaire by Licensee during the preceding month. Monthly sales reports must include, at a minimum:

- i) Location of sale
- ii) Number of Orders per location
- iii) Gross receipts per location
- iv) Pick-up orders by passengers and employees
- v) On-demand delivery orders by passengers and employees
- vi) Total amounts for pick-ups and delivery by location

(vii) Other anonymized or aggregated information, as requested by the City, which Licensee is able to provide.

B. Daily and/or Weekly. Licensee will furnish to the Commissioner daily and/or weekly sales reports, if requested, breaking down all sales and Gross Revenues by the categories set forth in 18(b) of the Exhibit 1. If so requested, Licensee will provide Commissioner with statistical information regarding the number and type of transactions occurring for the Services, in the form specified by the Commissioner.

C. Annually, or more often as may be reasonably requested by the City:

- i) Licensee also must furnish to Commissioner no later than March 1 of each License Year falling wholly or in part within the Term of this Agreement, and within 120 days after the expiration or termination of this Agreement, a complete statement of revenues certified by an independent certified public accountant engaged by Licensee, showing in all reasonable detail the amount of Gross Revenues made by Licensee from the License during the preceding License Year and copies of all returns and other information filed with respect to Illinois sales and use taxes as well as such other reasonable financial and statistical reports as the Commissioner may, from time to time, require by written notice to Licensee.
- ii) The annual statement must include a breakdown of Gross Revenues on a month-by-month basis and an opinion of an independent certified public accountant that must include the following language, or language of similar purport:

"We, a firm of independent certified public accountants, have examined the accompanying statement reported to the City of Chicago by [] for the year ended relating to its operations at the Terminals pursuant to an Agreement dated , . Our examination was made in accordance with generally accepted accounting principles and, accordingly, includes such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement showing gross revenues of \$ ■ presents accurately the amount of Gross Revenues, as defined in the Agreement, for the year ended ."

D. All such reports and statements must be prepared on a form approved by the Commissioner and must,

among other things, provide a breakdown of the Gross Revenues by category of products and an analysis of all Percentage Fees due and payable to the City with respect to the period in question. If Licensee fails to timely furnish to the Commissioner any monthly or annual statement required under this Agreement or if the independent certified public accountant's opinion is qualified or conditioned in any manner, the Commissioner has the right (but is not obligated) without notice, to conduct an audit of Licensee's books and records and to prepare the statements at Licensee's expense. Licensee must also provide the Commissioner with such other

24

financial or statistical reports and information concerning the Licensed Space or any part thereof, in the form as may be reasonably required from time to time by the Commissioner.

6.5 Books, Records and Audits.

A. Except as provided below, Licensee must prepare and maintain at its office full, complete and proper books, records and accounts in accordance with generally accepted accounting procedures relating to and setting forth the Gross Revenues and must require and cause its operations personnel to prepare and keep books, source documents, records and accounts sufficient to substantiate those kept by Licensee. The books and source documents to be kept by Licensee must include true copies of all federal, state and local tax returns filed with respect to Licensee's operation of the License and reports, records of inventories and receipts of Orders, daily receipts from all sales and other pertinent original sales records and records of any other transactions conducted under the License by Licensee and any other persons conducting business under the License. Pertinent original sales records must include the following documents or their auditable electronic equivalents:

- i) cash register tapes, including tapes from temporary registers,
- ii) serially pre numbered sales slips,
- iii) the original records of all mail and telephone orders at and to the Leased Space,
- iv) original records indicating that Products returned by customers was purchased at the Leased Space by the customers,
- v) memorandum receipts or other records of Products taken out on approval,
- vi) detailed original records of any exclusions or deductions from Gross Revenues,
- vii) sales tax records, and
- viii) such other sales records, if any, that would normally be examined by an independent accountant under accepted auditing standards in performing an audit of Tenant's Gross Revenues.

B. Licensee must record at the time of each sale or other transaction all receipts from the sale or other transaction, in a secure, electronic format. The books, records and accounts, including any sales tax reports that Licensee may be required to furnish to any government or governmental agency, must at all reasonable times be open to the inspection (including the making of copies or extracts) of the Commissioner, the Commissioner's auditor or other authorized representative or agent at the Licensee's other offices in Chicago for a period of at least 3 years after the expiration of each calendar year falling wholly or in part within the Term.

C. The acceptance by the Commissioner of payments of any Percentage Fee is without prejudice to the Commissioner's right to conduct an examination of the Licensee's books and records relating to Gross Revenues in order to verify such amounts.

D. After providing Licensee at least three (3) days prior oral or written notice, the Commissioner may

inspect the books and records of Licensee. Further, at its option, the Commissioner may at any reasonable time, upon no less than ten (10) days prior written notice to

25

Licensee cause a complete audit to be made of Licensee's entire records relating to the Services for the period covered by any statement issued by Licensee as above set forth. If the audit discloses that Licensee's statement of Gross Revenues is understated to the extent of:

- i) 3% or more, Licensee must promptly pay the City the cost of the audit in addition to the deficiency (and any interest on the deficiency at the Default Rate), which deficiency is payable in any event; and if
- ii) 5% or more, an Event of Default is considered to have occurred, and in addition to all other remedies available under this Agreement, at law, or in equity (including those set forth in clause (i) above), the Commissioner has the right to terminate this Agreement immediately upon giving notice to Licensee, without any opportunity for Licensee to cure.

In addition to the foregoing, and in addition to all other remedies available to the City, if Licensee or the City's auditor schedules a date for an audit of Licensee's records and Licensee fails to be available or otherwise fails to comply with the reasonable requirements for the audit, Licensee must pay all reasonable costs and expenses associated with the scheduled audit.

ARTICLE 7 INSURANCE, INDEMNITY AND SECURITY

1 Insurance. Licensee must, at its sole expense, procure and maintain at all times during the Term of this Agreement, and during any time period following expiration or termination of this Agreement during which Licensee is holding over or Licensee is required to relinquish the License for any reason whatsoever, the types of insurance specified in Exhibit 8 covering all operations under this Agreement, with insurance companies authorized to do business in the State of Illinois.

2 Indemnification.

A. Except where this indemnity clause would be found to be inoperative or unenforceable under the Construction Contract Indemnification for Negligence Act, 740 ILCS 35/0.01 et seq. ("Anti-Indemnity Act"), Licensee must defend, indemnify, keep and hold harmless the City, its officers, representatives, elected and appointed officials,, agents and employees, from and against any and all Losses.

B. "Losses" means, individually and collectively, liabilities of every kind, including losses, damages, and reasonable costs, payments and expenses (such as, but not limited to, court costs and reasonable attorneys' fees and disbursements), claims, demands, actions, suits, proceedings, judgments or settlements, any or all of which in any way arise out of or relate to the acts or omissions of Licensee, its employees, agents, subtenants, and Subcontractors.

C. At the City Corporation Counsel's option. Licensee must defend all suits brought upon all such Losses and must pay all costs and expenses incidental to them, but the City has the right, at its option, to participate, at its own cost, in the defense of any suit, without relieving Licensee of any of its obligations under this Agreement. Licensee must not make any settlement

without the prior written consent to it by the City Corporation Counsel if the settlement requires any action on the part of the City or in any way involving the Airport.

D. To the extent permissible by law, Licensee waives any limits to the amount of its obligations to indemnify, defend or contribute to any sums due under any Losses, including any limits applicable to a claim by any employee of Licensee that may be subject to the Workers' Compensation Act, 820 ILCS 305/1 et seq or any other related law or judicial decision (such as, Koteckiv. Cyclops Welding Corporation, 146 Ill. 2d 155 (1991)). The waiver, however, does not require Licensee to indemnify the City for the City's own negligence to the extent doing so would violate the Anti-Indemnity Act. The City, however, does not waive any limitations it may have on its liability under the Worker's Compensation Act or under the Illinois Pension Code.

E. The indemnities contained in this section survive expiration or termination of this Agreement, for matters occurring or arising during the Term of this Agreement or as the result of or during the holding over of Licensee beyond the Term. Licensee acknowledges that the requirements set forth in this section to indemnify, keep and save harmless and defend the City are apart from and not limited by the Licensee's duties under this Agreement, including the insurance and Security requirements.

3 Disclaimer by City. Notwithstanding anything in this Agreement to the contrary, City expressly disclaims any and all liability for damage of any caused by performance of the Services except to the extent that such damage is caused by the grossly negligent acts or omissions or willful misconduct of the City or its employees. All liability for damage caused by performance of the Services shall be the responsibility of Licensee, except to the extent that such damage is caused by the grossly negligent acts or omissions or willful misconduct of the City or its employees.

4 Security

A. Form of Security.

- i) Licensee must deliver to the City no later than the earlier to occur of: a) thirty (30) days after the Effective Date or (b) the Go-Live Date, an irrevocable, unconditional sight draft Letter of Credit in favor of the City. The face amount of the Letter of Credit and any replacements or renewals of it must be maintained by Licensee, through and including the date that is 180 days after the expiration of the Term or termination of this Agreement in the amount of \$25,000. The Letter of Credit must be in the form set forth in Exhibit 7 or as otherwise approved by the Corporation Counsel.
- ii) In lieu of the Letter of Credit, Licensee may provide cash or a cashier's check in the same amount for immediate deposit in the City's accounts. The Letter of Credit, cash or cashier's check, as applicable, is referred to in this Agreement as the "Security." The original Letter of Credit, and all replacements of it, must be issued with an expiry date of at least one year after their respective dates of issuance. The Security secures the faithful performance by Licensee of all of Licensee's obligations under this Agreement. The Commissioner is entitled to draw on any such Letter of Credit unless proof of renewal of the Letter of Credit or a replacement

Letter of Credit in form and substance satisfactory to the Comptroller has been furnished to the Commissioner at least 30 days before its expiration date. The City will hold the proceeds as a cash Security to secure the full and faithful performance of Licensee's obligations under this Agreement. The Commissioner is not obligated to pay or credit Licensee with interest on any Security.

- iii) The Commissioner also is entitled to draw on the Letter of Credit in whole or in part upon the occurrence of an Event of Default, in which event the Commissioner is entitled to apply or retain all or any part of the proceeds of it or any cash or other Security deposited by Licensee and held by the City for the payment of

any obligation of Licensee arising before or after the Event of Default.

- iv) The Letter of Credit must provide that the Commissioner may draw upon the Letter of Credit in whole or in part upon the delivery by the Commissioner to the issuer of the Letter of Credit of a demand for payment, purportedly signed by the Commissioner, together with a written statement that the Commissioner is entitled to draw upon the Letter of Credit under the terms of this Agreement. If amounts are drawn upon the Letter of Credit or amounts of a cash Security are applied by the Commissioner in accordance with the terms of this Agreement, Licensee must reinstate the Letter of Credit or cash Security to its full amount required in this Agreement within 5 days following notification by the Commissioner of the City's draw upon the Letter of Credit or use of the cash Security. The rights reserved to the Commissioner or the City under the Letter of Credit or any cash Security are in addition to any rights they may have under this Agreement or under law.

B. Qualified Issuers. The Letter of Credit called for in this Agreement must be issued by companies or financial institutions having a rating of "A" or better as determined by S&P Global Ratings or by Moody's Investors Service, Inc., or a net worth of at least \$500,000,000, and must have an office in Chicago where the Commissioner may draw on the Letter of Credit. The Commissioner also reserves the right to order Licensee to immediately cease performance of some or all of the Services until the Letter of Credit is in place and effective.

C. Right to Require Replacement of Letter of Credit. If the financial condition of any Letter of Credit issuer issuing the Letter of Credit materially and adversely changes, the Commissioner may, at any time, require that the Letter of Credit be replaced with a Letter of Credit from another institution and in accordance with the requirements set forth in this section.

D. No Excuse from Performance. None of the provisions contained in this Agreement nor in the Letter of Credit required under this Agreement excuse Licensee from faithfully performing in accordance with the terms and conditions of this Agreement or limit the liability of Licensee under this Agreement for any and all damages in excess of the amounts of the Letter of Credit.

E. Non-Waiver. Notwithstanding anything to the contrary contained in this Agreement, the failure of the Commissioner to draw upon the Letter of Credit required under this Agreement or to require Licensee to replace the Letter of Credit at any time or times when the Commissioner has the right to do so under this Agreement does not waive or modify the

Commissioner's rights to draw upon the Letter of Credit and to require Licensee to maintain or, as the case may be, replace the Letter of Credit, all as provided in this Section.

ARTICLE 8 DEFAULT, REMEDIES AND TERMINATION

8.1 Events of Default. The following (A) through (N) constitute Events of Default by Licensee under this Agreement. The Commissioner will notify Licensee in writing of any event that the Commissioner believes to be an Event of Default. Licensee will be given an opportunity to cure the Event of Default within a reasonable period of time, as determined by the Commissioner, but not to exceed 30 days after written notice of the Event of Default; provided, that (i) if a provision of this Agreement provides for a different cure period for a particular Event of Default, that different cure period will apply; (ii) if a provision of this Agreement does not allow a right to cure a particular Event of Default, there will be no right to cure; and (iii) if neither (i) or (ii) apply and if the promise, covenant, term, condition or other non-monetary obligation or duty cannot be cured within the time period granted by the Commissioner, but Licensee promptly begins and diligently and continuously proceeds to cure the failure within the time period granted and after that continues

to diligently and continuously proceed to cure the failure, and the failure is reasonably susceptible of cure within 45 days from delivery of the notice. Licensee will have the additional time, not in any event to exceed 45 days, to cure the failure.

A. Any material misrepresentation made by Licensee to the City in the inducement to City to enter this Agreement or in the performance of this Agreement. There is no right to cure this Event of Default.

B. Licensee's failure to make any payment in full when due under this Agreement and failure to cure the default within five days after the City gives written notice of the non-payment to Licensee. In addition. Licensee's failure to make any such payment within five days after the written notice more than three times in any License Year constitutes an Event of Default without the necessity of the City giving notice of the fourth failure to Licensee or allowing Licensee any opportunity to cure it.

C. Licensee's failure to promptly and fully keep, fulfill, comply with, observe, or perform any promise, covenant, term, condition or other non-monetary obligation or duty of Licensee contained in this Agreement.

D. Licensee's failure to promptly and fully perform any obligation or duty, or to comply with any restriction of Licensee contained in this Agreement concerning Transfer or Change in Ownership, whether directly or indirectly, of Licensee's rights or interests in this Agreement or of the ownership of Licensee.

E. Licensee's failure to provide or maintain the insurance coverage required under this Agreement (including any material non-compliance with the requirements) and the failure to cure the Event of Default within two days following oral or written notice from the Commissioner; or, if the noncompliance is non-material, the failure to cure the Event of Default within 20 days after the Commissioner gives written notice. The Commissioner, in the Commissioner's sole discretion, will determine if noncompliance is material.

29

F. Licensee's failure to provide Services at all times Licensee is required to do so under this Agreement.

G. An Event of Default by Licensee or any Affiliate under any other agreement it may presently have or may enter into with the City during the Term of this Agreement and failure to cure the default within any applicable cure period.

H. Licensee or Guarantor, if any, does any of the following and the action affects Licensee's ability to carry out the terms of this Agreement:

- i) becomes insolvent, as the term is defined under Section 101 of the Bankruptcy Code as amended from time to time; or
- ii) fails to pay its debts generally as they mature; or
- iii) seeks the benefit of any present or future federal, state or foreign insolvency statute; or
- iv) makes a general assignment for the benefit of creditors, or
- v) files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Bankruptcy Code or under any other law or statute of the United States or of any State or any foreign jurisdiction; or
- vi) consents to the appointment of a receiver, trustee, custodian, liquidator or other similar official, of all or substantially all of its property.

I. An order for relief is entered by or against Licensee or Guarantor (if any) under any chapter of the Bankruptcy Code or similar law in any foreign jurisdiction and is not stayed or

Chapter 11 of the Bankruptcy Code or similar law in any foreign jurisdiction and is not stayed or vacated within 60 days following its issuance.

J. Licensee is dissolved.

K. A violation of law that results in a guilty plea, a plea of nolo contendere, guilty finding, or conviction of a criminal offense, by Licensee, or any of its directors, officers, partners or key management employees directly or indirectly relating to this Agreement, and that may threaten, in the sole judgment of Commissioner, Licensee's performance of this Agreement in accordance with its terms.

L. Any failure to perform, act, event or omission that is specifically identified as an Event of Default elsewhere in this Agreement.

s, 8.2 Remedies.

A. If an Event of Default occurs and is not cured by Licensee in the time allowed, in addition to any other remedies provided for in this Agreement, including the remedy of Self-help as provided in Section 9.3, the City through the Commissioner or other appropriate City official may exercise any or all of the following remedies; Terminate this Agreement with respect to all or a portion of the Services and exclude Licensee from any part of the Terminal affected by the termination. If the Commissioner elects to terminate this Agreement, the Commissioner may, at the Commissioner's sole option, serve notice upon Licensee that this Agreement ceases and expires and becomes absolutely void with respect to the License or that part identified in the notice on the

30

date specified in the notice, to be no less than five days after the date of the notice, without any right on the part of Licensee after that to save the forfeiture by payment of any sum due or by the performance of any term, provision, covenant, agreement or condition broken. At the expiration of the time limit in the notice, this Agreement and the Term of this Agreement, as well as the right, title and interest of Licensee under this Agreement, wholly ceases and expires and becomes void with respect to the Services identified in such notice in the same manner and with the same force and effect (except as to Licensee's liability) as if the date fixed in the notice were the date in this Agreement stated for expiration of the Term with respect to the Services identified in such notice.

B. Recover all Fees, including Additional Fees and any other amounts due that have accrued and are then due and payable and also all damages available at law or under this Agreement. If the Agreement is terminated, whether in its entirety or with respect to a part of the Services, the damages will include damages for the balance of the scheduled Term, based upon any and all amounts that Licensee would have been obligated to pay for the balance of the Term with respect to the Services, or if this Agreement is terminated with respect to a portion of the Services, that portion of the Services affected by the termination, calculated as provided in this Agreement or, if not fixed, as reasonably estimated and prorated among the various portions of the Services. In determining the amount of damages for the period after termination, the Commissioner may make the determination based upon the sum of any future payments that would have been due to the City, for the full License Year immediately before the Event of Default. All amounts that would have been due and payable after termination for the balance of the Term with respect to all or a portion of the Services must be discounted to present value at the Default Rate existing as of the date of termination. The Commissioner may declare all amounts to be immediately due and payable.

C. Seek and obtain specific performance, a temporary restraining order or an injunction, or any other appropriate equitable remedy.

D. Seek and obtain money damages; including special, exemplary, incidental and consequential damages.

E. Deem Licensee and Affiliates non-responsible in future contracts or concessions to be awarded by the

City.

F. Declare Licensee and Affiliates in default under any other existing contracts or agreements they might have with the City and to exercise any remedies available under those other contracts or agreements.

G. Accept the assignment of any and all Subcontracts between Licensee and any design and construction Subcontractors.

Ff. require Licensee to terminate a Subcontractor that is causing breaches of this Agreement.

8.3 Effect of Default and Remedies

A. The City's waiver of any one right or remedy provided in this Agreement does not constitute a waiver of any other right or remedy then or later available to the City under this Agreement or otherwise. A failure by the City or the Commissioner to take any action with respect

to any Event of Default or violation of any of the terms, covenants or conditions of this Agreement by Licensee will not in any respect limit, prejudice, diminish or constitute a waiver of any rights of the City to act with respect to any prior, contemporaneous or later violation or Event of Default or with respect to any continuation or repetition of the original violation or Event of Default. The acceptance by the City of payment for any period or periods after an Event of Default or violation of any of the terms, conditions and covenants of this Agreement does not constitute a waiver or diminution of, nor create any limitation upon any right of the City under this Agreement to terminate this Agreement for subsequent violation or Event of Default, or for continuation or repetition of the original violation or Event of Default. Licensee has no claim of any kind against the City by reason of the City's exercise of any of its rights as set forth in this Agreement or by reason of any act incidental or related to the exercise of rights.

B. All rights and remedies of the City under this Agreement are separate and cumulative, and none excludes any other right or remedy of the City set forth in this Agreement or allowed by law or in equity. No termination of this Agreement or the taking or recovery of the Licensed Space deprives the City of any of its remedies against Licensee for Fees, including Additional Fees or other amounts due or for damages for the Licensee's breach of this Agreement. Every right and remedy of the City under this Agreement survives the expiration of the Term or the termination of this Agreement.

ARTICLE 9 SPECIAL CONDITIONS

9.1 Warranties and Representations. In connection with the execution of this Agreement, Licensee warrants and represents statements (A) through (K) below are true as of the Effective Date. If during the Term there is any change in circumstances that would cause a statement to be untrue, Licensee must promptly notify the Commissioner in writing. Failure to do so will constitute an Event of Default. Licensee must incorporate all of the provisions set forth in this Section 9.1 in all Subcontracts entered into with any suppliers of materials, furnishers of services. Subcontractors, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any materials, labor or services in connection with this Agreement, such that the parties warrant, represent and covenant to Licensee as to the matters set forth in this Section. Licensee must cause its Subcontractors to execute those affidavits and certificates that may be necessary in furtherance of these provisions. The certifications must be attached and incorporated by reference in the applicable agreements. If any Subcontractor is a partnership or joint venture. Licensee must also include provisions in its Subcontract ensuring that the entities comprising the partnership or joint venture are jointly and severally liable for its obligations under it.

A. Licensee is financially solvent; Licensee holds itself to very high standards of quality and professionalism; Licensee and each of its employees and agents are competent to perform as required under this Agreement; this Agreement is feasible of performance by Licensee in accordance with all of its provisions and requirements; Licensee has the full power and is legally authorized to perform or cause to be performed its obligations under this Agreement under the

32

terms and conditions stated in this Agreement; and Licensee can and will perform, or cause to be performed, all of its obligations under this Agreement in accordance with the provisions and requirements of this Agreement

B. Licensee is qualified to do business in the State of Illinois; and Licensee has a valid current business privilege license to do business in the State of Illinois and the City of Chicago, if required by applicable law.

C. The person signing this Agreement on behalf of Licensee has been duly authorized to do so by Licensee; all approvals or consents necessary in order for Licensee to execute and deliver this Agreement have been obtained; and neither the execution and delivery of this Agreement, the consummation of the transactions contemplated, nor the fulfillment of or compliance with the terms and conditions of this Agreement:

- i) conflict with or result in a breach, default or violations of: Licensee's organizational documents; any law, regulation, ordinance, court order, injunction, or decree of any court, administrative agency or governmental body, or any lease or permit; or any of the terms, conditions or provisions of any restriction or any agreement or other instrument to which Licensee is now a party or by which it is bound; or
- ii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Licensee under the terms of any instrument or agreement.

D. There is no litigation, claim, investigation, challenge or other proceeding now pending or, to Licensee's knowledge after due and complete investigation, threatened, challenging the existence or powers of Licensee, or in any way affecting its ability to execute or perform under this Agreement or in any way having a material adverse effect on the operations, properties, business or finances of Licensee.

E. This Agreement constitutes the legal, valid and binding obligation of Licensee, enforceable against Licensee in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium and other laws affecting creditors' rights and remedies generally and by the application of equitable principles.

F. No officer, agent or employee of the City is employed by Licensee or has a financial interest directly or indirectly in this Agreement, a Subcontract under it, or the compensation to be paid under it except as may be permitted in writing by the Board of Ethics established under Chapter 2-156 of the Municipal Code and as may otherwise be permitted by law.

G. Licensee has not and will not knowingly used the services of any person or entity for any purpose in its performance under this Agreement, when such person or entity is ineligible to perform services under this Agreement or in connection with it, as a result of any local, state or federal law, rule or regulation, or when such person or entity has an interest that would conflict the performance of services under this Agreement.

H. There was no broker instrumental in consummating this Agreement and no conversations or prior negotiations were had with any broker concerning the rights granted in this Agreement with respect to the License. Licensee shall hold the City harmless against any claims

33

for brokerage commission arising out of any conversations or negotiations had by Licensee with any broker.

I. Neither Licensee nor any Affiliate of Licensee is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U. S. Department of Commerce or their successors, or on any other list of persons with which the City may not do business under applicable law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, and Entity List, and the Debarred List.

J. Licensee, and to the best of Licensee's knowledge, its Affiliates, Subcontractors, any of their respective owners holding 7.5% or more beneficial ownership interest, and any of Licensee's directors, officers, members, or partners:

- i) currently have no interest, directly or indirectly, that conflicts in any manner or degree with Licensee's performance under this Agreement and will not at any time during the Term have any interest nor acquire any interest, directly or indirectly, that conflicts or would or may conflict in any manner or degree with Licensee's performance under this Agreement;
- ii) have no outstanding parking violation complaints or debts, as the terms are defined in Section 2-92-380 of the Municipal Code (with the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding) and agrees that, for the Term, they will promptly pay any debts, outstanding parking violation complaints or monetary obligations to the City that may arise during the Term, with the exception of any debt or obligation that is being contested in a pending administrative or judicial proceeding;
- iii) are not in default under any other City contract or agreement as of the Effective Date, nor have been deemed by the City to have been in default of any other City contract or agreement within five years immediately preceding the Effective Date;
- iv) are not in violation of the provisions of § 2-92-320 of the Municipal Code pertaining to certain criminal convictions or admissions of guilt and are not currently debarred or suspended from contracting by any Federal, State or local governmental agency;
- v) are not delinquent in the payment of any taxes due to the City; and
- vi) will not make use of the License in any manner that might interfere with the landing and taking off of aircraft at the Airport under current or future conditions or that might otherwise constitute a hazard to the operations of the Airport or to the public generally.

K. Except only for those representations, statements, or promises expressly contained in this Agreement, including any exhibits attached to this Agreement and incorporated by reference in this Agreement, no representation, warranty of fitness, statement or promise, oral or in writing, or of any kind whatsoever, by the City, its officials, agents, or employees, has induced Licensee to enter into this Agreement or has been relied upon by Licensee, including any with reference to:

34

- i) the meaning, correctness, suitability or completeness of any provisions or requirements of this Agreement;
- ii) the nature of the License;

- iii) the nature, quantity, quality or volume of any materials, equipment, labor and other facilities, needed for the performance of this Agreement;
- iv) the general conditions that may in any way affect this Agreement or its performance;
- v) the compensation provisions of this Agreement; or
- vi) any other matters, whether similar to or different from those referred to in clauses (i) through (iv) immediately above, affecting or having any connection with this Agreement, the negotiation of this Agreement, any discussions of this Agreement, the performance of this Agreement or those employed in connection with it.

9.2 Business Documents, Disclosure of Ownership Interests and Maintenance of Existence.

A. Licensee must provide evidence of its authority to do business in the State of Illinois including, certifications of good standing from the Office of the Secretary of State of Illinois, and appropriate resolutions or other evidence of the authority of the persons executing this Agreement on behalf of Licensee.

B. Licensee has provided the Commissioner with an Economic Disclosure Statement and Affidavit ("EDS") for itself and EDSs for all entities with an ownership interest of 7.5 percent or more in Licensee, copies of which have been scanned for viewing on the City's website. Upon request by the Commissioner, Licensee must further cause its Subcontractors, sublicensees and proposed Transferees (and their respective 7.5 percent owners) to submit an EDS to the Commissioner. Licensee must provide the Commissioner, upon request, a "no change" affidavit if the information in the EDS(s) previously supplied remains accurate, or revised and accurate EDS(s) if the information contained in the EDS(s) has changed. In addition, Licensee must provide the City revised and accurate EDS(s) within 30 days of any event or change in circumstance that renders the EDS(s) inaccurate. Failure to maintain accurate EDS(s) on file with the City is an Event of Default.

3 Licenses and Permits. Licensee must in a timely manner consistent with its obligations under this Agreement, secure and maintain, or cause to be secured and maintained at its expense, the permits, licenses, authorizations and approvals as are necessary under federal, state or local law for Licensee and any Subcontractors: to perform the Services; operate and use the License; and otherwise to comply with the terms of this Agreement and the privileges granted under this Agreement. Licensee must promptly provide copies of any required licenses and permits to the Commissioner and to the Concession Management Representative.

4 Subcontracts and Assignments.

A. The City expressly reserves the right to assign or otherwise transfer all or any part of its interest under this Agreement, at any time and to any third party. Upon assignment to any

successor or assignee of the City's right, title and interest in and to the Airport, the City is forever relieved, from and after the date of the assignment, of any and all obligations arising under or out of this Agreement, to the extent the obligations are assumed by the successor or assignee.

B. Limits on Licensee's transfers and changes in ownership:

- i) Licensee may not sell, assign, sublease, sublicense, convey, pledge, encumber or otherwise transfer (individually and collectively, "Transfer") all or any part of its rights or interests in or to this Agreement, the License, the Term, or otherwise permit any third party to use the Licensed, without prior consent of the City, which consent may be given or denied in the City's sole and absolute discretion. Transfers involving

all of Licensee's interest in this Agreement require approval of the City Council. Transfers of less than all of Licensee's interest in this Agreement require approval of the Commissioner. Consent by the City to any Transfer does not relieve Licensee from the requirement of obtaining consent from the City for any subsequent Transfer. Transfers that have the effect of granting a third party a security interest in this Agreement are strictly prohibited and, if entered into by Licensee, are an Event of Default.

ii) Except as otherwise provided below, any transaction involving a change of any ownership interest in Licensee, whether to an Affiliate, subsidiary or otherwise, or the transfer of an interest in any holder of a direct or indirect ownership interest in Licensee, or any merger or consolidation of Licensee (individually and collectively, "Change in Ownership"), is subject to the consent of:

- a. City Council, in its sole discretion, if the Change in Ownership involves a 100% Change in Ownership of Licensee, or
- b. the Commissioner, in the Commissioner's reasonable discretion, if the Change in Ownership involves less than a 100% Change in Ownership of Licensee.

For the avoidance of doubt, any change in the allocation of ownership percentages of a joint venture constitutes a Change in Ownership.

iii) If Licensee (or, if Licensee is a joint venture or other entity comprised of other entities, any of the entities comprising Licensee) is a corporation whose shares are traded at arms-length on a public exchange, any Change in Ownership involving 5% or more of the shares of Licensee's (or if Licensee is a joint venture or other entity comprised of other entities, of any of the entities comprising Licensee) stock is subject to the City's consent as set forth above. In that event, Licensee must provide the City with such prior notice of a Change in Ownership as is not prohibited by law or by a confidentiality agreement executed in connection with the proposed Change in Ownership. If such prior notice is not permitted, then Licensee must notify the City as soon as possible after the Change in Ownership to obtain the City's consent to the Change in Ownership, which consent the City may grant or deny in its sole discretion. If Licensee (or if Licensee is a joint venture or other entity comprised of other entities, of any of the entities comprising Licensee)

36

is a publicly traded corporation, a Change in Ownership of less than 5% does not require consent as set forth in (ii) above unless a series of such transactions results in a cumulative Change in Ownership of 5% or more.

iv) Consent by the City to any Change in Ownership does not relieve Licensee (or if Licensee is a joint venture, any of the entities comprising Licensee) from the requirement of obtaining consent from the City for any subsequent Change in Ownership.

v) Any Transfer or Change in Ownership made without the City's prior consent is an Event of Default subject to all remedies, including termination of this Agreement at the City's option, and does not relieve Licensee of any of its obligations under this Agreement for the balance of the Term. This section applies to prohibit a Transfer, such as an assignment by a receiver or trustee in any federal or state bankruptcy, insolvency or other proceedings or by operation of law. Under no circumstances will any failure by the Commissioner to act on or submit any request by Licensee or to take any other action as provided in this Agreement be deemed or construed to constitute consent to the Licensee's request by the Commissioner or by the City Council. If the City is found to have breached its obligations under this Section, then Licensee's sole remedy is to terminate this Agreement without liability to either the City or Licensee.

vi) Notwithstanding any permitted Transfer by Licensee of any rights under this Agreement, Licensee remains fully liable for all payments due to the City under this Agreement and for the performance of all other obligations

under this Agreement. In the event of a permitted Transfer of the License or Transfer of all or any portion of the Term, where the fees payable to Licensee exceed the Fees or pro rata portion of the Fees under this Agreement, as the case may be, for the License or Term, Licensee must pay the City monthly, as Additional Fees, at the same time as the monthly installments of other Fees under this Agreement that are payable in monthly installments, the excess of the fees payable to Licensee pursuant to the Transfer over the Fees payable to the City under this Agreement.

- vii) Any or all of the requests by Licensee for consents under this Section must be made in writing and provided to the Commissioner (a) at least 60 days prior to the proposed Transfer or Change in Ownership if the Commissioner's consent is required; and (b) at least 120 days prior to a proposed Transfer or Change in Ownership if the City Council's consent is required, unless the City determines that more time is required. All requests for consent must include copies of the proposed documents of Transfer or Change in Ownership, evidence of the financial condition, reputation and business experience of the proposed transferee, completed Economic Disclosure Statements and Affidavits for all involved parties in the form then required by the City, and such other documents as the City may reasonably require to evaluate the proposed Transfer or Change in Ownership. All documents of Transfer or Change in Ownership must completely disclose any and all monetary considerations payable to Licensee in connection with the Transfer or

37

Change in Ownership. Consent to a Transfer or Change in Ownership proposed under this Agreement is in the sole discretion of the City and, as a condition of the consent, the City may require a written acknowledgment from Licensee that, notwithstanding the proposed Transfer or Change in Ownership, Licensee remains fully and completely liable for all obligations of Licensee under this Agreement; however, Licensee shall remain so liable regardless of whether or not the City requests a written acknowledgement.

- viii) If any Transfer or Change in Ownership under this Agreement occurs, whether or not prohibited by this section, the Commissioner may collect the Fees payable under this Agreement from any transferee of Licensee and in that event will apply the net amount collected to the amounts payable by Licensee under this Agreement without, by doing so, releasing Licensee from this Agreement or any of its obligations under this Agreement. If any Transfer or Change in Ownership occurs without the consent of the City and the City collects compensation from any transferee of Licensee and applies the net amount collected in the manner described in the preceding sentence, the actions by the City are not deemed to be waiver of the covenant contained in this section and do not constitute acceptance of the transferee by the City.
- ix) All reasonable costs and expenses incurred by the City in connection with any prohibited or permitted Transfer or Change in Ownership must be borne by Licensee and are payable to the City as Additional Fees.
- C. The provisions of this Agreement, to the extent applicable, are deemed a part of any sublease or contract between Licensee and a Subcontractor.
- D. Assignment of Sublicenses and Subcontracts.
- i) Licensee shall assign to the City all of Licensee's right, title and interest in and to each and every permitted sublicense and each and every Subcontract with a design and construction Subcontractor, now or later executed by Licensee in connection with the License. In connection with the assignment, Licensee must deliver all originally executed Subcontracts to the Commissioner. Any such assignment will become operative and effective*only when and if the City accepts the assignment by giving written notice to Licensee and:
- a. either this Agreement and the Term of this Agreement or Licensee's right to possession under this Agreement are terminated pursuant to Article 9; or

possession under this Agreement are terminated pursuant to Article 9; or

b. in the event of the issuance and execution of a dispossess warrant or of any - other re-entry or repossession by the City under the provisions of this Agreement; or

c. if an Event of Default exists.

ii) At the time, if any, that the assignment becomes effective as provided above, the subtenants or Subcontractors will be deemed to have waived all claims, suits, and causes of action against the City arising out of or relating to the period before the

38

effective date of the assignment. Further, in no instance will the City be responsible for any claims by a subtenant or Subcontractor arising from or related to any fraud, misrepresentation, negligence or willful or intentionally tortious conduct by Licensee, its officials, employees, or agents.

9.5 Compliance with Laws. Licensee must at all times observe and comply with all applicable laws, statutes, ordinances, rules, regulations, court orders and executive or administrative orders and directives of the federal, state and local government, now existing or later in effect (whether or not the law also requires compliance by other parties), including the Americans with Disabilities Act and Environmental Laws, that may in any manner affect the performance of this Agreement (collectively, "Laws"), and must not use the Licensed Space, or allow the Licensed Space to be used, in violation of any Laws or in any manner that would impose liability on the City or Licensee under any Laws. Licensee must notify the City within seven days of receiving notice from a competent governmental authority that Licensee or any of its Subcontractors may have violated any Laws. Provisions required by any Law to be inserted in this Agreement are deemed inserted in this Agreement whether or not they appear in this Agreement or, upon application by either party, this Agreement will be amended to make the insertion; however, in no event will the failure to insert the provisions before or after this Agreement is signed prevent its enforcement. Without limiting the foregoing, Licensee covenants that it will comply with all Laws, including but not limited to the following:

A. In connection with Section 2-92-320 of the Municipal Code, Licensee has executed an Economic Disclosure Statement and Affidavit which is attached to this Agreement as Exhibit 15 and which contains a certification as required under the Illinois Criminal Code, 720 ILCS 5/33E, and under the Illinois Municipal Code, 65 ILCS 5/8-10-1 et seq. Ineligibility under Section 2-92-320 of the Municipal Code continues for 3 years following any conviction or admission of a violation of Section 2-92-320. For purposes of Section 2-92-320, when an official, agent or employee of a business entity has committed any offense under the section on behalf of such an entity and under the direction or authorization of a responsible official of the entity, the business entity is chargeable with the conduct. If, after Licensee enters into a contractual relationship with a Subcontractor, it is determined that the contractual relationship is in violation of this subsection, Licensee must immediately cease to use the Subcontractor. All Subcontracts must provide that Licensee is entitled to recover all payments made by it to the Subcontractor if, before or subsequent to the beginning of the contractual relationship, the use of the Subcontractor would be violative of this subsection.

B. It is the duty of Licensee and all officers, directors, agents, partners, and employees of Licensee to cooperate with the Inspector General and the Legislative Inspector General of the City in any investigation or hearing undertaken under Chapter 2-56 or Chapter 2-55 of the Municipal Code, respectively. Licensee understands and will abide by all provisions of Chapters 2-55 and 2-56 of the Municipal Code. Licensee must inform all Subcontractors of this provision and require under each Subcontract compliance herewith by each Subcontractor as to each such Subcontractor and all of its officers, directors, agents, partners and employees.

C. Licensee must not use or allow the License to be used for the release, storage, use, treatment, disposal or other handling of any hazardous substance, as defined in any Environmental

39

Laws, except in full compliance with all Environmental Laws. Licensee must not use or allow the Licensed Space to be used for the storage of any such hazardous substances except small amounts of cleaning fluids, business equipment materials (such as copy machine toner) and other small amounts of such hazardous substances customarily handled or used in connection with the Concession operations, all of which must be stored and used in compliance with all applicable Environmental Laws. Upon the expiration or termination of this Agreement, Licensee must surrender the License to the City free from the presence and contamination of any hazardous substances.

D. In accordance with Section 11-4-1600(e) of the Municipal Code of Chicago, Licensee warrants and represents that it, and to the best of its knowledge, its Subcontractors have not violated and are not in violation of the following sections of the Municipal Code (collectively, the "Waste Sections"):

- 7-28-390 Dumping on public way-Violation-Penalty;
- 7-28-440 Dumping on real estate without permit;
- 11-4-1410 Disposal in waters prohibited;
- 11-4-1420 Ballast tank, bilge tank or other discharge;
- 11 -4-1450 Gas manufacturing residue;
- 11-4-1500 Treatment and disposal of solid or liquid waste;
- 11-4-1530 Compliance with rules and regulations required;
- 11-4-1550 Operational requirements;
- 11-4-1560 Screening requirements; and

any other sections listed in Section 11-4-1600(e), as it may be amended from time to time.

During the period while this Agreement is executory, Licensee's or any Subcontractor's violation of the Waste Sections, whether or not relating to the performance of this Agreement, constitutes a breach of and an Event of Default under this Agreement, for which the opportunity to cure, if curable, will be granted only at the sole designation of the Commissioner. Such breach and Event of Default entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit the Licensee's and its Subcontractors' duty to comply with all Environmental Laws, in effect now or later, and whether or not they appear in this Agreement. Non-compliance with these terms and conditions may be used by the City as grounds for the termination of this Agreement and may further affect the Licensee's eligibility for future City agreements.

E. Section 2-92-586 of the Municipal Code: The City encourages Licensee to use contractors and subcontractors that are firms owned or operated by individuals with disabilities, as defined by section 2-92-586 of the Municipal Code of the City of Chicago, where not otherwise prohibited by federal or state law.

F. Prohibition on Certain Contributions (Mayoral Executive Order No. 2011 -4):

40

1. Licensee agrees that Licensee, any person or entity who directly or indirectly has an ownership or beneficial interest in Licensee of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, Licensee's Subcontractors, any person or entity who directly or indirectly has an ownership or beneficial interest in any Subcontractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (Licensee and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fund-raising committee (i) after execution of this bid, proposal or Agreement by Licensee, (ii) while this Agreement or any Other Contract is executory, (iii) during the term of this Agreement or any Other Contract between Licensee and the City, or (iv) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated.
2. Licensee represents and warrants that since the date of public advertisement of the specification, request for qualifications, request for proposals or request for information (or any combination of those requests) or, if not competitively procured, from the date the City approached the Licensee or the date the Licensee approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fund-raising committee.
3. Licensee agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fund-raising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fund-raising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fund-raising committee.
4. Licensee agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 05-1 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.
5. Licensee agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.
6. If Licensee violates this provision or Mayoral Executive Order No. 201 1-4 prior to award of the Agreement resulting from this specification, the Chief Procurement Officer may reject Licensee's bid.

41

7. For purposes of this provision:

"Bundle" means to collect contributions from more than one source which are then delivered by one person to the Mayor or to his political fund-raising committee.

"Other Contract" means any other agreement with the City of Chicago to which Licensee is a party that is (i) formed under the authority of chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the city council.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of

Contribution means a political contribution as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

- 1 (a) they are each other's sole domestic partner, responsible for each other's common welfare; and
- b) neither party is married; and
- c) the partners are not related by blood closer than would bar marriage in the State of Illinois; and
- d) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- e) two of the following four conditions exist for the partners:
 - i) The partners have been residing together for at least 12 months.
 - ii) The partners have common or joint ownership of a residence.
 - iii) The partners have at least two of the following arrangements:
 - a. joint ownership of a motor vehicle;
 - b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
 - iv) Each partner identifies the other partner as a primary beneficiary in a will.

"Political fund-raising committee" means a "political fund-raising committee" as defined in Chapter 2-156 of the Municipal code of Chicago, as amended.

G. Licensee covenants that no payment, gratuity or offer of employment must be made in connection with this Agreement by or on behalf of any Subcontractors or higher tier Subcontractors or anyone associated with them as an inducement for the award of a Subcontract or order; and Licensee further acknowledges that any agreement entered into, negotiated or performed in violation of any of the provisions of Chapter 2-156 of the Municipal Code is voidable as to the City.

H. Pursuant to section 2-156-030(b) of the Municipal Code, it is illegal for any elected official of the city, or any person acting at the direction of such official, to contact, either orally or in writing, any other city official or employee with respect to any matter involving any person with whom the elected official has a business relationship, or to participate in any discussion in any city council committee hearing or in any city council meeting or to vote on any matter involving the person with whom an elected official has a business relationship. Violation of §2-156-030(b) by any elected official with respect to this Agreement is grounds for termination of this Agreement. Section 2-156-080 defines a "business relationship" as any contractual or other private business dealing of an official, or his or her spouse, or of any entity in which an official or his or her spouse has a financial interest, with a person or entity which entitles an official to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however,

a financial interest will not include: (1) any ownership through purchase at fair market value or inheritance of less than one percent of the share of a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation paid to an official or employee for his office or employment; (3) any economic benefit provided equally to all residents of the city; (4) a time or demand deposit in a financial institution; or (5) an endowment or insurance policy or annuity contract purchased from an insurance company. A "contractual or other private business dealing" will not include any employment relationship of an official's spouse with an entity when such spouse has no discretion concerning or input relating to the relationship between that entity and the city.

I. Visual Rights Act.

i) The Licensee will cause any artist who creates artwork for the License to waive any and all rights in the artwork that may be granted or conferred on any work of visual art (the "Artwork") under Section 106A and Section 113 of the United States Copyright Act, (17 U.S.C. § 101 et seq.) (the "Copyright Act"). The waiver must include, but is not limited to, the right to prevent the removal, storage, relocation, reinstallation, or transfer of the Artwork. The Licensee acknowledges and will cause the artist to acknowledge that such removal, storage, relocation, reinstallation or transfer of the Artwork may result in the destruction, distortion, mutilation or other modification of the Artwork. Further, the Licensee acknowledges and consents and will cause the artist to acknowledge and consent that the Artwork may be incorporated or made part of a building or other structure in such a way that removing, storing, relocating, reinstalling or transferring the Artwork will cause the destruction, distortion, mutilation or other modification of the Artwork.

ii) The Licensee represents and warrants that it will obtain a waiver of Section 106A and Section 113 of the Copyright Act as necessary from any employees and subcontractors, or any other artists. Licensee must provide City with copies of any such waivers required by Section 106A and Section 113 of the Copyright Act prior to installation of any Artwork in the Licensed Space.

9.6 Airport Security.

A. This Agreement is expressly subject to the airport security requirements of Title 49 of the United States Code, Chapter 449, as amended ("Airport Security Laws"), the provisions of which govern airport security and are incorporated by reference, including the rules and

43

regulations promulgated under it. Licensee is subject to, and further must conduct with respect to its Subcontractors and the respective employees of each, such employment investigations, including criminal history record checks, as the Commissioner, the TSA or the FAA may deem necessary. Further, in the event of any threat to civil aviation, as defined in the Airport Security Laws, Licensee must promptly report any information in accordance with those regulations promulgated by the United States Department of Transportation, the TSA and by the City. Licensee must, notwithstanding anything contained in this Agreement to the contrary, at no additional cost to the City, perform under this Agreement in compliance with those guidelines developed by the City, the TSA and the FAA with the objective of maximum-security enhancement. The drawings, plans, and specifications provided by Licensee under this Agreement must comply with those guidelines for airport security developed by the City, the TSA and the FAA and in effect at the time of their submission.

B. Further, Licensee must comply with, and require compliance by its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees, with all present and future laws, rules, regulations, or ordinances promulgated by the City, the TSA or the FAA, or other governmental agencies to protect the security and integrity of the Airport, and to protect against access by unauthorized persons. Subject to the approval of the TSA, the FAA and the Commissioner, Licensee must adopt procedures to control and limit access to the Airport and by Licensee and its Subcontractors, suppliers of materials and furnishers of services, employees, and business invitees in accordance

with all present and future City, TSA and FAA laws, rules, regulations, and ordinances. At all times during the Term, Licensee must have in place and in operation a security program for the Terminals that complies with all applicable laws and regulations.

C. In connection with the implementation of its security program, Licensee may receive, gain access to or otherwise obtain certain knowledge and information related to the City's overall Airport security program. Licensee acknowledges that all such knowledge and information is of a highly confidential nature. Licensee covenants that no person will be permitted to gain access to such knowledge and information, unless the person has been approved by the Commissioner in advance in writing. Licensee further must indemnify, hold harmless and defend the City and other users of the Airport from and against any and all claims, reasonable costs, reasonable expenses, damages and liabilities, including all reasonable attorney's fees and costs, resulting directly or indirectly from the breach of Licensee's covenants and agreements as set forth in this section.

D. Licensee understands that fines and/or penalties may be assessed by the TSA or FAA for Licensee's noncompliance with the provisions of 49 CFR Parts 1540 and 1542 entitled "Airport Security" or by other agencies for noncompliance with regulations applicable to Licensee's operations. In the event the City shall be subject to any fine or penalty by reason of any violation at the Airport of any such rule, regulation or standard, the Commissioner may conduct an investigation and make a determination as to the identity of the party responsible for the violation. If it is determined by the Commissioner that Licensee, or any party for which Licensee is liable under this Agreement, is responsible for, all or part of the fine or penalty, the Licensee shall pay said amount of the fine or penalty as Additional Fees.

44

E. Except for authorized members of the Chicago Police Department and State and Federal Law Enforcement officers, no one is permitted to carry a firearm or any other weapon on or into any building, real property, or parking area under the control of O'Hare or Midway International Airports. Under 430 ILCS 66 (the "Illinois Concealed Carry Act"), a license to carry a concealed firearm does NOT entitle the licensee to carry a firearm on or into any building, real property, or parking area under the control of an airport and doing so is a violation of the Concealed Carry Act and other laws, rules, and regulations. Violation of the Illinois Concealed Carry Act and carrying a firearm or other weapons on or into any building, real property, or parking area under the control of O'Hare or Midway Airports may result in severe penalties, including but not limited to imprisonment and permanent revocation of the violator's access to restricted areas of O'Hare and Midway International Airports.

9.7 Non-Discrimination.

A. Licensee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration of this Agreement, covenants that: (i) no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in the use of the Licensed Space; (ii) in the furnishing of services or under the License and the furnishing of services in them, no person on the grounds of race, color, or national origin will be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination; (iii) Licensee will use the Licensed in compliance with all other requirements imposed by or under 49 C.F.R. Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as those regulations may be amended; and (iv) Licensee shall operate the Services on a fair, equal, and not illegally discriminatory basis to all users of it, and shall charge fair, reasonable, and nondiscriminatory prices for the Services (but Licensee is allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.) In addition, Licensee assures that it will comply with all other pertinent statutes, Executive Orders and the rules as are promulgated to assure that no person will, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefitting from federal assistance.

B. It is an unlawful practice for Licensee to, and Licensee must at no time: (i) fail or refuse to hire, or discharge, any individual or discriminate against the individual with respect to his or her compensation, or the terms, conditions, or privileges of his or her employment, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (ii) limit, segregate, or classify its employees or applicants for employment in any way

handicap or national origin; or (ii) limit, segregate, or classify its employees or applicants for employment in any way that would deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee, because of the individual's race, creed, color, religion, sex, age, handicap or national origin; or (iii) in the exercise of the privileges granted in this Agreement, discriminate or permit discrimination in any manner, including the use of the Licensed Space, against any person or group of persons because of race, creed, color, religion, national origin, age, handicap, sex or ancestry. Licensee must post in conspicuous places to which its employees or applicants for employment have access, notices setting forth the provisions of this non-discrimination clause.

45

C. Licensee must comply with the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq. (1981), as amended, and to the extent required by the law, must undertake, implement and operate an affirmative action program in compliance with the rules and regulations of the Federal Equal Employment Opportunity Commission and the Office of Federal Contract Compliance, including 14 CFR Part 152, Subpart E. Attention is called to: Exec. Order No. 11,246, 30 Fed. Reg. 12,319 (1965), reprinted in 42 U.S.C. § 2000e note, as amended by Exec. Order No. 11,375, 32 Fed. Reg. 14,303 (1967) and by Exec. Order No. 12,086, 43 Fed. Reg. 46,501 (1978); Age Discrimination Act, 42 U.S.C. §§ 6101-06 (1981); Rehabilitation Act of 1973, 29 U.S.C. §§ 793-94 (1981); Americans with Disabilities Act, 42 U.S.C. § 12101 and 41 CFR Part 60 et seq. (1990) and 49 CFR Part 21, as amended (the "ADA"); and all other applicable federal statutes, regulations and other laws.

D. Licensee must comply with the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. as amended and any rules and regulations promulgated in accordance with it, including the Equal Employment Opportunity Clause, 5 111. Admin. Code §750 Appendix A. Furthermore, Licensee must comply with the Public Works Employment Discrimination Act, 775 ILCS 10/0.01 et seq., as amended, and all other applicable state statutes, regulations and other laws.

E. Licensee must comply with the Chicago Human Rights Ordinance, sec. 2-160-010 et seq. of the Municipal Code, as amended, and all other applicable City ordinances and rules. Further, Licensee must furnish or must cause each of its Subcontractor(s) to furnish such reports and information as requested by the Chicago Commission on Human Relations.

F. The Licensee agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. If the Licensee transfers its obligation to another, the transferee is obligated in the same manner as the Licensee.

This provision obligates the Licensee for the period during which the property is owned, used or possessed by the Licensee and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

G. During the performance of this contract, the Licensee, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

1. Compliance with Regulations: The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. Nondiscrimination: The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or

including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including

46

employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.

3. Solicitations for Subcontracts, including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractors obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
4. Information and Reports: The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to the sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
5. Sanctions for Noncompliance: In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, the sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determineto be appropriate, including, but not limited to:
 - a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
 - b. Cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the sponsor to enter into any litigation to protect the interests ofthe sponsor. In addition, the Contractor may request the United States to enter into the litigation to protect the interests ofthe United States.

H. The Licensee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction ofany improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied

services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the

Licensee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

With respect to Licensee, in the event of breach of any of the above nondiscrimination covenants, the City will have the right to terminate the License and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said License had never been made or issued.

I. During the performance of this contract, the Licensee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d et seq., 78 stat: 252) (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended (42 USC § 6101 et seq.) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §§ 12131 - 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures

nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 et seq).

J. Licensee must insert these non-discrimination provisions in any agreement by which Licensee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Licensed Space. Licensee must incorporate all of the above provisions in all agreements entered into with any subtenants, suppliers of materials, furnishers of services, Subcontractors of any tier, and labor organizations that furnish skilled, unskilled and craft union skilled labor, or that may provide any such materials, labor or services in connection with this Agreement, and Licensee must require them to comply with the law and enforce the requirements. In all solicitations either by competitive bidding or negotiations by Licensee for work to be performed under a Subcontract, including procurements of materials or leases of equipment, each potential Subcontractor or supplier must be notified by Licensee of the Licensee's obligations under this Agreement relative to nondiscrimination.

K. Noncompliance with this Section will constitute a material breach of this Agreement; therefore, in the event of such breach, Licensee authorizes the City to take such action as federal, state or local laws permit to enforce compliance, including judicial enforcement. In the event of Licensee's noncompliance with the nondiscrimination provisions of this Agreement, the City may impose such sanctions as it or the Federal or state government may determine to be reasonably appropriate, including cancellation, termination or suspension of the Agreement, in whole or in part.

L. Licensee must permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the City, the Commissioner or the Federal government to be pertinent to ascertain compliance with the terms of this Section. Licensee must furnish to any agency of the Federal or state government or the City, as required, any and all documents, reports and records required by Title 14, Code of Federal Regulations, Part 152, Subpart E, including an affirmative action plan and Form EEO-1.

M. The City is committed to compliance with federal Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency ("LEP"), and related FAA guidance. Licensee must cooperate with the City, and require its Subcontractors to cooperate, in updating and implementing the LEP access plan. This may include but is not limited to collecting demographic data and conducting surveys of LEP customers, providing multilingual signage and menus, and hiring multilingual staff.

time. Licensee must comply with the Special Conditions Regarding ACDBE participation attached hereto as Exhibit 9 and incorporated here by reference. Failure to comply with such Special Conditions shall be an Event of Default.

9 No Exclusive Rights. Nothing contained in this Agreement must be construed to grant or authorize the granting of an exclusive right, including an exclusive right to provide aeronautical services to the public as prohibited by section 308(a) of the Federal Aviation Act of 1958, as amended, and the City reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature. It is clearly understood by Licensee that no right or privilege has been granted that would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own regular employees (including maintenance and repair) that it may choose to perform.

10 National Emergency. This Agreement and all the provisions of this Agreement are subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

11 2014 Hiring Prohibitions.

A. The City is subject to the June 16, 2014 "City of Chicago Hiring Plan" (the "2014 City Hiring Plan") entered in *Shakman v. Democratic Organization of Cook County*, Case No 69 C 2145 (United States District Court for the Northern District of Illinois). Among other things, the 2014 City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

B. Licensee is aware that City policy prohibits City employees from directing any individual to apply for a position with Licensee, either as an employee or as a subcontractor, and from directing Licensee to hire an individual as an employee or as a subcontractor. Accordingly, Licensee must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel of Licensee in connection with this License are employees or subcontractors of Licensee, not employees of the City of Chicago. This Contract is not intended to and does not constitute, create, give rise to, or otherwise recognize an employer-employee relationship of any kind between the City and any personnel of Licensee.

C. Licensee will not condition, base, or knowingly prejudice or affect any term or aspect of the employment of any personnel associated with this License, or offer employment to any individual to provide services associated with this License, based upon or because of any political reason or factor, including, without limitation, any individual's political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual's political sponsorship or recommendation. For purposes of this License, a political organization or party is an identifiable group or entity that has as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the

activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

D. In the event of any communication to Licensee by a City employee or City official in violation of Section 15.5 (b) above, or advocating a violation of Section 15.5(c) above, Licensee will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General, and also to the Commissioner of the Department.

ARTICLE 11 GENERAL CONDITIONS

1 Entire Agreement. This Agreement contains all the terms, covenants, conditions and agreements between the City and Licensee relating in any manner to the grant and use of the License and otherwise to the subject matter of this Agreement. No prior or other agreement or understandings pertaining to these matters are valid or of any force and effect. This Agreement supersedes all prior or contemporaneous negotiations, undertakings, and agreements between the parties. No representations, inducements, understandings or anything of any nature whatsoever made, stated or represented by the City or anyone acting for or on the City's behalf, either orally or in writing, have induced Licensee to enter into this Agreement, and Licensee acknowledges, represents and warrants that Licensee has entered into this Agreement under and by virtue of Licensee's own independent investigation.

2 Counterparts. This Agreement may be comprised of several identical counterparts and may be fully executed by the parties in separate counterparts. Each such counterpart is deemed to be an original, but all such counterparts together must constitute but one and the same Agreement.

3 Amendments. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement may be amended only by a written agreement signed by the City and Licensee. No review or approval by the Commissioner constitutes a modification of this Agreement (except to the extent that the review or approval expressly provides that it constitutes such a modification or it is apparent on its face that the review or approval, if made in writing, modifies terms or provisions of this Agreement that are within the express powers of the Commissioner under this Agreement to modify), nor excuses Licensee from compliance with the requirements of this Agreement or of any applicable laws, ordinances or regulations. Amendments must be signed by the Mayor, provided that the Commissioner alone may sign amendments to the exhibits. Notwithstanding the foregoing, any amendment that would modify the Agreement such that the Agreement would no longer substantially conform to the form of Agreement that was approved by City Council requires approval by the City Council.

4 Severability. Whenever possible, each provision of this Agreement must be interpreted in such a manner as to be effective and valid under applicable law. However, notwithstanding anything contained in this Agreement to the contrary, if any provision of this Agreement is under any circumstance prohibited by or invalid under applicable law, the provision is severable and deemed to be ineffective, only to the extent of the prohibition or invalidity, without

invalidating the remaining provisions of this Agreement or the validity of the provision in other circumstances.

5 Covenants in Subcontracts. All obligations imposed on Licensee under this Agreement pertaining to the maintenance and operation of the Licensed Service and compliance with the ACDBE requirements in this Agreement are deemed to include a covenant by Licensee to insert appropriate provisions in all Subcontracts covering work under this Agreement and to enforce compliance of all Subcontractors with the requirements of those provisions.

6 Governing Law. This agreement is deemed made in the state of Illinois and governed as to performance and interpretation in accordance with the laws of Illinois. Licensee irrevocably submits itself to the original jurisdiction of those courts located within Cook County, Illinois, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement. Licensee consents to service of process on Licensee, at the option of the City, by registered or certified mail addressed to the applicable office as provided for in this Agreement, by registered or certified mail addressed to the office actually maintained by Licensee, or by personal delivery on any officer, director, or managing or general agent of Licensee. If any action is brought by Licensee against the City concerning this Agreement, the action can only be brought in those courts located within Cook County, Illinois.

7 Notices. Any notices or other communications pertaining to this Agreement must be in writing and are

deemed to have been given by a party if sent by nationally recognized commercial overnight courier or registered or certified mail, return receipt requested, postage prepaid and addressed to the other party. Notices are deemed given on the date of receipt if by personal service, or one day after deposit with a nationally recognized commercial overnight courier, 3 days after deposit in the U.S. mails, or otherwise upon refusal of receipt. Unless otherwise directed by Licensee in writing, all notices or communications from City to Licensee will be addressed to the person identified as the Licensee's contact person in the Licensee's Economic Disclosure Statement and Affidavit, as attached as Exhibit 15. All notices or communications from Licensee to the City must be addressed to:

Commissioner, Chicago Department of Aviation
City of Chicago
O'Hare International Airport
10510 W. Zemke Rd
Chicago, Illinois 60666

and with a copy to: Deputy Commissioner of Concessions at the same address.

If the notice or communication relates to payment of Fees or other payments to the City or relates to the Security deposit or insurance requirements, a copy must be sent to:

52

City Comptroller City of Chicago City Hall -
Room 501 121 N. LaSalle Street Chicago,
Illinois 60602

If the notice or communication relates to a legal matter or the indemnification requirements, a copy must be sent to:

City of Chicago, Department of Law
Aviation, Environmental, Regulatory and Contracts Section
30 North LaSalle Street, Suite 1400
Chicago, Illinois 60602
Attn: Deputy Corporation Counsel

Either party may change its address or the individual to whom the notices are to be given by a notice given to the other party in-the manner set forth above.

8 Successors and Assigns: No Third-Party Beneficiaries. This Agreement inures to the exclusive benefit of, and be binding upon, the parties and their permitted successors and assigns; nothing contained in this Section, however, constitutes approval of an assignment or other transfer by Licensee not otherwise permitted in this Agreement. Nothing in this Agreement, express or implied, is intended to confer on any other person, sole proprietorship, partnership, corporation, trust or other entity, other than the parties and their successors and assigns, any right, remedy, obligation, or liability under, or by reason of, this Agreement unless otherwise expressly agreed to by the parties in writing. No benefits, payments or considerations received by Licensee for the performance of services associated and pertinent to this Agreement must accrue, directly or indirectly, to any employees, elected or appointed officers or representatives, or to

any other person or persons identified as agents of, or who are by definition an employee of, the City. Neither this Agreement nor any rights or privileges under this Agreement are an asset of Licensee or any third party claiming by or through Licensee or otherwise, in any bankruptcy, insolvency or reorganization proceeding.

9 Subordination.

A. This Agreement is subordinate to the provisions and requirements of any existing or future agreements between the City and the United States government or other governmental authority, pertaining to the development, operation or maintenance of the Airport, including agreements the execution of which have been or will be required as a condition precedent to the granting of federal or other governmental funds for the development of the Airport. If the United States government requires modifications, revisions, supplements or deletions of any of the terms of this Agreement, then Licensee consents to the changes to this Agreement.

B. This Agreement and all rights granted to Licensee under this Agreement are expressly subordinated and subject to any existing agreement or any Use Agreement with any airline utilizing the Airport, including the Terminals, and any existing agreement with any airline consortium pertaining to the operation of the Airport, including the Terminals.

C. To the extent of a conflict or inconsistency between this Agreement and any agreement described in paragraphs A. and B. above, those provisions in this Agreement so conflicting must be performed as required by those agreements referred to in paragraphs A. and B.

10 Conflict. In the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any sublease or Subcontract between Licensee and third parties, the terms and provisions of this Agreement govern and control.

11 Offset by Licensee. Whenever in this Agreement the City is obligated to pay Licensee an amount, then the City Comptroller may elect to require Licensee to offset the amount due against Fees or other payments owed by Licensee to the City, in lieu of requiring the City to pay such amount. Licensee shall have no right to offset any amount due to City under this Agreement against amounts due to Licensee by City unless so directed in writing by the City Comptroller.

12 Waiver: Remedies. No delay or forbearance on the part of any party in exercising any right, power or privilege must operate as a waiver of it, nor does any waiver of any right, power or privilege operate as a waiver of any other right, power or privilege, nor does any single or partial exercise of any right, power or privilege preclude any other or further exercise of it or of any other right, power or privilege. No waiver is effective unless made in writing and executed by the party to be bound by it. The rights and remedies provided for in this Agreement are cumulative and are not exclusive of any rights or remedies that the parties otherwise may have at law, in equity or both, except that the City will not be liable to Licensee for any consequential damages whatsoever related to this Agreement.

13 Authority of Commissioner. Unless otherwise expressly stated in this Agreement, any consents and approvals to be given by the City under this Agreement may be made and given by the Commissioner, an authorized representative of the Commissioner or, or by such other
~ person as may be duly authorized by the City Council, unless the context clearly indicates otherwise.

14 Estoppel Certificate. From time to time upon not less than 15 days prior request by the other party, a party or its duly authorized representative having knowledge of the following facts, will execute and deliver to the requesting party a statement in writing certifying as to matters concerning the status of this Agreement and the parties' performance under this Agreement, including the following:

A. that this Agreement is unmodified and in full force and effect (or if there have been modifications, a description of the modifications and that the Agreement as modified is in full force and effect);

B. the dates to which Fees, including Additional Fees, have been paid and the amounts of the Fees most recently paid;

C. that the requesting party is not in default under any provision of this Agreement, or, if in default, the nature of it in detail; and

D. in the case of the City's request under this Agreement, such further matters as may be requested by the City, it being intended that any such statement may be relied upon by third parties.

15 No Personal Liability. Licensee, or any sublicensee, assignee or Subcontractor, must not charge any elected or appointed official, agent, or employee of the City personally or seek to hold him or her personally or contractually liable to Licensee, sublicensee, assignee, or Subcontractor for any liability or expenses of defense under any provision of this Agreement or because of any breach of its provisions or because of his or her execution, approval, or attempted execution of this Agreement.

16 Limitation of City's Liability. Licensee and its Subcontractors must make no claims against the City for damages, charges, additional costs or fees or any lost profits or costs incurred by reason of delays or hindrances by the City in the performance of its obligations under this Agreement. All Licensee and Subcontractor personal property upon any part of the Airport, is at the risk of Licensee or Subcontractor only, respectively, and the City is not liable for any loss or damage to it or theft of it or from it. The City is not liable or responsible to Licensee or Subcontractors, and Licensee waives, and will cause its Subcontractors likewise to waive, to the fullest extent permitted by law, all claims against the City for any loss or damage or inconvenience to any property or person or any lost profits any or all of which may have been occasioned by or arisen out of any event or circumstance, including theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or water leakage, steam, excessive heat or cold, falling plaster, or broken glass; or any act or neglect of the City or any occupants of the Airport, including the Terminals, or repair or alteration of any part of the Airport, or failure to make any such repairs or any other thing or circumstance, whether of a like nature or a wholly different nature. If the City fails to perform any covenant or condition of this Agreement that the City is required to perform and, notwithstanding the foregoing, Licensee recovers a money judgment against the City, the judgment must be satisfied only out of credit against the Fees and other monies payable by Licensee to the City under this Agreement, and the City is not liable for any deficiency except to the extent provided in this Agreement and to the extent that there are legally available Airport funds.

17 Joint and Several Liability. If Licensee, or its successors or assigns, if any, is comprised of more than one individual or other legal entity (or a combination of them), then in that event, each and every obligation or undertaking stated in this Agreement to be fulfilled or performed by Licensee is the joint and several obligations or undertaking of each such individual or other legal entity.

18 Non-Recordation. Licensee must not record or permit to be recorded on its behalf this Agreement or a memorandum of this Agreement, in any public office.

10.19 Survival. Any and all provisions set forth in this Agreement that, by its or their nature,

would reasonably be expected to be performed after the expiration or termination of this Agreement survive

would reasonably be expected to be performed after the expiration or termination of this Agreement survive and are enforceable after the expiration or termination. Any and all liabilities, actual or contingent, that have arisen in connection with this Agreement, survive any expiration or termination of this Agreement. Any express statement of survival contained in any section must not be construed to affect the survival of any other section, which must be determined under this section.

55

10.20 Force Majeure. Neither party is liable for non-performance of obligations under this Agreement due to delays or interruptions beyond their reasonable control, including delays or interruptions caused by strikes, lockouts, labor troubles, war, fire or other casualty, acts of God ("force majeure event"). As a condition to obtaining an extension of the period to perform its obligations under this Agreement, the party seeking such extension due to & force majeure event must notify the other party within 20 days after the occurrence of the force majeure event. The notice must specify the nature of the delay or interruption and the period of time contemplated or necessary for performance. The foregoing notwithstanding, however, in no event will Licensee be entitled to an extension of more than 60 days due to a force majeure event, without the express written consent of the Commissioner.

EXHIBIT 1 SCOPE OF LICENSEE'S SERVICES

Pursuant to Section 4.4 of the Agreement, Licensee shall be responsible for each of the following:

1. Provide, at Licensee's sole expense, a tablet and wireless, Bluetooth printer, with capabilities allowing Concessionaires to manage generated orders, including but not limited to, by:
 - Auto-accepting or reject/cancel incoming generated orders;
 - Updating order status;
 - Viewing pending scheduled orders;
 - Refunding the charge for an order; and
 - Providing daily order history via HUB/BI .
2. Coordinate with CDA and Concessionaires to select locations for tablets/printers, install, and test.
3. Work with participating Concessionaires to build menus into their location within the web ordering app. These menus will include operator-approved copy, sales tax rates, upsell/featured items, and, when provided by the related Concessionaire, images.
4. The sale and pick-up or delivery of alcoholic beverages via this service is not permitted and shall only be permitted under State and City liquor laws and regulations, Airport rules and regulations and with written approval by the Commissioner.
5. Issue training documents and complete onsite training with CDA and Concessionaire representatives on the equipment operation, platform interaction, and procedures.
6. Provide participating Concessionaires with training on the reporting features of the Grab Platform, as required.
7. Work with City to develop materials for signage and promo cards and content for social media.
8. Before the date a Concessionaire will 'go-live' on the Grab Platform, Licensee will confirm hours of operation, contact details per location, confirm prep time, and establish delivery pickup procedures with respect to such Concessionaire.
9. Licensee shall coordinate with participating Concessionaires to enable Airport employees to receive employee discounts independently offered by Concessionaires, if any, when orders are placed by Airport employees through the Grab Platform.
10. Implement a beta-testing process, in accordance with the description of such testing in the Development Plan, for both pickup and delivery orders. The Go-Live Date will not occur until approval is granted in writing by the City.
11. Licensee's employees shall be in uniform or proper attire at all times, and Licensee ensure that any Delivery Provider requires its employees to be in uniform or proper attire at all times

Provider requires its employees to be in uniform or proper attire at all times.

12. Any mobile application (iOS + Android) of the Grab Platform shall be available for free download, and, other than payment associated with placing an Order (including all fees described in this Agreement), all functionality offered through on the Grab Platform shall be free. Any web browser version of the Grab Platform will be responsive and glitch-free, compatible with various device types and maintained on a regular basis by Licensee.
13. Licensee's along with its third party delivery subcontractor's employees will oversee the order and delivery process as follows:
 - a. The General Manager will be responsible for:
 - the oversight of the entirety of operations, including hiring and training of Licensee's onsite employees; and
 - will be responsible for maintaining relationships with the City and Concessionaires' representatives.
 - b. Managers will be:

57

- responsible for managing the logistics of each delivery along with providing / technical support for any on-premises Equipment offering access to the Grab Platform and general troubleshooting related to the Grab Platform;
- able to see live orders as they enter Grab Platform, track the progress of such orders as they are accepted, prepared, and delivered, and address any issues arising in that process; and
- have the ability to cancel and refund orders and will have a full view of Purchaser contact information in order to provide for proactive customer support.
- available to provide onsite support for customer service issue resolution, c. Runners will:
 - see new orders as they are received and can accept orders based on the proximity of pickup;
 - move orders through a workflow within the Grab Platform to indicate order status (i.e., picked-up, in route, delivered, completed, etc.); and
 - immediately report in the Grab Platform any issues that arise in the course of a delivery, or, alternatively, if an order was delivered without incident.

14. Health Safety Protocols:

- a. Licensee's employees shall be screened for any COVID-19 symptoms as required by Federal, State, County and City initiatives and/or Airport policies, requirements and procedures.
- b. Licensee's employees shall adhere to City adopted measures, procedures and requirements related to public health and safety at all times.
- c. Licensee's employees shall follow hand washing and hygiene procedures as recommended by the CDC.

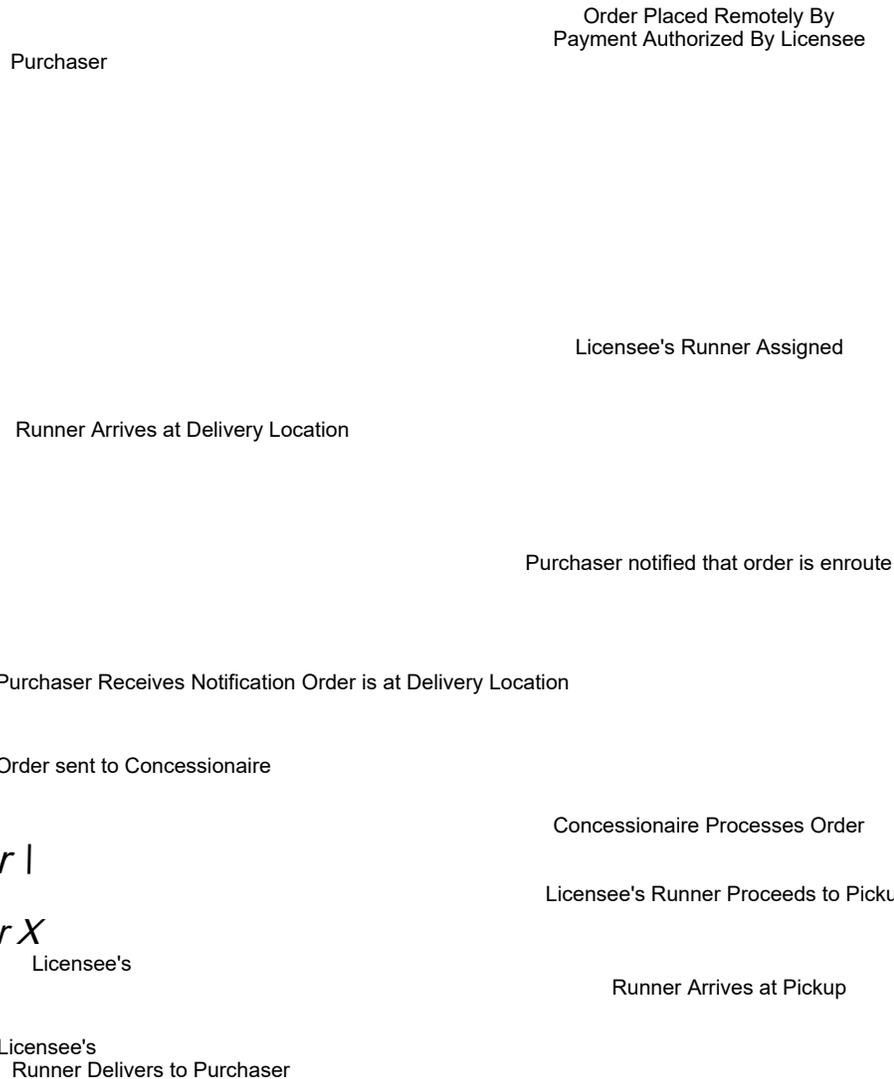
15. Customer Service

- a. Licensee's-employees will alert Purchasers of order status changes through all of the following that are applicable to such Order: through the web browser Grab Platform, notification within a mobile application and text message.
- b. All Purchaser support issues will be directed to Licensee's employees via phone or email for resolution.
- c. Licensee's will coordinate with the appropriate Concessionaire's contact(s) to facilitate settlement of any customer support issues.

16. Ordering Workflow (see flow chart below)

58

Ordering, Delivery and Pick-up Processes



Order Picked
up by Purchaser at
Concession

17. Ordering, pick-up and delivery notifications

Licensee shall include at a minimum within its process the following notifications to the purchaser for ordering, pickup and delivery services:

- a. Notification of whether delivery is or is not available.
- b. Confirmation of order cart.
- c. Notification of order and payment accepted/processed.
- d. Notification of order placed and location.
- e. Notification of estimated time order will be ready.
- f. Notification of order ready for pick up and pick up location.
- g. Notification order has been picked up for deliver.
- h. Notification of estimated delivery time and location.
- i. [Confirmation order has been delivered]

18. Sublicense, Assignments or Other Uses.

Licensee will be subcontracting delivery services to a Delivery Provider, and @YourGate, LLC has been selected as the initial Delivery Provider for this program. Licensee shall include in any subcontract with a Delivery Provider that: (a) if any Delivery Provider can no longer perform the duties under its subcontract with Licensee, or Licensee and CDA mutually agree that Delivery Provider has failed to meet its obligations thereunder or any service level standards applicable to

59

providing Delivery Services, Licensee may terminate its agreement with such Delivery Provider and look to replace its obligations through another subcontractor, (b) Licensee reserves the right to replace the Delivery Provider upon mutual agreement with CDA; and (c) Licensee is under no obligation to replace such Delivery services if it is unable to find a suitable replacement.

Excluding the Delivery Provider sublicense, Licensee acknowledges that the principal purpose of this Agreement is to provide Licensee the License to perform the Services, without right of sublicense or assignment. Any attempted sublicense or use of the License other than the uses contemplated in this Agreement without the written consent of the City in accordance with the terms of this Agreement is prohibited and constitutes an Event of Default.

19. Deliveries to Public and Non-Public Areas of the Airport

- a. Licensee will assign, or will cause Delivery Provider to assign, a runner for delivery of orders based on proximity within the Delivery Locations.
- b. Licensee will have appropriate access to Non-Public Areas to be able to fulfill delivery requirements to such areas, in compliance with all applicable safety and security protocols.

20. Customer Support

- a. Licensee will maintain an offsite operations staff that will include both customer support staff and technical support

support.

- b. Offsite customer support can supplement the onsite supervisor and handle post-order customer issues.
- c. Technical support will provide systems support and deal with technical issues per the Incident Support and Resolution Targets in Section III below.
- d. Customer support contact information will be provided to the customer in-app, via electronic receipts, i.e. email.
- e. Customer support will be available during operating hours or at times designated by the Commissioner.

21. Reporting Requirements

- a. On a monthly basis, Licensee shall provide the City with a Monthly Sales Report in a format required by the City.
- b. In addition to the Monthly Sales Report, and upon request by the City, Licensee shall provide with a detailed report of all transactions, including but not limited to the following information:
 - Delivery Location
 - Number of Orders per location
 - Gross Receipts per location
 - Average transaction amount
 - Daily count and Gross Receipts for pick-up and delivery by location
 - Average delivery time from order to customer
 - Passenger and Employee Sales
 - Orders and deliveries by Terminal
 - Orders by Store
 - Orders by Hour
 - Distribution by Channel
 - Discount Code Usage

60

- Airside Orders and deliveries
- List of any customer complaints and respective resolution times
- Other aggregated and anonymized reporting information, as requested by the City, which Licensee is able to provide.

22. Sales Dashboard. City shall have access to the sales dashboard within the Grab Platform. B. Incident Support and Resolution Targets

1. Incident Support Licensee will:
 - a. Be the owner of incident reports, responsible for ensuring that all incidents are recorded and managed to successful resolution.
 - b. Provide appropriate resources to deal with customer-impacting issues to ensure timely resolution.
 - c. Monitor the handling of incidents, initiating escalation actions as required.
2. Incident Management Licensee will:
 - a. Log and categorize reported incidents.
 - b. Track each incident through to resolution.
 - c. Provide status updates to Customer and Purchaser.
 - d. Engage appropriate incident resolution resources.
 - e. Escalate to appropriate impact level, as required.

- e. Escalate to appropriate impact level, as required.
- f. Identify known errors or repetitive incidents, providing a work-around as needed.
- g. Follow-up for status on actions to be taken.
- h. Verify resolution and closure of incident to Customer's and Purchaser's satisfaction.
- i. Initiate Customer and Purchaser communications and escalations during impact incidents,
- j. Close-out each incident and document incident resolution.

3. Resolution Targets

Licensee will provide incident support to Customer, and updates to the City, with resolution targets as outlined below:

Note: Working Hours are defined as Monday - Friday, 9:00 AM - 5:00 PM Central Time.

City's Responsibilities

1. Provide, to Licensee, an in-terminal office and/or storage area for the following purposes:
 - a. Serve as a congregation point for Licensee's employees.
 - b. Provide a workspace for Licensee Supervisors.
 - c. Provide storage for Licensee's delivery materials and supplies.
 - d. Provide storage for Licensee employees' personal items.
2. Provide maps of Delivery Locations, as set forth in Exhibit 13.
3. Provide appropriate access, subject to applicable badging requirements, to secure areas in order to fulfill on-demand delivery requirements.

Implementation Timeline

implementation timeline

Upon execution of Agreement, Licensee will assign a dedicated project manager to implement the launch process on a 12-16 week schedule as set forth below. This schedule is largely dependent on the speed and execution of many dependencies from the Concessionaires and the City. Any failure to complete required dependencies by parties other than Licensee, including but not limited to the City, CDA or any employee or agent of either, may result in a delay to the schedule at no penalty to the Licensee and such party causing the delay.

62

Week 1

- Badging process.
Kickoff call with participating Concessionaires to introduce program and begin onboarding process.
- City to assist in coordinating calls with Licensee and City's respective Marketing and Information Technology departments.

Week 2

- Onboard Concessionaires-build menus, execute Customer Agreements, set up payment, etc.
- Obtain appropriate badging for Licensee's onsite staff members.

Week 3

- Licensee operations teams on site to install hardware, train staff, finalize menus.
- Soft launch by end of week for Airport Employees.

Week 4

- Go-Live Date.

E. Performance Metrics

Licensee and City agree that Services shall be provided in a competent, professional, effective and efficient manner to ensure the highest level of Services. The City will use the following metrics to evaluate the viability and success of the Services at the Airport:

1. Tech reliability - ability to view and monitor any maintenance/outages.

- a) The Grab Platform shall remain operational, at a minimum, 95% of the time Grab is required to provide Services pursuant to Section 4.8 of this Agreement. If the Grab Platform is not operational 95% of the time Grab is required to provide Services pursuant to Section 4.8 of this Agreement over any seven-day period, the City may require Licensee submit an improvement plan.
 - b) For the purposes of this E.1.(a), operational shall mean all of the following [the ability of a Purchaser to download the application or access the web browser, access each Customer's landing page on such platform, place an Order and for each Concessionaire to be able to access the Grab Platform, receive any Order placed by a Purchaser and process the payment for each incoming Order.
2. Net Promoter Score (NPS) score - index ranging from -100 to 100 that measures the willingness of customers to recommend a tenant's products or services to others; used as a proxy for gauging the customer's overall satisfaction with a tenant's product or service and the customer's loyalty to the brand.
- Licensee shall maintain an NPS Score of 50 and above at all times. Should Licensee's NPS Score drop below 50, City may request a NPS improvement plan to improve the score.
3. Order ratings - ratings, both national and ORD, that are satisfactory and unsatisfactory shared with the City through Sisense, a data analytics platform.
- a) Licensee must provide to City all Customer-submitted order ratings.
 - b) Licensee to garner at minimum positive Customer order ratings that are in line with Licensee's Customer order rating national average.
4. Increase Average Transaction Value (ATV) on web orders - amount customers spend within a single transaction.
- a) Licensee must provide to City a count of successful upsell/feature items if available
 - b) Licensee aims to garner at a minimum a 50% conversion rate on all upsell/featured items.

63

5. Time/Distance Consistency - the amount of time it takes to deliver orders within the Delivery Locations.
- a) Licensee, will endeavor to achieve a thirty (30) minute or less delivery of orders through tracking of delivery times to various locations. If actual delivery time is greater than thirty (30) minutes Licensee will notify Purchaser. Delivery time is a combination of Order Prep Time of the Concessionaire and the time for a delivery runner to bring order to the delivery location. Should the Concessionaire not fulfill their quoted Order Prep Time, Licensee will not be penalized. Licensee will work with Concessionaires and the City to constantly monitor such delivery times and may need to suspend delivery from specific Airport Concessionaire if the orders cannot be fulfilled within the desired time frame.

64

EXHIBIT 2 OFFICE SPACE AND STORAGE (INCLUDING CONFIRMATION OF DBO AND ACTUAL
IMPROVEMENT COSTS)

The Office Space and Storage Space is located at Chicago O'Hare and consists of
XXXXXXXXX location(s) with a total of approximately XXXXXXXXX square feet of
Office Space and approximately XXXXXXXX square feet of Storage Space as further depicted
in the lease outline drawings attached hereto.

The Date of Beneficial Occupancy is: TBD.

EXHIBIT 3 FEES

1. The Percentage Fee is payable monthly and calculated as follows:

<u>Revenue Share*</u>	<u>Percentage Fees</u>
0.00 - 0.5million transactions	5.0%
0.5 million - 1.5 million transactions	7.5%
Greater than 1.5 million transactions	10.0%

2. Minimum Annual Guarantee (MAG): There is no "Minimum Annual Guarantee" or "MAG" for the first License Year of the Term. The Minimum Annual Guarantee for the second License Year is 85% of the Percentage Fee payable in the first License Year. Beginning with the third License Year, and for each License Year thereafter, the Minimum Annual Guarantee will equal the greater of 85% of the Percentage Fee payable for the preceding License Year, and the Minimum Annual Guarantee for the second License Year. The MAG will be pro-rated in the event any License Year is less than twelve months.

**The revenue share amount ranges shall apply to total revenue on an annual basis.*

66

EXHIBIT 4 DEVELOPMENT PLAN

CONCESSIONS/ E-COMMERCE SYSTEM

DEVELOPMENT PLAN

UNIBAIL RODAMCO WESTFIELD

67

W

GRAB, THE OMNICHANNEL AIRPORT E-COMMERCE PLATFORM

The COVID-19 pandemic has accelerated a consumer adoption of mobile commerce.

Airports worldwide are each looking for ways to restore trust from returning guests, support concessionaires, and drive sales and revenue. To achieve that, it is critical that the digital services consumers have come to rely on are also available across their travel journey-delivered via their preferred channel.

The Grab platform is engineered with the evolving needs and preferences of travelers at the forefront: an omnichannel platform built on one flexible, powerful solution, delivered via a variety of digital and physical products across an array of distribution channels. Through its award-winning user experience, exclusive distribution channels, and technology integrations, Grab delivers a powerful end-to-end experience to stand up to the demands of ORD guests, employees, the CDA, and concessionaires.

web marfcjcpLace d'glul rfiannels mobile app digital crannHs Alipcrt Airline Crab Third-pasy Oide;atGete Physical ktek
AIYourGats rnbfe'app'

PRIOITY PASS*

AtYouKSate

E O

POS Payment Integ'Sitons Processing
Insights
Hub (CMS,

* O

(31^ Or* rations/Support

TAILORED TO SERVE EACH GUEST

The specific set of products and channels included in our proposal are tailored and customized to provide ORD guests with an intuitive mobile ordering and delivery experience that adds value to their unique travel journey, celebrates the spirit of Chicago, and stands up to the O'Hare guest promise.

Our proven and tested solution leverages Grab's core Marketplace platform to deliver a personalized experience that will become a cornerstone of the airport journey for each of ORD's guests: travelers, employees, crew members, and other airport users.

68

BUILT FOR PARTNERS OF ALL SIZES

Our platform is flexibly designed to meet the requirements and service standards of concessionaires of all sizes-regardless of Point of Sale (POS) system-and enable our partners to deliver first-rate experiences across every order, from menu discovery and order acceptance to safe fulfillment.

Through the Grab Hub, a modern content management system (CMS), we provide concessionaires with the tools to easily manage products and menus, and Grab Insights provides a view into valuable transactional and customer insights previously unavailable in our industry.

UNI8AIL RODAHCO WESTFIELD

W
ff *

DISCOVER
INTRODUCING.

ORDen/

powered by grab"

The right e-commerce solution for Chicago must do more than provide menus, payment, and fulfillment capabilities. It must deliver value to guests of every kind. A solution capable of delivering on these promises must leverage the strength of ORD's brand power with a proven, flexible, and industry-leading platform.

We are committed to collaborating with the CDA and stakeholders to develop the right brand for the program, but we are excited to put forth this preliminary concept to the CDA.

ORDER builds on the strength and values of the O'Hare brand while leveraging the platform and network power of the airport industry's leading e-commerce provider. Just as O'Hare is one of the world's most connected airports, ORDER is all about making connections between guests and concessionaires to deliver a seamless experience. Serving as the hub for all e-commerce and self-service at O'Hare, ORDER is an airport-branded experience that will extend across various digital channels to engage guests. Should the CDA desire to develop a brand that works for both ORD and MDW, we would look forward to partnering on a single brand to represent the program across Chicago's airports.

At the core of the ORDER experience is an intuitive responsive website-dedicated and tailored to the CDA and its guests- enabling guests to place orders without downloading a mobile app. Browse merchants, explore menus, and discover products in a visual, engaging format all from the user's preferred mobile web browser. Users can place an order, pay using their preferred contactless payment, and collect items via pickup at the concession or in-terminal delivery. For first-time users and infrequent travelers, a web app proves most effective given its ease of use and low friction.

MLV RESPONSIVE WEBS

WHAT RESPONSIVE WEBSITES

1. Low Friction: Rather than downloading an app, a website is easily accessible to all
2. Optimizes user experience by scaling page layouts based on the device being used (e.g. mobile, tablet, desktop)
3. Improved search engine rankings: Search engines like Google give preference to mobile-friendly sites, for enhanced search engine optimization(SEO)

Extending the experience into popular day-of-travel channels is key to success. By furthering the ORDER footprint as a feature into other channels used by guests on day-of travel,

70

we can engage more guests and drive significantly higher revenues. Through our exclusive partnerships with distribution partners such as American Airlines, to touchpoints such as in-terminal physical kiosks and our Order at Gate product, we will drive seamless awareness and engagement beyond which the CDA could achieve independently.

71

MOBILE ORDERING RFP 24
Concessions/E-Commerce System Development Plan

irctb*

FULFELL //fa?

AN OMNICHANNEL APPROACH TO SERVE EVERYGUEST

Candice the Crew Member is part of the United Airlines ground crew and visits ORD 2-3 times per week She uses the Grab app to redeem her employee discount, and either collects i her food during her break or has it delivered to the admin offices to save time.

Darryl the Digital Nomad connects at ORD frequently and loves picking up a sandwich from Publican Tavern between flights. He connects to the program via the American Airlines mobile app to seamlessly place his order and collect it before his connection

-P

PRIORITY PASS DISTRIBUTION

Patrick the Priority Pass Member flies through O'Hare for work at least once a month. While there isn't currently a Priority Pass lounge at ORD, he is able to connect to ORDer through the Priority Pass app and has a healthy meal delivered to his gate.

Kayla the Kiosk Guest likes browsing all of her dining options in person but doesn't enjoy waiting in line. That's why Kayla chooses to place her order from a kiosk in the food court where she's able to view options and save time and convenience.

mn

Frank's Family of Five loves getting to their gate and staying put. Frank scans a QR code on the armrest at the gate and is able to have food from multiple locations delivered straight to the family in the hold room.

72

UNLOCK ACCESS TO A GLOBAL MARKETPLACE

ORDer rests on top of the Grab Marketplace-the backbone of the e-commerce solution deployed by 60+ major airports worldwide. By joining the Grab Marketplace, ORD can align with airports like Midway, Dallas/Fort Worth, Heathrow, Atlanta, LAX, and dozens of others on a strategic platform with exponential scale.

While individual airports that deploy proprietary products will struggle to benefit from the advantages of airline marketing and distribution, by partnering with our team, the CDA will benefit from a single platform connecting the entire industry-a solution best poised to engage and partner with airlines and day-of-travel partners.

REACH DEPARTING, ARRIVING, AND CONNECTING TRAVELERS

YYC
YUL
Current Locations 1 @^
MEX NAS SJU
ENGAGE ACROSS THE JOURNEY GAIN DEEPER INSIGHTS
73
© Coming Soon >

Distribution partners provide the valuable opportunity to reach departing guests prior to departure- as well as arriving and connecting travelers. Leveraging itinerary and frequent flyer information, insights, and trends, distribution partners allow for a targeted, relevant guest experience that drives engagement and spend.

The Grab Marketplace network also enables the CDA to gain deeper insights about guests' commercial spend, flying habits, origin and destination, and so much more. Importantly, these insights are accessible all while the CDA retains ownership, control, and transparency into the program.

74

MOBILE ORDERING RFP 26
Concessions/E-Commerce System Development Plan

grab | bs wm @
DISCOVER

A

FULFILL)> (C^ ENJOY A BEST-IN-CLASS

USER EXPERIENCE:

NO APP REQUIRED

To capture the highest volume of users, it is critical to provide an easy, app-free connection to mobile ordering. Available across any digital touchpoint, our solution leverages a powerful Premium Web Application Layer^o to provide travelers and employees alike with the ultimate flexibility without ever downloading a mobile app. Fully integrated into the Grab platform, the website will be designed to align with the O'Hare brand and instill trust in the site's authenticity, rebranding and scaling the existing ORDshopdine.com <<http://ORDshopdine.com>> site into a single, airport-wide e-commerce portal. While we believe this responsive website is a key entry point, guests will also be able to access the platform through the Grab and AtYourGate mobile apps as well as other apps-such as the American Airlines app-that are part of Grab's distribution network.

KEY FEATURES:

- c. Search, browse, and transact across categories
- d. Order customization to every dietary restriction/preference
- e. Contactless payment options, including Apple Pay, Google Pay, and others
- f. Multilingual support to assist guests from across the world
- g. Sort and filter capabilities with contextually relevant product recommendations
- h. Mobile notifications when an order is ready for collection or out for delivery
- i. E-receipts: Itemized receipts are emailed to users upon order collection
- j. SaaS hosted platform with global scale and content delivery network (CDN)
- k. Enhanced security with drop-in payment processing and SCA 2.0 verification

(1) See Tab 8 - Exceptions for details

W

ff vi

DISCOVER

BRINGING ORDER TO GUESTS WHEREVER THEY ARE GATE HUGGERS AND TERMINAL EXPLORERS REJOICE

Omnichannel is a key tenant of the Grab platform, which leverages guest-facing touchpoints across mobile, web, physical self-service touchscreens, web-based Order at Gate solutions and our distribution network powered by Grab's APIs (Application Programming Interfaces) and SDK (Software Development Kit). Augmenting our mobile offer, should the CDA desire, we stand ready to deploy the following additional products.

ORDER AT GATE

Grab's Order at Gate (OAG) technology enables us to deploy seat-specific calls to action through unique QR/NFC (Near-field communication) codes on armrests. Guests can scan the QR code or tap their NFC-enabled phone on the decal for a curated offering based on their exact location, with the option for delivery at seat or collection at the concession.

For the gate hugger, it's as easy as Scan/Tap, Order, and Relax. We'll bring it straight to the guest at their seat.

PHYSICAL KIOSKS

Debuting at DFW in 2019, Grab's multi-concept self-order kiosks present a compelling use case in strategic locations within the terminal such as the Terminal 3 food court. Enabling guests to browse menus across multiple participating concessions and order and pay from a single touchscreen, we can seamlessly serve those who are looking to explore menus while avoiding lines. Payments are point-to-point-encrypted (P2PE) for security to enable this fully unattended solution.

For the terminal explorer, guests can avoid lines and get what they want even from multiple locations with the ease of a single interface. Order, collect, and go!

Order at Gate

Virtual Board

Physical Kiosk

CONNECT TO THE WORLD'S LEADING TRAVEL BRANDS ENGAGE WITH TENS OF MILLIONS OF LOYAL CUSTOMERS

6 out of 10 passengers

would consider

pre-ordering F&B

due to convenience and time savings

I

Key to the success of our solution is unlocking distribution through the wide array of channels and partners accessible through the Grab Marketplace.

Through integrations with some of the leading day-of-travel channels, together, we will reach the largest audience to engage with guests prior to and on day-of travel.

r. n:

REACH 25+ MILLION AMERICAN AIRLINES CUSTOMERS

X

By connecting ORDER to a download base of 25+ million

American Airlines (AA) app users, we will reach and drive

miii i\ .uii

incremental sales from more elite status members who
Airlin6S ^L. often do not engage with airport shopping and dining
^Hkv. options.

Since 2017, Grab has partnered with AA to integrate mobile ordering seamlessly into the AA customer journey via its app. Grab's Net Promoter Score (NPS) within the AA app has reached 74, a score in the "Excellent" range demonstrating AA customers' affinity for the service. More information about Grab's partnership with AA can be found in Tab 2 -Experience and Qualifications Statement.

Leveraging our existing integration into the AA app enables us to:

- Capture more from time-strapped globetrotters: 73.8% of AAdvantage members with Gold status or above who use the Grab platform do so because of a lack of time to order in person. Nearly 50% said they would not have had time to purchase food in the airport.
- Engage with hard-to-reach connecting passengers: 57% of Grab users via the AA app place orders for collection during stopovers/connections.

79

This partnership represents a unique opportunity to engage with AA customers to deliver incremental revenue to merchants and ORD. Grab is also working with many other U.S. and foreign airlines to deploy a similar integration experience into their own apps and channels.

80

1

MOBILE ORDERING RFP 29
Concessions/E-Commerce System Development Plan

UNIBAIL RODAHCO WESIFIELD

W

DISCOVER
REACH MASS AFFLUENT TRAVELERS WITH PRIORITY PASS

P

London Heathrow

PRIORITY PASS™

AIRPORT TAKEOUT

Order and collect on the go
ALL LOUNGES (2)

As part of its partnership with Collinson, the global leader in traveler experiences and loyalty, Grab has exclusive distribution access to Priority Pass ("PP"), the world's largest independent airport lounge access program, owned by Collinson. Grab's omnichannel platform is integrated into the Priority Pass app, enabling distribution to 20+ million Priority Pass members worldwide.

\\ Plaxa Premium BMnifi Lounge (Atrivals)

Because there are not currently common-use lounges at ORD Terminals 1, 2, or 3, this partnership presents a unique opportunity to reach currently underserved Priority Pass members—a group of mass affluent frequent travelers. We envision offering PP members curated fixed menu options at select concessions to create a premium value proposition to this high-value audience.

SEAMLESS TRAVEL FROM HOME TO GATE WITH CLEAR CLEAR

Through a unique partnership between Grab and CLEAR, the industry leader in touchless airport solutions including at security checkpoints in 35 airports nationwide, our solution further streamlines the ORD travel journey for CLEAR members by enabling seamless ordering and fulfillment through the CLEAR mobile app.

With 5+ million members and growing, CLEAR will promote ORDER via the CLEAR mobile app, offering guests the ability to pre-order before arriving to the airport. When the guest passes through the CLEAR lane at ORD, their order will be automatically pushed to the concessionaire for preparation, using CLEAR's touchless technology and users' biometrics to safely and securely trigger the order so it is ready for pick-up or delivery at the perfect time. The guest can choose the desired post-security collection method, either picking up the order from the concessionaires or receiving delivery at the gate or another location. Serving a key audience of frequent travelers seeking fast, easy,

81

and contactless ways to improve their airport experience, this partnership offers differentiating value for the ORDER program.

FLEXIBLE PARTNER INTEGRATION

Grab is proud to have partnerships with some of the largest concessionaires in the world to the most enterprising local operators as partners-all of whom believe in a shared vision of a single e-commerce platform powering the industry. Grab has integrated its platforms with major concessionaires, POS systems, and a wide array of retail partners, offering flexible implementation for any technical capabilities and POS system.

Critical to achieving mass participation and an accelerated launch are Grab's partnerships with HMSHost and Hudson. Letters of affirmation from both parties are provided in Tab 12 - Other Information.

Like no other respondent, our team brings existing agreements with HMSHost, Hudson, Paradies Lagardere, Areas USA, and McDonald's. Our concessionaire agreements represent more than 80% of ORD domestic terminal F&B outlets, enabling us to bring a solution to market faster than any other party;

y

y

POS-INTEGRATED METHOD

Grab currently supports an extensive list of POS integrations. For locations using one of those listed below, we provide real-time integration to the register, kitchen display screen, and remote printers.

".. we would look forward to extending our strong partnership with Grab to provide the seamless omnichannel experience that today's travelers expect across our Chicago O'Hare program."

-TIMOTHY SLANEY VP OF OPERATIONS, HMSHOST

83

"We are excited to partner with Grab and take an innovative commercial approach to deliver exceptional value for our guests."

-MICHAEL MULLANEY EVP, HUDSON

CURRENTLY SUPPORTED POS INTEGRATIONS ORACLE miCrOS ©NCR,**- Untouch

Agilysys. ,D/^ERWAR£

&paRi(?™ If xpient B 0^!& u if) ReveS

ircab

FULFILL

NON-POS INTEGRATION METHOD

Grab's proprietary, tablet-based order receipt system is designed to support locations where POS integration is not possible.

Our Android-based tablet runs on secure airport Wi-Fi with the ability to fall back to cellular if needed.

ORDER FULFILLMENT

We will partner closely with participating concessionaires to provide the hardware, signage, and training for seamless order fulfillment and a safe collection process. We will equip all participating locations with an operational tablet, case, and mount to be affixed to the countertop or wall within the concession. Non-POS integrated stores will receive a printer and a buzzer for order fulfillment in addition to the tablet and tablet accessories.

Features of the tablet include:

- d. Manage, modify and organize orders
- e. View order information, including customer contact and order details
- f. Cancel orders due to out of stock or other scenarios
- g. Manage online/offline mode during irregular operations
- h. Manage hours of operation during irregular operations
- i. Manage turnaround time during irregular operations
- j. Manage out of stock items proactively
- k. Live chat with Grab partner support

We will also work with participating concessionaires to identify a designated collection area for mobile orders at each location, clearly identified by ORDer pickup signage to ensure a smooth and safe collection process.

85

"Integrating with the Grab platform has been a great boost to our business, helping to level the playing field with competitors and driving additional awareness and revenues to my restaurants."

-DONATA RUSSELL ROSS CEO, Concessions International (Family/minority-owned) Grab partner at
ATL, DEN, DFW, MIA, SEA

Wt

UNIBAIL RODAMCO WESTFIELD

FULFILL

HAVE IT YOUR WAY: FAST, EASY EXPERIENCE FOR PICKUP AND DELIVERY

Fresh Brothers Pizza 2x Pepperoni Pizza Slice

lx Hot Wings
 - 3 W.ngs

lx Bottle of Cob

j
j Coupon Code

Pickup

Add More Items \$2.99 X \$3.99 X

\$1.99 X

Apply Code

Delivery
Uniting Grab and AtYourGate, the industry leaders in airport e-commerce and delivery solutions, with the local institutional knowledge and hospitality expertise of Hyde Park Hospitality, and URWs experience stewarding relationships with hundreds of concessionaire partners, our team is best positioned to ensure every guest has a seamless ORDer experience at every visit-whether they choose to collect their items from the concessionaire or opt for delivery at their gate or elsewhere in the terminals.

ORDER PICKUP

Our omnichannel platform provides several mobile ordering touchpoints integrated into ORD channels along with airline and other distribution partners. Once an order is placed through any channel, the guest will have realtime access to the status of their order with alerts when items are ready for pickup.

\$11.96

Food & Beverage Subtotal

From the moment a guest places their order, our platform provides real-time status updates and projected pickup times. Guests can choose to receive status updates and pickup times via text or email alerts.

Once on-site, customers are directed to the designated collection point where they can safely pick up their items while social distancing. All merchandise will be safely packaged, sealed, and identified as a mobile order via an ORDER sticker.

grab" / ea wm @

ORDER DELIVERY

Our solution leverages the expertise of AtYourGate, the leading airport delivery provider, to deliver a contactless, turn-key delivery experience at ORD. Together Grab and AtYourGate bring a single solution- distributed across of all Grab's digital channel partners- for seamless delivery to guests, employees, and crew members. We will enable a wide breadth of options available via delivery across terminal and security lines, providing concessionaires with new visibility and sales from users across the airport.

ORDer BRAND AMBASSADORS

Our Delivery Team will proudly represent the ORDer brand and deliver on the O'Hare guest promise with highly trained ORDer Brand Ambassadors to safely and efficiently pickup and deliver guest orders. Clearly identifiable in ORDer uniforms, these individuals will be badged airport employees and have completed a rigorous hospitality and service training program to promote a positive guest experience.

EXPERIENCED, EFFICIENT OPERATIONS

Our team is skilled in operating within the complex airport environment with the understanding that we must support-never interfere with-the efficient, comfortable, and socially-distanced movement of people and products throughout the space. We will partner closely with the CDA and airport stakeholders to ensure compliance with ORD best practices as it relates to crossing the security checkpoint and more. Our thermal food delivery bags, no larger than 50 linear inches, are designed to pass efficiently through TSA screening, with internal partitions to separate hot and cold items for food integrity upon delivery.

PRIORITIZING HEALTH AND SAFETY

We are accustomed to the rigorous new health, safety, and sanitation protocols brought on by the COVID-19 pandemic. We understand the critical role we play in keeping guests, employees, and the airport community healthy and safe.

Informed by industry-leading best practices and the latest CDC recommendations, we will implement the following protocols:

14. Employee health screenings and temperature taking before shifts;
15. All team members are required to wear face coverings and other PPE;
16. Rigorous cleaning and sanitation of equipment including delivery bags, mobile devices, and uniforms; and
17. Contactless delivery options, where we work with the guests to establish a meeting location where items are placed while adhering to social distancing.

UNIBAIL RODAMCO WESTFIELD



ff v,

KNOW GUESTS BETTER THAN EVER BEFORE

POWERFUL INTELLIGENCE VIA GRAB INSIGHTS AND HUB

As ORD and airports everywhere seek ways to better understand their guests—who they are, where they're coming from and headed, and their preferences and habits—our solution delivers rich data and business intelligence so the CDA can:

- c. Accelerate and improve decision-making processes in its business strategies;
- d. Optimize its internal business processes and increase operational efficiency; and
- e. Drive incremental revenue and help open up new revenue streams.

Likewise, participating ORD concessionaires will have access to the Grab Hub, an intelligent tool to manage a seamless guest experience at their locations.

GRAB INSIGHTS

Grab Insights is a leading business intelligence (BI) platform enabling our partners to consume, analyze, and visualize data. Insights will deliver a wealth of information and learnings that provide the CDA with a real-time view into orders, sales, historical performance and trends with the following features:

- 18. Real-time dashboards with anonymized, aggregated transactional data;
- 19. View ratings, reviews, demographics, and guest origin; and
- 20. Robust data security standards to keep data safe.

GRAB HUB

Grab Hub is a responsive, web-based portal for our concession partners to curate their guest-facing menus and inventory. j

Content Management (CMS): '

- D. Manage products and categories, including drag-and-drop ordering;
- E. Set featured and upsell items; j

i 91

- F. Set item pricing, availability times, attributes (local, vegetarian), and search tags (spicy, fried, sushi);
- G. Nested modification options for quick application across multiple products when creating or editing menus;
- H. Bulk editing for items/modifications; and
- I. Management of upsells, cross-sells and other marketing tools.

Operational Management:

- J. Store Status e.g. online/offline, battery level of tablet, connectivity status, etc.; K. Hours of operation, e.g. cut-off times for breakfast or other limited menus; L. Set alerts to store managers for new orders, late orders, rejected orders, tablet battery issues, etc.; and
- M. Contact information for management, reporting and accounting purposes.

UNIBAIL RODAHCO WESTFIELD



ff VI

ENGAGING GUESTS AND DRIVING SALES PRELIMINARY MARKETING PLAN

Paramount to successfully launching and scaling this exciting new offering is an integrated, airport-wide marketing and brand strategy-tailored to the CDA and its guests-that uses all available channels to reach and engage with our target audiences across their journeys.

Based on our combined learnings across 60+ airports worldwide, we will work hand- in-hand with the CDA and Unison to develop and steward a brand that is compelling, guest-centric, and complementary to the powerful O'Hare brand.

Leveraging our team's existing understanding of that brand, together, we are excited to collaborate on an award- winning brand

that drives awareness,

ORDeft,

powered by grab

Mobile ordering & contact-free pickup at ORD

RECOMMENDED FUNDING

Our extensive experience launching airport marketing programs has demonstrated that for every \$1 invested in marketing, we can expect a 4x return on investment. engagement, conversion, and best-in-class guest satisfaction.

PRELIMINARY EXAMPLE SIGNAGE

Given that impressive yield, we recommend program funding by the O'Hare Marketing Fund, providing a minimum 25% of tenant marketing revenues to support development and execution. For details on recommended funding,

Preliminary design for illustrative purposes. Branding and signage will be developed in partnership with the CDA.

ANNUAL MARKETING PLAN

To maximize product awareness/adoption, we will develop an annual marketing plan and budget informed by market condition and trends, guest profiles, behaviors, sales/product performance, and more. Clearly defined

93

objectives with supporting tactics provide a roadmap to successfully launch and build a loyal user base. We will partner to align to the broader O'Hare marketing strategy, with the plan and budget presented annually for review, feedback, and approval and quarterly reviews to include campaign performance, and recommended fine tuning.

rab" / na wss @

MARKET RESEARCH

To optimize performance with data-driven insights, we may recommend custom quantitative or qualitative market research. See page 21 for details.

BRAND DEVELOPMENT/GUIDELINES

To ensure alignment with the O'Hare brand and seasonal marketing campaigns, our proposed brand, conceptually named ORDER, will be developed in partnership with the CDA and its stakeholders. A brand toolkit will clearly define the use of the brand, including logo, artwork, font, color palette, voice, and more, and provide example applications for in-terminal/retailer signage, digital advertising, web/social media graphics, out of home, and more.

ON-AIRPORT AND DIGITAL MARKETING

Key to program success is an airport-wide awareness campaign across the guest journey from the parking garage to curb to terminal to gate. Utilizing in-terminal signage, digital assets, and retailer touchpoints, in-terminal marketing will be a primary source of exposure to ORDER and critical to driving awareness and conversion. To reach guests on-the-go, we will showcase crave-worthy food and compelling retail items, emphasizing a fast, safe, and easy contactless experience. Messaging will direct guests to scan a QR code directing to ORDShopDine.com <<http://ORDShopDine.com>> with dynamic QR codes customized to easily direct the guest to specific

retailer or terminal offerings based on the guest's in-airport location.

SIGNAGE

We will work with the CDA and Unison to recommend a guest- and employee-facing, signage deployment. A key dependency of this proposal is the CDA's ability to provide signage/advertising locations at no fee and/or complimentary remnant space. We recommend the following deployment:

- Front of House: Physical signage at parking bridge; TSA queues; barricade graphics; construction walls; information desks; shuttles; and the CDA tunnel. Digital signage via digital directories; FID monitors; Boingo Wi-Fi homepage; and advertising remnant space;
- Back of House: Employee shuttles; parking lot; Badging Office; break rooms; employee corridors; Apron Level; administrative offices; and
- At Retailer: POS signage; hanging signs for order collection; stanchion toppers, branded packing seals; employee buttons; tenant handbooks; and more.

DIGITAL MARKETING

Digital marketing enables us to identify target audiences, serve compelling content, drive orders, track performance, and continuously refine for better results. Our recommended tactics include:

95

- Owned 6t Social Media: Leveraging FlyChicago.com <<http://FlyChicago.com>>, ORDshopdine.com <<http://ORDshopdine.com>>, and the CDA's social channels, our editorial calendar will provide ongoing content to promote the program. Engaging web/social graphics and video will drive awareness to ORDer, participating retailers, special offers, and more;
- Re-Marketing: ORDer users will receive occasional email campaigns per our editorial calendar; and
- Digital Advertising: Search and intent targeting, social media ads, and hyper- local targeting offer additional reach. Paid digital media and search engine marketing and optimization (SEM/SEO) will be recommended as budget allows.

Wt

SEASONAL CAMPAIGNS AND EMPLOYEE INCENTIVES

Our annual marketing calendar will target guests and employees with special offers, sales promotions, and seasonal campaigns aligned to existing CDA marketing programs such as Airport Restaurant Week, summer promotions, and holiday. Guest sales promotions may include discounts, gift with purchase, new store welcome offers, or special offers such as "\$5 off with code DAD" for Father's Day or "\$2 Taco Tuesday."

Airport employees also represent a great repeat customer and will enjoy targeted discounts and special offers. Leveraging URW's Employee Resource Center (at ORDShopdine.com <<http://ORDShopdine.com>>) and Employee Mobile Text Club as airport-wide communications channels, employees will receive digital offers and the 10% airport employee discount using code TEAMORD at checkout.

PUBLIC RELATIONS AND COMMUNICATIONS STRATEGY

To build buzz and maximize reach of our solution from launch and beyond, we recommend a broad multi-channel PR and external communications strategy to both the local market and the airport industry, with the following tactics:

MEDIA KIT

Partnering with the CDA Media Relations team, we will collaborate to develop a communications package to raise awareness among the local market and airport industry. Among the turn-key materials in the kit are a press release, fact sheet, video, photography, and v/eb/social graphics.

PARTNER COMMUNICATIONS

PARTNER COMMUNICATIONS

Likewise, a Partner Communications Kit will be provided for the CDA to distribute to educate stakeholders including the City, Choose Chicago, airlines, TSA, car rental facilities, community partners, and more. These materials will be easy to share and accessible in multiple languages to reach the entire community.

THOUGHT LEADERSHIP

We seek to showcase ORD and the CDA as industry leaders in providing digitally-enabled guest experiences. Leveraging our team's strong relationships with local trade and business publications, we will collaborate on ongoing thought leadership activity such as guest columns, speaking engagements, and more.



LOOKING TOWARDS THE FUTURE: AN END-TO-END SOLUTION WITH ENDLESS POSSIBILITIES

The agile, flexible nature of our solution-combined with the scale and partnerships that our collective team delivers-enables something so much greater than just airport e-commerce and delivery. We look forward to a long-term partnership with the CDA that delivers constant new innovations, drives incremental revenue and unlocks new revenue streams, and inspires a new industry standard. The future innovations below are only a small sample of our ideas, and we look forward to the opportunity to collaborate to help keep the CDA on the cutting edge.

PAY WITH POINTS

O'HARE Explore
Shod > oirJE
0 15-20 mins

*\$ Fresh Brothers Pizza - Terminal 2 Departures

Food Si Beverage Subtotal Sales Tax

\$196 \$0.42

Total

\$12.38

r will be .1-

By clicks grat)

Please Note: Your payment and order will be processed through our partner Grab. By clicking below you agree to LAXShopDine Terms & Conditions.

Points and miles are major currencies like any other. A key feature on our solution's near-term roadmap is to enable guests to redeem points across many programs as payment for products available on the ORDER platform. Through Grab's partnerships with airlines and with Collinson, its strategic partner and investor, soon we can unlock the ability for guests to pay for transactions using points from their favorite program. Whether an item's cost is \$20 or 2,000 AAdvantage miles, our solution will facilitate seamless payments.

GUEST ENGAGEMENT (CRM) AND LOYALTY

Choose a way to pay
with Airline Miles
GPffijj Google Pay

Airports today have a great responsibility to know their guests, understand their needs, and engage with them across their journey.

ORDER and the Grab platform are built to enable the CDA to do exactly that, when the CDA is ready.

Our platform will grow with evolving guest engagement needs and vision, enabling a seamless connection between future customer relationship management (CRM) tools and loyalty programs with ORDER, delivering even greater value to ORD's most frequent guests.

REACH CHICAGOLAND TRAVELERS WITH PARKMOBILE

98

Through an existing partnership between Grab and ParkMobile, the leading provider of smart parking and mobility solutions in the U.S, if the CDA desires, we can further extend reach of our solution to drive awareness and engagement of Chicagoland travelers ahead of their arrival to ORD by leveraging the strength of both the Grab and ParkMobile platforms. With 20+ million users on its app, ParkMobile provides a contactless way for drivers to easily find, reserve, and pay for parking on their mobile device. Partnering to drive joint awareness, marketing, and brand affinity among tens of thousands of users in the Chicagoland area, ParkMobile adds another distribution channel for a truly end-to-end experience for ORD guests.

W

77H

DELIVERING THE VISION PRELIMINARY PROJECT SCHEDULE

Based on our current understanding of the project scope and requirements, our proposed high-level project schedule is informed by our team's similar successful implementations at major airports worldwide. We will partner with the CDA to produce a detailed project plan and schedule following the agreement once formal scope is agreed and dependencies and resource availability confirmed.

During development of the detailed project plan in the Planning Phase, we will clearly document all anticipated dependencies that the CDA and any relevant third parties will be required to deliver according to schedule to achieve key milestones.

DELIVERY PHASES

Our project delivery methodology is divided into four phases as illustrated below. Each phase is supported by recurring project status meetings and stakeholder communications, including formal CDA review and approvals criteria at key project milestones.

100

Pursuant to the agreement of a formal scope that clearly defines key deliverables, and provided that the CDA and any other relevant parties can provide approvals and

other needs in a timely manner, generally, we target a go-live date approximately 16 weeks from project commencement.

* Additional scope to be added at the CDA's desire.

Following mutual agreement of the project plan and associated project governance processes, in the event of any potential or actual delays, we will immediately notify the CDA, specifying the cause and impact of that delay, including any impacts on subsequent delivery dates. In the event of any delay, the parties shall, acting reasonably and in good faith, discuss amending the delivery of any services, deliverables, or milestones by revising any relevant delivery dates as required.

WI UNIBAIL R00AHC0 \CU WESTFIELD «~

GENERATING COMMERCIAL VALUE & LONG-TERM GROWTH PROPOSED COMPENSATION TO THE CITY TOTAL UPLIFT

The following estimates are based on assumptions outlined in Tab 12. Commercial projection! provided on page 42.

+20%

Uplift in Average Ticket Size

+ 10%

Uplift in Transaction Volumes⁴¹

+\$13M

Potential 5-Year Sales Uplift

Our commercial proposal is structured to deliver maximum value to the CDA, concessions partners and employees, and ORD guests. Our model captures direct fee revenue from all orders placed through the platform and the total commercial impact and uplift on concessions sales across the three terminals. To simplify fees charged to the guest and maximize revenues, we will charge end users a Convenience Fee for all pickup and delivery orders as well as a tiered Delivery Fee for travelers and employees.

Projected Convenience Fee⁽²⁾:

- Minimum: \$ 1/order
- Maximum: Greater of \$5 or 5% of order total

+\$6M

Potential 5-Year Incremental Revenue Uplift

Projected Delivery Fee:

Traveler: \$4.99 . Employee: \$2.99

TIERED REVENUE SHARING

¹ Aligning interests between the parties, the CDA will ¹ receive tiered share of fee-generated revenue based on the cumulative transaction volume:

;- 5.0% 0.0M-0.5M transactions ¹

i - 7.5% 0.5M-1.5M transactions j

- 10.0% >1.5M transactions

] Our solution's value far

! exceeds the sum of the

proposed Convenience and Delivery Fee revenue paid to the City,

representing a potential five-year incremental revenue increase of

\$6 million and a potential stimulated sales uplift of \$13 million. With digital ordering shown

to increase ticket sizes by 20% or more, viewing e-commerce as a significant aspect of the overall commercial program and devoting appropriate resources to promote the program will drive significant commercial benefits to the CDA while restoring confidence in air travel.

Demand lost to time is recaptured by the convenience, speed of service, and promotional capabilities associated with mobile ordering. Model assumes a boost in revenue equal to an additional 10% above forecast mobile revenue.

Convenience fee amounts will be trialed to determine optimal value to drive greatest spend without inhibiting adoption.

UNIBAIL RDDAHCO WFSTFIFI.D

W

ff VI

PROJECTED SALES, NET INCOME, AND CASHFLOW

Provided below is a summary of the potential impact of our solution. Assumptions are based on the full implementation of each of our recommendations, including full requisite support for the marketing and sales-driving efforts detailed in the Marketing Plan.

Based on our experience, we assume the program will drive a 20% sales premium through higher average tickets and a 10% uplift in transaction volumes based on time and convenience benefits. A forecasted model is provided in Tab 12. Based on mobile penetration for Food & Beverage starting at 2.50% and ramping up to 20.00% and 0.50% and ramping up to 4.00% for pickup and delivery orders, respectively, alongside penetration for retail starting at 0.50% and ramping up to 2.50% and 0.25% and ramping up to 1.25% for pickup and delivery orders, respectively, we forecast the following value proposition.

Crib Inriillitti:

aEdlTremxikra ftiiirikistbrnxtlait

FitPlek-M FLbEt(OH) Full Ft-up
ilff'MiSaY

Tend OiKhsuIskii (MI)

11,111,125 = 113,121

H.iMa.i

5=2,1*

lav6 DI3il»-r, r*«

E-II L'iltlllMriilli: CIS! CDTKHfeTI F*1 FfefeHL* Stdlf
BfMr^ tewXii Iras
LTC*-TOVEjt3ir.I
ftridCfIDfcicrarriIlaJiisiu

:j3,-iii
tTCJW
iWTiH

?ia,in
1il,HI

SMSylJ
ujs,mi
iH7.5iB
HriE9ft

iBU,ia
jjjO,IM

il,js,3*:-
SSK,WI
iMii.ea

103

Proposal Form C Projected Gross Receipts by Concession Type

InxL^A.-iknL'Amfr ; pent/at* cubratrf Olki

fzv^lit [r^wtlEojcr*a.ti fr 3V ywib>-t lacrr ten ft* IAI^ :/ FYItoc^e<^Liv-n^t:- 'jtttViltt

C'iBC

<ta>»d

1HM3: | - r>1:1>>SijlIF - ■'.'(■ II-WMB 4?&S)EF=JDJ BD: K*KISI

(I) ProponJ Farm D ii provided in T=?i) 15-ASForms.

104

EXHIBIT 5

CITY'S SHELL AND CORE OBLIGATIONS Unless expressly stated otherwise below,
the City shall have no Shell and Core Obligations.

EXHIBIT 6 PRODUCTS AND PURCHASER FEES

Licensee shall be permitted to charge the Purchaser Fees, as set forth below, for each Order. Other than the Purchaser Fees set forth herein, no additional Purchaser fees shall be charged in connection with any Orders through the Grab Platform.

Purchaser Fees:

Convenience Fee: Licensee shall be permitted to charge a Convenience Fee for each Order not to exceed \$1.00 per Order. Licensee, upon written approval by the City, shall be permitted to charge a Convenience Fee of greater than \$1.00 per Order, but in no instance shall the Convenience Fee be greater than \$5.00 per Order.

Delivery Fee: In addition to the Convenience Fee, Licensee shall be permitted to charge a Delivery Fee for Orders delivered to the Purchaser. Licensee may charge Airport passengers and Airport customers a maximum of \$4.99 per delivery Order. Licensee shall not increase the amount of this fee without City approval in writing, which the City may grant or withhold at the City's sole discretion. Licensee may charge Airport employees a maximum of \$2.99 per delivery Order. Licensee shall not increase the amount of the fee without City written approval, which the City may grant or

withhold in the City's sole discretion.

106

EXHIBIT 7 FORM OF LETTER OF
CREDIT

SAMPLE FORM OF LETTER OF CREDIT

Issuing Bank Letterhead (must be a bank located in the Chicago
metropolitan area)

Irrevocable Standby Letter of Credit

Letter of Credit No. Date: ,
20

Chicago Department of Aviation , Chicago's O'Hare International Airport P.O. Box 66142
Chicago, Illinois 60666

Attention: Commissioner

23. We hereby open in your favor, at the request and for the account of this irrevocable standby letter of credit in an aggregate amount not to exceed \$ Dollars ("Stated Amount"), to be available for payment of your drafts drawn at sight on us signed by the Commissioner of the Chicago

payment of your drafts drawn on us signed by the Commissioner State Emergency Department of Aviation, or her designee.

Your sight drafts must be accompanied by a written certificate, in the form of Exhibit A attached hereto (the "Certificate") signed and completed by you.

24. Partial and multiple drawings are permitted hereunder.
25. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by any document, instrument or agreement referred to herein, or in which this Letter of Credit is referred to, or to which this Letter of Credit relates; and no such reference shall be deemed to incorporate herein by reference any such document, instrument or agreement. The Account Party is not the owner or beneficiary under this Letter of Credit and possesses no interest whatsoever in this Letter of Credit or its proceeds. Further, this Letter of Credit shall not be affected by any bankruptcy or other insolvency proceeding initiated by or against the Account Party.

This credit shall expire on , 20 , unless extended as provided herein.

26. It is a condition of this credit that it will be automatically extended without amendment for an additional period of twelve (12) months from the present and each future expiry date, unless, not less than ninety (90) days prior to the then relevant expiry date, we notify you and Corporate Counsel of the City by registered mail, return receipt requested, that we elect not to extend this credit for any additional period. Upon receipt of such a notification you may draw your sight draft

107

on us prior to the then-relevant expiration date for the unused balance of this credit, which shall be accompanied by your signed written statement that you received notification of our election not to extend.

Drafts must be marked "Drawn under irrevocable Standby Letter of Credit No.

We hereby agree to honor each draft drawn under and in compliance with the terms of this credit if duly presented at our offices on or before the close of business on the expiry date.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 500, 1993 revision, ("IUCP") and to the Uniform Commercial Code - Letters of Credit, as adopted in Illinois, 810 ILCS 5 -101 et seq.. as amended ("UCC"). To the extent that the provisions of the IUCP and UCC conflict, the provisions of the UCC shall govern.

We hereby undertake that a draft drawn in conformity with the terms of this Letter of Credit will be duly honored on presentation.

By:

Name: Title:

108

**THIS IS AN INTEGRAL PART OF STANDBY LETTER
OF CREDIT NO.**

CERTIFICATE FOR DRAWING

The undersigned, the Commissioner of the Chicago Department of Aviation, represents, warrants and certifies to (the "Bank") with reference to Letter of Credit No. issued by the Bank in favor of the City of Chicago (the "Beneficiary") that:

- A breach of the Lease and License Agreement ("Agreement") dated as of , 20 , as amended, modified or supplemented, between the City of Chicago ("City") and , an , has occurred, or a replacement Letter of Credit in a form and substance satisfactory to the City Comptroller has not been issued to the City by a Financial Institution meeting the requirements set forth in the Agreement. As a result, the City is making demand under the Letter of Credit to pay dollars (\$) on the day of, 20 .
- Payment of the draft shall be made by bank wire paid to our account as per our wire instructions below:

(Name of Bank)
(City & State)
(ABA No.)
(Account Name)
(Account No.)
(Reference No., if any)

3. All defined terms used but not defined herein shall have the meaning assigned hereto in the Letter of Credit.

In witness hereof, the City has executed this certificate as of this day of, 20 . CITY OF
CHICAGO

BY:
Its: Commissioner of Aviation

109

SAMPLE FORM OF LETTER OF CREDIT Issuing Bank Letterhead (must be a
bank located in the Chicago metropolitan area) Irrevocable Standby Letter of
Credit Letter of Credit No. Date: ,20

Chicago Department of Aviation
Chicago's O'Hare International Airport P.O. Box 66142
Chicago, Illinois 60666
Attention: Commissioner

1. We hereby open in your favor, at the request and for the account of this irrevocable standby letter of credit in an aggregate amount not to exceed \$ Dollars ("Stated Amount"), to be available for payment of your drafts drawn at sight on us signed by the Commissioner of the Chicago Department of Aviation, or the Commissioner's designee.
2. Your sight drafts must be accompanied by a written certificate, in the form of Exhibit A attached hereto (the "Certificate") signed and completed by you.
3. Partial and multiple drawings are permitted hereunder.
4. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by any document, instrument or agreement referred to herein, or in which this Letter of Credit is referred to, or to which this Letter of Credit relates; and no such reference shall be deemed to incorporate herein by reference any such document, instrument or agreement. The Account Party is not the owner or beneficiary under this Letter of Credit and possesses no interest whatsoever in this Letter of Credit or its proceeds. Further, this Letter of Credit shall not be affected by any bankruptcy or other insolvency proceeding initiated by or against the Account Party.
5. This credit shall expire on , 20 , unless extended as provided herein.
6. It is a condition of this credit that it will be automatically extended without amendment for an additional period of twelve (12) months from the present and each future expiry date, unless not less than ninety (90) days prior to the then relevant expiry date, we notify you and Corporate Counsel of the City by registered mail, return receipt requested, that we elect not to extend this credit for any additional period. Upon receipt of such a notification you may draw your sight draft on us prior to the then-relevant expiration date for the unused balance of this credit, which shall be accompanied by your signed written statement that you received notification of our election not to

extend.

7. Drafts must be marked "Drawn under irrevocable Standby Letter of Credit No. ."
8. We hereby agree to honor each draft drawn under and in compliance with the terms of this credit if duly presented at our offices on or before the close of business on the expiry date.

110

9. This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.
10. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 500, 1993 revision, ("IUCP") and to the Uniform Commercial Code - Letters of Credit, as adopted in Illinois, 810 ILCS 5-101 et seq., as amended ("UCC"). To the extent that the provisions of the IUCP and UCC conflict, the provisions of the UCC shall govern.
11. We hereby undertake that a draft drawn in conformity with the terms of this Letter of Credit will be duly honored on presentation.

By:

Name:

Title:

THIS IS AN INTEGRAL PART OF STANDBY LETTER OF CREDIT NO.

EXHIBIT A

CERTIFICATE FOR DRAWING

The undersigned, the Commissioner of the Chicago Department of Aviation, represents, warrants and certifies to reference to Letter of Credit No. (the "Beneficiary") that: (the "Bank") with issued by the Bank in favor of the City of Chicago

1. A breach of the Lease and License Agreement ("Agreement") dated as of , 20 , as amended, modified or supplemented, between the City of Chicago ("City") and , an , has occurred, or a replacement Letter of Credit in a form and substance satisfactory to the City Comptroller has not been issued to the City by a Financial Institution meeting the requirements set forth in the Agreement. As a result, the City is making demand under the Letter of Credit to pay dollars (\$) on the day of 20 .

2. Payment of the draft shall be made by bank wire paid to our account as per our wire instructions below:

- (Name of Bank) (City & State) (ABA No.) (Account Name) (Account No.) (Reference No., if any)

3. All defined terms used but not defined herein shall have the meaning assigned hereto in the Letter of Credit.

In witness hereof, the City has executed this certificate as of this day of 20

CITY OF CHICAGO

BY:

Its: Commissioner of Aviation

EXHIBIT 8

INSURANCE REQUIREMENTS Chicago Department of Aviation

License Agreement Mobile, Remote Self Ordering and Delivery Services Food, Beverage and Retail Concessions (Grab Chicago JV., LLC)

A. INSURANCE REQUIRED

Licensee must provide and maintain at Licensee's own expense, during the term of the Agreement and during the time period following expiration if Licensee is required to return and perform any work, services, or operations, the insurance coverages and requirements specified below, insuring all work, services, or operations related to the Agreement.

- 1) **Workers Compensation and Employers Liability (Primary and Umbrella)**
Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to provide a work, services, or operations under this Agreement and Employers Liability coverage with limits of not less than \$1,000,000 each accident; \$1,000,000 disease-policy limit; and \$1,000,000 disease-each employee, or the full per occurrence limits of the policy, whichever is greater. Coverage must include, but not be limited to, the following: other state endorsement, voluntary compensation and alternate employer, when applicable.

Licensee may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies:

- 2) **Commercial General Liability (Primary and Umbrella)**
Commercial General Liability Insurance or equivalent must be maintained with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury, personal injury, and property damage liability. Coverages must include, but not limited to, the following: All premises and operations, products/completed operations, separation of insureds, defense, and contractual liability (not to include Endorsement CG 21 39 or equivalent).

The City must be provided additional insured status with respect to liability arising out of Licensee's work, services or operations performed on behalf of the City. The City's additional insured status must apply to liability and defense of suits arising out of Licensee's acts or omissions, whether such liability is attributable to the Licensee or to the City on an additional insured endorsement form acceptable to the City. The full policy limits and scope of protection also will apply to the City as an additional insured, even if they exceed the City's minimum limits required herein. Licensee's liability insurance must be

primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Licensee may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

3) **Automobile Liability (Primary and Umbrella)**

113

When any motor vehicles (owned, non-owned and hired) are used in connection with work, services, or operations to be performed, Automobile Liability Insurance must be maintained by the Licensee with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury and property damage. The City is to be added as an additional insureds on a primary, non-contributory basis.

Licensee may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

4) Excess/Umbrella

Excess/Umbrella Liability Insurance must be maintained with limits of not less than \$4,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater. The policy/policies must provide the same coverages/follow form as the underlying Commercial General Liability, Automobile Liability, Employers Liability and Completed Operations coverage required herein and expressly provide that the excess or umbrella policy/policies will drop down over reduced and/or exhausted aggregate limit, if any, of the underlying insurance. The Excess/Umbrella policy/policies must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Licensee may use a combination of primary and excess/umbrella policies to satisfy the limits of liability required in sections A.1, A.2, A.3 and A.4 herein.

5) Property

The Licensee must maintain All Risk Property Insurance for the licensed space including improvements and betterments, in the amount of their full replacement cost. Coverage extensions must include Business Income and Extra Expense. The City is to be named as an additional insured and loss payee, as its interest may appear. Licensee is responsible for all loss or damage to personal property including equipment, fixtures, contents, materials and supplies.

6) Cyber Liability

Cyber Liability Insurance must be maintained with limits of not less than \$2,000,000 for each occurrence or claim. Coverage must include, but not be limited to network security and privacy liability including computer or network system attacks (liability arising from the loss or disclosure of confidential information), privacy breach response coverage and costs, regulatory liability including fines and penalties, denial or loss of service, introduction, implantation and/or spread of malicious software code, unauthorized access to or use of computer systems, theft of data, and no exclusion/restriction for unencrypted portable devices/media may be on the policy. The City must be named as an additional insured and/or indemnified party. If the City is named as an additional insured and the policy contains an insured vs insured exclusion, the exclusion must be amended, and not be applicable to the City.

7) Commercial Crime Insurance

The Licensee must provide a Fidelity Bond or Commercial Crime coverage covering all loss or damage by employee dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery, and other related crime risks. The policy limit must be written to cover losses in the amount of maximum monies collected, received or on premises or in possession of Licensee at any given time. The City must be named as a loss payee as its interest may appear. Coverage must include, but not be limited to, third party fidelity coverage,

including coverage for loss due to theft and must not contain a requirement for an arrest and/or conviction.

114

8) Liquor Liability

When applicable, Licensee must maintain Liquor Liability Insurance with limits of not less than \$1,000,000 per occurrence. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from this Agreement.

9) Builders Risk

When Licensee undertakes any construction, including improvements, betterments, upgrades and/or repairs, the Licensee must provide or cause to be provided, All Risk Builders Risk Insurance to cover materials, supplies, equipment, machinery and fixtures that will be part of the permanent facility/project. The City of Chicago is to be named as an additional insured and loss payee as its interest may appear.

The Licensee is responsible for all loss or damage to City of Chicago property at full replacement cost.

B. Additional Requirements

Evidence of Insurance. Licensee must furnish the City of Chicago, Department of Procurement Services, City Hall, Room 806, 121 N. LaSalle Street, 60602, and Department of Aviation, 10510 W. Zemke Rd, Chicago, IL 60666, original certificates of insurance and additional insured endorsement, or other evidence of insurance, to be in force on the date of this Agreement, and renewal certificates of Insurance and endorsement, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. Licensee must submit evidence of insurance prior to execution of Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of Agreement. The failure of the City to obtain, nor the City's receipt of, or failure to object to a non-complying insurance certificate, endorsement or other insurance evidence from Licensee, its insurance broker(s) and/or insurer(s) will not be construed as a waiver by the City of any of the required insurance provisions. Licensee must advise all insurers of the Agreement provisions regarding insurance. The City in no way warrants that the insurance required herein is sufficient to protect Licensee for liabilities which may arise from or relate to the Agreement. The City reserves the right to obtain complete, certified copies of any required insurance policies at any time.

Failure to Maintain Insurance. Failure of the Licensee to comply with required coverage and terms and conditions outlined herein will not limit Licensee's liability or responsibility nor does it relieve Licensee of the obligation to provide insurance as specified in this Agreement. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to suspend this Agreement until proper evidence of insurance is provided, or the Agreement may be terminated.

Notice of Material Change, Cancellation or Non-Renewal. Licensee must provide for sixty (60) days prior written notice to be given to the City in the event coverage is substantially changed, canceled or non-renewed and ten (10) days prior written notice for non-payment of premium.

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Licensee.

Waiver of Subrogation. Licensee hereby waives its rights of subrogation and agrees to require their insurers to waive their rights of subrogation against the City under all required insurance herein for any loss arising from or relating to this Agreement. Licensee agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City received a waiver of subrogation endorsement for Licensee's insurer(s).

115

Licensee's Insurance Primary. All insurance required of Licensee under this Agreement must be endorsed to state that Licensee's insurance policy is primary and not contributory with any insurance carrier by the City.

No Limitation as to Licensee's Liabilities. The coverages and limits furnished by Licensee in no way limit the Licensee's liabilities and responsibilities specified within the Agreement or by law.

No Contribution by City. Any insurance or self-insurance programs maintained by the City do not contribute with insurance provided by Licensee under this Agreement.

Insurance not Limited by Indemnification. The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

Insurance and Limits Maintained. If Licensee maintains higher limits and/or broader coverage than the minimums shown herein, the City requires and must be entitled the higher limits and/or broader coverage maintained by Licensee. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage must be available to the City.

Joint Venture or Limited Liability Company. If Licensee is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

Other Insurance obtained by Licensee. If Licensee desires additional coverages, the Licensee will be responsible for the acquisition and cost.

Insurance required of Subcontractors. Licensee must name the Subcontractor(s) as a named insured(s) under Licensee's insurance or Licensee will require each Subcontractor(s) to provide and maintain Commercial General Liability, Commercial Automobile Liability, Worker's Compensation and Employers Liability Insurance and when applicable Excess/Umbrella Liability Insurance and Professional Liability Insurance with coverage at least as broad as in outlined in Section A, Insurance Required. The limits of coverage will be determined by Licensee but be no less than \$5,000,000 per occurrence for access to airside and \$2,000,000 per occurrence for access to landside for Commercial General Liability and Auto Liability. Licensee must determine if Subcontractor(s) must also provide any additional coverage or other coverage outlined in Section A, Insurance Required. Licensee is responsible for ensuring that each Subcontractor has named the City as an additional insured where required on an additional insured endorsement form acceptable to the City. Licensee is also responsible for ensuring that each Subcontractor has complied with the required coverage and terms and conditions outlined in this Section B, Additional Requirements. When requested by the City, Licensee must provide to the City certificates of insurance and additional insured endorsements or other evidence of insurance. The City reserves the right to obtain complete, certified copies of any required insurance policies at any time. Failure of the Subcontractor(s) to comply with required coverage and terms and conditions outlined herein will not limit Licensee's liability or responsibility.

City's Right to Modify. Notwithstanding any provisions in the Agreement to the contrary, the City, Department of Finance, Risk Management Office maintains the right to modify, delete, alter or change these requirements.

32% ACDBE (JV Hyde Park Hospitality, LLC.) (TO BE
INSERTED FROM PROPOSER'S SUBMITTAL)

City of Chicago Department of Aviation

**Special Conditions Regarding Airport Concessions Disadvantaged Business Enterprise (ACDBE)
Commitment**

27. POLICY AND PROGRAM

It is the policy of the City of Chicago ("City") not to discriminate on the basis of race, color, sex or national origin in the award or performance of airport concession agreements. Because the City is a recipient of Airport Improvement Program funds from the Federal Aviation Administration ("FAA"), the concessions at the City's airports are subject to 49 CFR Part 23, Participation of Disadvantaged Business Enterprise in Airport Concessions ("Part 23"). The City will not, directly or indirectly, through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or impeding the accomplishment of the objectives of Part 23. Compliance with Part 23 requirements will not diminish or supplant the Concessionaire's obligations to comply with nondiscrimination laws as required elsewhere in the Agreement. In the event of a conflict between the provisions of these Special Conditions and the requirements of Part 23, the requirements of Part 23 shall prevail. Part 23 is available on-line at www.access.gpo.gov/nara/cfr/waisidx <<http://www.access.gpo.gov/nara/cfr/waisidx>> 06/49cfr23 06.html.

It is further the policy of the City, in accordance with the requirements of Part 23, that Airport Concession Disadvantaged Business Enterprises ("ACDBEs") have the maximum opportunity to participate fully in the City's airport concession program. As used throughout these Special Conditions, the term "ACDBE" means an entity that has been certified as such under the Illinois Unified Certification Program ("UCP"). If a firm is not certified by the Illinois UCP as an ACDBE in accordance with the standards in Part 23, the firm's participation is not counted for Part 23 purposes. ACDBEs certified by other jurisdictions are not considered certified ACDBEs for purposes of this Agreement and will not be counted as such unless they have also been certified by the Illinois UCP.

In accordance with Part 23, Subparts B and D, the City submitted an ACDBE Program and ACDBE Goal for approval by the FAA. The FAA-approved ACDBE Program and ACDBE Goal are available upon request. In the event of any amendments or revisions to Part 23 (or any related or superseding regulations), these Special Conditions shall be subject to such revised regulations and any City-promulgated program, regulations, or goals established thereunder. Upon request by the City, this Agreement shall be amended to replace these Special Conditions with revised Special Conditions that reflect the then-current federal regulations, if necessary.

The following assurances are required to be included in the Agreement by 49 CFR §23.9(c). Concessionaire is deemed to be the "concessionaire or contractor" referenced.

117

- This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase order or other agreement covered by 49 CFR Part 23.

2. The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

II. PROGRAM GOALS

The City has established, and the Federal Aviation Administration has approved, aspirational goals for ACDBE participation in its airport concessions program as required by Part 23, Subpart p. Generally, ACDBE participation in airport concessions is measured as a percentage of annual gross receipts earned by the concessions. Details on counting ACDBE participation are found in 49 CFR §§ 23.53 (rental car concessions) and 23.55 (non-rental car concessions) and described further below.

The below aspirational goals are for the City's concessions program as a whole. With respect to this Agreement, the City may or may not have established a contract-specific ACDBE aspirational goal at the time that the City issued the Request for Proposals for the concession ("RFP"). If the RFP included a contract-specific goal, Tenant's proposal either included participation by ACDBE(s) that met or exceeded the contract-specific goal or Concessionaire demonstrated "good faith efforts" to meet that contract-specific goal but was unable to do so. Guidance on "good faith efforts" can be found in Appendix A to 49 C.F.R. Part 26. Appendix A as it appears on the date of the Agreement is incorporated in Section VI. A. of these Special Conditions, but Concessionaire is responsible for compliance with federal regulations as they may be amended from time to time.

- All Concessions Except Rental Cars.

O'Hare International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 30%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 7% and a race-conscious goal of 23%.

Midway International Airport: The City has determined that the appropriate aspirational goal for ACDBE participation in non-rental car concessions is 37%. Historical data regarding ACDBE participation at the City's airports indicates that this aspirational goal should consist of a race-neutral goal of 5.5% and a race-conscious goal of 31.5%.

- B. Rental Car Concessions. Due to the lack of ACDBE rental car companies, the national or regional nature of rental car industry procurement practices and a general lack of reliable historical data, the City has determined that the aspirational goal for ACDBE participation in rental car concessions at both airports is 2.4%. Nevertheless, rental car

118

concessionaires are encouraged to use all reasonable efforts to maximize procurement of goods and services from ACDBEs that may be certified in the Illinois UCP or the UCPs of other states.

In 2012, the Rent-A-Car Concessions Voluntary M/W/DBE Program ("RAC Program")

Page 2

was approved by City Council of Chicago, Illinois, as part of an amendment to the rental car concession license agreements at Chicago O'Hare and Midway International Airports. {Conn. J. 12-12-2012, p. 43891.} As part of the program, the on-airport rental car companies ("RACs") will use good faith efforts to expand contracting opportunities for businesses owned by minorities, women and/or disadvantaged persons in connection with "non-

fleet expenditures" attributable to the On-Airport RACs operations at the Airports. The RACs agree that for fiscal year 2017 and thereafter, the goal of their outreach efforts will be to achieve, at a minimum, 30% of non-fleet expenditures with businesses owned by M/W/DBEs that are either certified or not certified but are owned by minority, women and/or disadvantaged persons.

III. CONCESSIONAIRE'S ACDBE COMMITMENT

INITIAL ACDBE COMMITMENT

The extent and nature of the ACDBE participation commitment by Concessionaire is documented in Schedules B, C and/or D attached to these Special Conditions ("ACDBE Commitment"). As used these Special Conditions and in Schedules B, C and D, "Concessionaire" means the entity with whom the City has entered into a concession agreement, whether that entity is referred to in that agreement as "Tenant," "Licensee" or other term.

The total ACDBE Commitment, stated as a percentage of the concessions gross revenues, must equal or exceed the percentage ACDBE participation required in the Agreement. If the Agreement indicates that there is no ACDBE participation requirement, it will be conclusive evidence that either (a) the RFP contained no contract-specific goal and Concessionaire did not propose any ACDBE participation or (b) the Concessionaire demonstrated, to the satisfaction of the City, that it exerted good faith efforts to obtain ACDBE participation to meet a contract-specific goal but was unable to obtain such participation. In either such event, there will be no Schedule B, C or D attached to these Special Conditions.

If there is ACDBE participation in the form of a joint venture member, the attached Schedule B sets forth the essential terms of that joint venture participation, including a representation as to the value of the ACDBE's activities in operating the concession as a percentage of gross revenues, and a copy of the joint venture agreement is attached to Schedule B. If there is ACDBE participation in the form of ACDBE(s) acting as sublicensee(s), subtenant(s) or subcontractor(s), it is documented in Schedules C and D. Schedule(s) C is the commitment by the ACDBE(s) to participate by providing the goods or services indicated, and Schedule D is the commitment by the non-ACDBE to such participation by the ACDBE(s).

CHANGES IN ACDBE PARTICIPATION

119

Pursuant to 49 CFR 23.25 and 49 CFR 26.53, Concessionaire must not make arbitrary changes to its ACDBE Commitment. Further, after entering into a joint venture agreement, sublicense or subcontract (collectively, "ACDBE agreement") with each approved ACDBE, Concessionaire must not terminate the ACDBE agreement, reduce the scope of the ACDBE's participation in the

Page 3

concession, nor decrease the compensation to the ACDBE, as applicable, without in each instance receiving the prior written consent of the City. The City will not consent unless Concessionaire shows good cause. Concessionaire must promptly notify the Commissioner of any proposed change in an ACDBE agreement and submit a copy of the proposed amendment to the ACDBE agreement. Prior to requesting consent from the City to terminate or substitute an ACDBE, Concessionaire must give notice to the ACDBE, with a copy to the City, providing the ACDBE an opportunity to respond.

In any event, the collective participation of the previously approved ACDBE(s) must either continue to contribute to the concession at least the value of the ACDBE Commitment, as stated in terms of a percentage of gross revenues, or

substitute or additional ACDBE(s) must be retained by Concessionaire pursuant to (D) below to maintain the ACDBE Commitment, except as provided in (C) below. Failure to comply with the ACDBE Commitment is an event of default under the Agreement. If the proposed change in ACDBE participation is approved by the City, Concessionaire and ACDBE(s) must complete revised Schedules B, C or D, as applicable.

These notice and consent requirements apply both pre- and post- award of the Agreement. Note that changes to a joint venture Concessionaire prior to award may result in rejection of the proposal if the City determines, in the sole discretion of the Commissioner, that those changes affect Concessionaire's qualifications.

C. INVOLUNTARY CHANGES IN ACDBE PARTICIPATION

In the event that it appears that Concessionaire will not comply with its ACDBE Commitment because: (i) an ACDBE has defaulted in its performance under the ACDBE agreement through no fault of Concessionaire, (ii) an ACDBE is decertified by the Illinois UCP through no fault of Concessionaire and the ACDBE's participation can no longer be counted, (iii) the ACDBE's certified area of specialty has been changed through no fault of Concessionaire and the ACDBE's participation can no longer be counted, or (iv) an ACDBE is otherwise unable or unwilling to perform its obligations through no fault of Concessionaire, then Concessionaire must promptly notify the ACDBE with a copy to the City, of its intent to terminate or substitute the ACDBE's participation and provide the ACDBE with a minimum of five days to respond, unless the City grants permission for a shorter response period as a matter of public necessity (i.e. safety). Concessionaire requests to the City for permission to terminate or substitute an ACDBE must specify one or more of the foregoing reasons as the cause for potential noncompliance with the ACDBE Commitment. If the City concurs with the specified reason, Concessionaire shall use good faith efforts as described in Section VI below to replace the ACDBE's participation with participation by another ACDBE. As provided in Section VI, Concessionaire must demonstrate those good faith efforts to the satisfaction of the Commissioner. Failure to comply with the foregoing shall be an event of default under the Agreement.

120

Concessionaire's position in these cases must be fully explained and supported with adequate documentation. Stated reasons which will NOT be acceptable include: A replacement firm has been recruited to perform the same function under terms more advantageous to the Concessionaire; issues about performance by the committed ACDBE were disputed (unless every reasonable effort has already been taken to have the issues resolved or mediated

Page 4

satisfactorily); and an ACDBE has requested reasonable price escalation which may be justified due to unforeseen circumstances.

I. ACDBE SUBSTITUTION AND ADDITIONAL ACDBEs

If Concessionaire identifies a substitute, replacement or additional ACDBE for the City's approval, Concessionaire's request for approval shall include the name, address, and principal official of the proposed ACDBE; the nature and essential terms of the ACDBE agreement under which the ACDBE will participate; and a letter of intent signed by Concessionaire and the ACDBE to enter into such an ACDBE agreement upon approval by the City. Concessionaire must provide such other affidavits and documents as the City may request to evaluate the request. The City will evaluate and respond to the submitted documentation within fifteen working days after the submittal of a complete request. The response may be in the form of approving the request, requiring more information, or requiring an interview.

Actual use of a substitute, replacement or additional ACDBE should not be made by Concessionaire before City approval is given. An ACDBE agreement between Concessionaire and the ACDBE must be executed within the time specified by the City, and a fully executed copy of the ACDBE agreement must be submitted immediately to the City.

m. AGREEMENT EXTENSIONS, ASSIGNMENTS AND SUBLEASES

If the Agreement contains a term extension or if the Concessionaire proposes an assignment or sublease of the Agreement, as a condition precedent to the City's consent to such extension, assignment or sublease, the City and Concessionaire will revisit and possibly adjust the Concessionaire's ACDBE Commitment to reflect any possible change in ACDBE availability and to ensure compliance with Part 23 as it may have been amended in the interim. Concessionaire will be required to provide amended Schedules D, B, or C, along with amended ACDBE agreements, to reflect any required changes to the ACDBE Commitment or provide documentation of good faith efforts to achieve increased ACDBE participation.

IV. COUNTING ACDBE PARTICIPATION

18. CONCESSIONS OTHER THAN RENTAL CAR

In order for participation in the concession to be counted and reported to the FAA, ACDBEs must perform a commercially useful function, as defined in 49 CFR § 23.55(a). The work performed or gross receipts earned by a firm after its ACDBE eligibility has been removed are not counted, except as provided in 49 CFR § 23.55(j). Costs incurred in connection with the renovation, repair, or construction of a concession facility (sometimes referred to as the "buildout") are not counted (but may be subject to goals for M/WBE or other types of

121

participation under a local program as specified by the City). Otherwise, ACDBE participation in non-rental car concessions is counted in accordance with 49 CFR § 23.55 as follows:

- a. Concessionaire is an ACDBE. When Concessionaire is an ACDBE or a joint venture consisting only of ACDBEs, the gross receipts earned by Concessionaire are counted. Gross receipts attributable to a non-ACDBE sublicensee of Concessionaire are not

Page 5

counted.

- f. Separate locations. When an ACDBE performs as a sublicensee to Concessionaire with its own concession location or when Concessionaire is a joint venture which includes a non-ACDBE and in which an ACDBE operates its own separate location, the gross receipts earned by the ACDBE at its separate location are counted. The ACDBE location must be independently operated by the ACDBE as evidenced by the ACDBE's responsibility for all aspects of the management and operation of the location. Gross receipts attributable to a non-ACDBE sublicensee of the ACDBE are not counted.
- g. Joint venture, no separate locations. When Concessionaire is a joint venture with an ACDBE participant and the ACDBE jointly participates with a non-ACDBE in the operation of all locations, only the portion of the Concessionaire's gross receipts attributable to the distinct, clearly defined portion of the work of the concession that the ACDBE performs with its own forces is counted. When the City has reason to doubt the extent of an ACDBE joint venturer's commercially useful contribution towards the concessionaire's gross receipts, the City may require Concessionaire to submit evidence to substantiate the value of the ACDBE's contribution. If the Concessionaire fails to submit satisfactory evidence, it is an event of default under the Agreement.
- h. Subcontractor participation. When an ACDBE provides, as a subcontractor to Concessionaire, goods or services for operation of the concession, the amounts paid to the ACDBE are counted as provided below. However, if the ACDBE enters into a subcontract with a non-ACDBE to provide the goods or services, the amounts paid to the non-ACDBE are not counted.

- The entire amount of fees or commissions charged by an ACDBE firm for a bona fide service, provided that the City determines this amount to be reasonable and not excessive as compared with fees customarily paid for similar services. Such services may include, but are not limited to, professional, technical, consultant, legal, security systems, advertising, building cleaning and maintenance, computer programming, or managerial.
- The entire amount of the cost of goods obtained from an ACDBE manufacturer, as provided in 49 CFR § 23.55(f).
- The entire amount of the cost of goods purchased or leased from a ACDBE regular dealer, as provided in 49 CFR § 23.55(g).

For goods purchased from an ACDBE which is neither a manufacturer nor a regular dealer, the amount of reasonable fees, commissions, or delivery charges earned by the ACDBE, as provided in 49 CFR § 23.55 (h).

21. RENTAL CAR CONCESSIONS

122

i If Concessionaire is a rental car company, ACDBE participation counts in accordance with the provisions of 49 CFR §23.53. Goods and services will be counted in accordance with the following:

- a. The entire amount of the cost charged by an ACDBE for repairing vehicles, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar

Page 6

services; and further provided that any portion of a fee paid by a manufacturer to an ACDBE car dealership for reimbursement of work performed under the manufacturer's warranty is excluded;

- N. The entire amount of the fee or commission charged by an ACDBE to manage a car rental concession under an agreement with the Concessionaire, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services.
- O. For other goods and services, ACDBE participation counts as provided in 49 CFR §26.55 and §23.55. In the event of any conflict between these two sections, §23.55 controls.
- P. If a rental car company has a national or regional contract with an ACDBE, it may count a pro-rated share of the amount of that contract toward the goals of each airport covered by the contract as provided in §23.55(f).

Rental car companies may also count ACDBE direct participation through direct ownership arrangements, but such arrangements are not required.

V. CERTIFICATION, RECORDS, REPORTS AND MONITORING

CERTIFICATION

Copies of letters of certification from a member of the Illinois UCP for each ACDBE that is part of Concessionaire's ACDBE Commitment are attached to their respective Schedule C or Schedule B. All letters of certification issued by the City of Chicago include a statement of the ACDBE firm's area of specialization.

Each ACDBE must promptly notify Concessionaire if there is any change in the ACDBE's certification status. Concessionaire, in turn, must notify Commissioner of any change in an ACDBE's certification status and provide a copy of any correspondence from the certifying agency regarding the status of an ACDBE's certification.

The ACDBE's scope of work, as detailed by Schedule B, C or D, must conform to its stated area of specialization. If, during the course of this Agreement, Concessionaire proposes to amend Schedules B, C or D so that an ACDBE performs additional work or supplies additional goods, materials or services not covered by its area of certification, the ACDBE must request an extension of its certification for such work, goods, materials or services in order to count toward the ACDBE's participation in the concession. The request to expand the scope of the ACDBE's certification, together with all documentation required by the City to process that request, must be received by the City at least 60 days in advance of the proposed date to perform such additional work or supply such additional goods, materials or services.

RECORDKEEPING

123

The Concessionaire must maintain records of all relevant data with respect to the utilization of ACDBEs, retaining these records for a period of at least three years after termination or expiration of the Agreement. Concessionaire grants full access to these records to the City of Chicago, Federal or State authorities, the U.S. Department of Justice, or their duly authorized .

Page 7

representatives.

REPORTING

Concessionaire must file ACDBE utilization reports (monthly if non-rental car and quarterly if rental car), together with its concession license fee payment, delineating for the month or quarter, as applicable, and cumulatively for the year-to-date: (i) contribution by ACDBE joint venture member(s) or sublicensee(s) to Concessionaire's gross receipts and (ii) payments to ACDBE subcontractor(s). Each ACDBE utilization report must be signed by an authorized officer or representative of the Concessionaire and be notarized.

MONITORING

The City will, from time to time during the term of the Agreement, conduct investigations and interviews to monitor and verify that ACDBE participation in the concession meets or exceeds the ACDBE Commitment. Concessionaire must give, upon request, earnest and prompt cooperation to the City in submitting to inspections and interviews, in allowing entry to places of business, in providing further documentation, and in requiring the cooperation of its ACDBEs.

If the City determines that an ACDBE's actual role or responsibilities do not comply with the representations made by Concessionaire and the ACDBE in Schedules B, C or D, or that Concessionaire and/or ACDBE have misrepresented to the City either the payments to the ACDBE or the value of the ACDBE's participation in a joint venture, it shall be an event of default under the Agreement.

VI. GOOD FAITH EFFORTS

A. EXAMPLES

f

Examples of "good faith efforts" are described below and in 49 CFR § 23.25, 49 CFR §26.53, and Appendix A to 49 CFR Part 26. As provided in § 23.25, §26.53 and Appendix A to 49 • Part 26, the following are examples of documented actions that the City may take into consideration in determining whether Concessionaire made good faith efforts:

Soliciting through all reasonable and available means (e.g., advertising and/or written notices) the interest of all certified ACDBEs who have the capability to perform work or services or to supply goods relevant to the concession. Concessionaire must solicit this interest within sufficient time to allow the ACDBEs to respond to the solicitation. Concessionaire must determine with certainty if the ACDBEs are interested by taking appropriate steps to follow up initial solicitations.

- Soliciting the work, services or goods in portions that increase the likelihood that an ACDBE can perform the work or services or provide the goods. This includes, when appropriate, breaking out contract items into economically feasible units to facilitate

124

ACDBE participation, even when the concessionaire might otherwise prefer to perform these work items with its own forces.

- Providing interested ACDBEs with adequate information about the operations, management and requirements of the concession in a timely manner to assist them in

Page 8

responding to a solicitation.

- Negotiating in good faith with interested ACDBEs. Evidence of such negotiation includes the names, addresses and telephone numbers of ACDBEs that were considered; a description of the information provided regarding the opportunities selected for possible ACDBE participation; and evidence as to why agreement could not be reached for ACDBEs to perform the work.

NOTE: A concessionaire using good business judgment would consider a number of factors in negotiating with potential business partners or subcontractors, including ACDBEs, and would take a firm's price and capabilities as well as contract goals into consideration. However, the fact that there may be some additional costs involved in finding and using ACDBEs is not in itself sufficient reason for a failure to meet the ACDBE Commitment, as long as such costs are reasonable. Concessionaires are not, however, required to accept higher quotes from ACDBEs if the price difference in comparison to non-ACDBEs is excessive or unreasonable.

- Not rejecting ACDBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The ACDBE's standing within its industry, membership in specific groups, organization or associations and political or social affiliation (for example union vs. non-union employee status) are not legitimate causes for rejection.

Making efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance as required by the City or Concessionaire.

Making efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials, or related assistance or services.

Effectively using the services of available minority/women community organizations and contractors' groups; local, state and federal minority/women business assistance offices; and other organizations as allowed on a case-by-case basis to provide assistance in the recruitment and placement of ACDBEs.

DOCUMENTATION

Whenever Concessionaire is required to demonstrate good faith efforts by Part 23 or these Special Conditions, Concessionaire must provide supporting documentation to the satisfaction of the Commissioner. This means documentation to show that Concessionaire took all necessary and reasonable steps which by their scope, intensity and appropriateness to the objective, could reasonably be expected to obtain compliance, even if not fully successful. The following types of documentation, as applicable to the situation, will be considered by the City in determining whether Concessionaire has made good faith efforts:

- A listing of all ACDBE firms that were contacted that includes:
 - names, address and telephone numbers of ACDBE firms contacted;

125

- date and time of contact;
- method of contact (written, telephone, transmittal of facsimile documents, etc.);
- name of the person contacted.

3. Copies of letters or any other evidence of mailing that substantiates outreach to ACDBE vendors that include:
 - concession identification and location;
 - descriptions/classification/commodity of work, services or goods for which quotations were sought; and
 - date, time and location for submittal of bids or proposals.
4. Detailed statement which summarizes direct negotiations with appropriate ACDBE firms and indicates why negotiations were unsuccessful.
5. Affirmation that good faith efforts have been demonstrated by choosing opportunities likely to be performed by ACDBEs by not imposing any limiting conditions which were not mandatory for all potential bidders\proposers; or denying the benefits ordinarily conferred for the type of opportunity that was solicited.
6. Copies of proposed portions of the work, services or goods to be performed or provided by ACDBEs in order to increase the likelihood of ACDBE participation.
7. Evidence that Concessionaire negotiated in good faith with interested ACDBEs.
8. Evidence that Concessionaire did not reject ACDBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities.
9. Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining bonding, lines of credit or insurance, as required by the City or the concessionaire.
10. Evidence that Concessionaire made efforts to assist interested ACDBEs in obtaining necessary equipment, supplies, materials or related assistance or services.
11. Evidence that Concessionaire has provided timely notice of the opportunity to at least 50 percent of the applicable ACDBEs listed in the Illinois UCP Directory. The City may contact the ACDBEs identified by Concessionaire for verification of such notification.
12. Evidence that ACDBE participation is excessively costly. In order to establish that a ACDBE's quote is excessively costly, Concessionaire must provide the following information:
 1. A detailed statement of the opportunity identified for ACDBE participation for which Concessionaire asserts the ACDBE quote(s) were excessively costly.
 2. A listing of all potential business partners or subcontractors contacted for a quotation on that opportunity.
 3. Prices quoted by all such potential business partners or subcontractors for that opportunity.
 4. Other documentation that demonstrates to the satisfaction of the City that the ACDBE quotes are excessively costly.

ADMINISTRATIVE RECONSIDERATION

For the purposes of this Agreement, the City has delegated the responsibility for making

the determination regarding a Concessionaire's good faith efforts to the Department of Aviation. The determination shall be based upon the Department's review of the documentation that the Concessionaire has timely submitted. Within five days of being informed by the Department that Concessionaire has not documented sufficient good faith efforts, Concessionaire may request administrative reconsideration. The request must be made in writing to the following official:

City of Chicago ; Department of Aviation 10510 West Zemke Road Chicago, Illinois 60666 Attention: Commissioner

NOTE: The Commissioner may not have played any role in the original determination that the Concessionaire did not make or timely document sufficient good faith efforts. The Commissioner may appoint a reconsideration officer, who did not play any role in the original determination, to act in his or her stead.

with copies to:

City of Chicago
Department of Procurement Services
City Hall, Room 806
121 N. LaSalle Street
Chicago, Illinois 60602
Attention: Chief Procurement Officer

City of Chicago Department of Aviation
10510 West Zemke Road Chicago, Illinois
60666
Attention: Deputy Commissioner for Concessions

City of Chicago -Department of Law 30 North LaSalle
Street, Room 1400 Chicago, Illinois 60602
Attention: Deputy Corporation Counsel, Aviation

2. As part of this reconsideration, the Concessionaire will have the opportunity to provide written documentation or argument concerning the issue of whether it made adequate good faith efforts. The Concessionaire will have the opportunity to meet in person with the reconsideration officer to discuss whether it did so. The Department will send the Concessionaire a written decision on reconsideration, explaining the basis for finding that the Concessionaire did or did not make adequate good faith efforts.

127

VII. NON-COMPLIANCE AND DAMAGES

128

F. NON-COMPLIANCE GENERALLY

Concessionaire's failure to comply with these Special Conditions constitutes a material breach of the Agreement and entitles the City to declare an event of default. If Concessionaire fails to cure the default within the time allowed under the default provisions of the Agreement, the City may exercise those remedies provided for in the Agreement, at law or in equity, including termination of the Agreement. In addition to any remedies specified in the Agreement, at the City's option the term of this Agreement will become month-to-month until the City locates a new Concessionaire. At the City's option, any improvements added by Concessionaire must remain for the new tenant at no cost to the City or the new tenant.

G. NON-COMPLIANCE WITH ACDBE AGREEMENT

If Concessionaire has not complied with the requirements of an ACDBE agreement, the affected ACDBE may seek to recover from Concessionaire damages suffered by the ACDBEs as a result of such noncompliance. Such disputes may impact the quality of concessions at the City's airports and/or the ability of other airport tenants to solicit ACDBE participation. Therefore, Concessionaire consents to have any disputes between Concessionaire and affected ACDBEs resolved by binding arbitration before an independent arbitrator other than the City, with reasonable expenses, including attorneys' fees, being recoverable by the prevailing party in accordance with any applicable regulations. This provision is intended for the benefit of all ACDBEs affected by Concessionaire's failure to comply with ACDBE agreements and grants ACDBEs specific third-party beneficiary rights. In cases deemed appropriate by the City, a dispute may lead to the withholding of sums that the City may owe Concessionaire until the City receives a copy of the final arbitration decision, but in no event will Concessionaire be excused from making any payments due to the City during the pendency of a dispute. Noncompliance or non-cooperation with the City may affect continued eligibility to enter into future contracting arrangements with the City.

Page 12

EXHIBIT 10

MBEWBE SPECIAL CONDITIONS AND RELATED FORMS

**SPECIAL CONDITIONS REGARDING MINORITY OWNED BUSINESS ENTERPRISE COMMITMENT AND
WOMEN OWNED BUSINESS ENTERPRISE COMMITMENT IN CONSTRUCTION
CONTRACTS**

' Polirv anri Terms

As set forth in 2-92-650 et seq. of the Municipal Code of Chicago (MCC) it is the policy of the City of Chicago that businesses certified as Minority Owned Business Enterprises (MBEs) and Women Owned Business Enterprises (WBEs) in accordance with Section 2-92-420 et seq. of the MCC and Regulations Governing Certification of Minority and Women-owned Businesses, and all other Regulations promulgated under the aforementioned sections of the Municipal Code, shall have full and fair opportunities to participate fully in the performance of this contract. Therefore, bidders shall not discriminate against any person or business on the basis of race, color, national origin, or sex, and shall take affirmative actions to ensure that MBEs and WBEs shall have full and fair opportunities to compete for and perform subcontracts for supplies or services.

Failure to carry out the commitments and policies set forth herein shall constitute a material breach of the contract and may result in the termination of the contract or such remedy as the City of Chicago deems appropriate.

Under the City's MBE/WBE Construction Program as set forth in MCC 2-92-650 et seq, the program-wide aspirational goals are 26% Minority Owned Business Enterprise participation and 6% Women Owned Business Enterprise participation. The City has set goals of 26% and 6% on all contracts in line with its overall aspirational goals, unless otherwise specified herein, and is requiring that bidders make a good faith effort in meeting or exceeding these goals.

Contract Specific Goals and Bids

A bid may be rejected as non-responsive if it fails to submit one or more of the following with its bid demonstrating its good faith efforts to meet the Contract Specific Goals by reaching out to MBEs and WBEs to perform work on the contract:

28. An MBE/WBE compliance plan demonstrating how the bidder plans to meet the Contract Specific Goals (Schedule D); and/or
29. Documentation of Good Faith Efforts (Schedule H).

If a bidder's compliance plan falls short of the Contract Specific Goals, the bidder must include either a Schedule H demonstrating that it has made Good Faith Efforts to find MBE and WBE firms to participate or a request for a reduction or waiver of the goals.

Accordingly, the bidder or contractor commits to make good faith efforts to expend at least the following percentages of the total contract price (inclusive of any and all modifications and amendments), if awarded the contract:

**MBE Contract Specific Goal: 26% WBE
Contract Specific Goal: 6%**

130

This Contract Specific Goal provision shall supersede any conflicting language or provisions that may be contained in this document.

For purposes of evaluating the bidder's responsiveness, the MBE and WBE Contract Specific Goals shall be percentages of the bidder's total base bid. However, the MBE and WBE Contract Specific Goals shall apply to the total value of this contract, including all amendments and modifications.

Contract Specific Goals and Contract Modifications

- q. The MBE and WBE Contract Specific Goals established at the time of contract bid shall also apply to any modifications to the Contract after award. That is, any additional work and/or money added to the Contract must also adhere to these Special Conditions requiring Contractor to (sub)contract with MBEs and WBEs to meet the Contract Specific Goals.
 - Contractor must assist the Construction Manager or user Department in preparing its "proposed contract modification" by evaluating the subject matter of the modification and determining whether there are opportunities for MBE or WBE participation and at what rates. N
 - Contractor must produce a statement listing the MBEs/WBEs that will be utilized on any contract modification. The statement must include the percentage of utilization of the firms. If no MBE/WBE participation is available, an explanation of good faith efforts to obtain participation must be included.
- r. The Chief Procurement Officer shall review each proposed contract modification and amendment that by itself or aggregated with previous modification/amendment requests, increases the contract value by ten percent (10%) of the initial award, or \$50,000, whichever is less, for opportunities to increase the participation of MBEs or WBEs already involved in the Contract.

II. Definitions

"Area of Specialty" means the description of a MBE's or WBE's activity that has been determined by the Chief Procurement Officer to be most reflective of the firm's claimed specialty or expertise. Each MBE and WBE letter of certification contains a description of the firm's Area of Specialty. Credit toward the Contract Specific Goals shall be limited to the participation of firms performing within their Area of Specialty. The Department of Procurement Services does not make any representation concerning the ability of any MBE or WBE to perform work within its Area of Specialty. It is the responsibility of the

bidder or contractor to determine the capability and capacity of MBEs and WBEs to perform the work proposed.

"B.E.P.D." means an entity certified as a Business enterprise owned or operated by people with disabilities as defined in MCC 2-92-586.

"Broker" means a person or entity that fills orders by purchasing or receiving supplies from a third party supplier rather than out of its own existing inventory and provides no commercially useful function other than acting as a conduit between his or her supplier and his or her customer.

"Chief Procurement Officer" or "CPO" means the chief procurement officer of the City of Chicago or his or her designee.

131

"Commercially Useful Function" means responsibility for the execution of a distinct element of the work of the contract, which is carried out by actually performing, managing, and supervising the work involved, evidencing the responsibilities and risks of a business owner such as

negotiating the terms of (sub)contracts, taking on a financial risk commensurate with the contract or its subcontract, responsibility for acquiring the appropriate lines of credit and/or loans, or fulfilling responsibilities as a joint venture partner as described in the joint venture agreement.

"Construction Contract" means a contract, purchase order or agreement (other than lease of real property) for the construction, repair, or improvement of any building, bridge, roadway, sidewalk, alley, railroad or other structure or infrastructure, awarded by any officer or agency of the City, other than the City Council, and whose cost is to be paid from City funds.

"Contract Specific Goals" means the subcontracting goals for MBE and WBE participation established for a particular contract.

"Contractor" means any person or business entity that has entered into a construction contract with the City, and includes all partners, affiliates and joint ventures of such person or entity.

"Direct Participation" the value of payments made to MBE or WBE firms for work that is done in their Area of Specialty directly related to the performance of the subject matter of the Construction Contract will count as Direct Participation toward the Contract Specific Goals.

"Directory" means the Directory of Minority Business MBEs and WBEs maintained and published by the Chief Procurement Officer. The Directory identifies firms that have been certified as MBEs and WBEs, and includes the date of their last certifications and the areas of specialty in which they have been certified. Bidders and contractors are responsible for verifying the current certification status of all proposed MBEs and WBEs.

"Executive Director" means the executive director of the Office of Compliance or his or her designee.

"Good Faith Efforts" means actions undertaken by a bidder or contractor to achieve a Contract Specific Goal that, by their scope, intensity, and appropriateness to the objective, can reasonably be expected to fulfill the program's requirements.

"Joint venture" means an association of a MBE or WBE firm and one or more other firms to carry out a single,

for-profit business enterprise, for which each joint venture partner contributes property, capital, efforts, skills and knowledge, and in which the MBE or WBE is responsible for a distinct, clearly defined portion of the work of the contract and whose share in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.

"Minority Business Enterprise" or "MBE" means a firm certified as a minority-owned business enterprise in accordance with City Ordinances and Regulations.

"Supplier" or "Distributor" refers to a company that owns, operates, or maintains a store, warehouse or other establishment in which materials, supplies, articles or equipment are bought, kept in stock and regularly sold or leased to the public in the usual course of business. A regular distributor or supplier is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials or supplies required for performance of the Contract are bought, kept in stock, and regularly sold to the public in the usual course of business. To

132

be a regular distributor the firm must engage in, as its principal business and in its own name, the purchase and sale of the products in question. A regular distributor in such bulk

items as steel, cement, gravel, stone, and petroleum products need not keep such products in stock if it owns or operates distribution equipment.

"Women Business Enterprise" or "WBE" means a firm certified as a women-owned business enterprise in accordance with City Ordinances and Regulations.

III. Joint Ventures

The formation of joint ventures to provide MBEs and WBEs with capacity and experience at the prime contracting level, and thereby meet Contract Specific Goals (in whole or in part) is encouraged. A joint venture may consist of any combination of MBEs, WBEs, and non-certified firms as long as one member is an MBE or WBE.

- The joint venture may be eligible for credit towards the Contract Specific Goals only if:
 - The MBE or WBE joint venture partner's share in the capital contribution, control, management, risks and profits of the joint venture is equal to its ownership interest;
 - The MBE or WBE joint venture partner is responsible for a distinct, clearly defined portion of the requirements of the contract for which it is at risk;
 - Each joint venture partner executes the bid to the City; and
 - The joint venture partners have entered into a written agreement specifying the terms and conditions of the relationship between the partners and their relationship and responsibilities to the contract, and all such terms and conditions are in accordance with the conditions set forth in Items 1, 2, and 3 above in this Paragraph A.
- The Chief Procurement Officer shall evaluate the proposed joint venture agreement, the Schedule B submitted on behalf of the proposed joint venture, and all related documents to determine whether these requirements have been satisfied. The Chief Procurement Officer shall also consider the record of the joint venture partners on other City of Chicago contracts. The decision of the Chief Procurement Officer regarding the eligibility of the joint venture for credit towards meeting the Contract Specific Goals, and the portion of those goals met by the joint venture, shall be final.

The joint venture may receive MBE or WBE credit for work performed by the MBE or WBE joint venture partner(s) equal to the value of work performed by the MBE or WBE with its own forces for a distinct, clearly defined portion of the work.

Additionally, if employees of the joint venture entity itself (as opposed to employees of the MBE or WBE partner) perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture as described in Schedule B.

The Chief Procurement Officer may also count the dollar value of work subcontracted to other MBEs and WBEs. Work performed by the forces of a non-certified joint venture partner shall not be counted toward the Contract Specific Goals.

133

Schedule B: MBE/WBE Affidavit of Joint Venture

Where the bidder's Compliance Plan includes the participation of any MBE or WBE¹ as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. These documents must both clearly evidence that the MBE or WBE joint venture partner (s) will be responsible for a clearly defined portion of the work to be performed, and that the MBE's or WBE's responsibilities and risks are proportionate to its ownership percentage. The proposed joint venture agreement must include specific details related to:

- n. The parties' contributions of capital, personnel, and equipment and share of the costs of insurance and bonding;
 - o. _____ and/or work to be performed by employees of the newly formed joint venture entity;
 - p. Work items to be performed under the supervision of the MBE or WBE joint venture partner;
- and
- q. The MBE's or WBE's commitment of management, supervisory, and operative personnel to the performance of the contract.

NOTE: Vague, general descriptions of the responsibilities of the MBE or WBE joint venture partner do not provide any basis for awarding credit. For example, descriptions such as "participate in the budgeting process," "assist with hiring," or "work with managers to improve customer service" do not identify distinct, clearly defined portions of the work. Roles assigned should require activities that are performed on a regular, recurring basis rather than as needed. The roles must also be pertinent to the nature of the business for which credit is being sought. For instance, if the scope of work required by the City entails the delivery of goods or services to various sites in the City, stating that the MBE or WBE joint venture partner will be responsible for the performance of all routine maintenance and all repairs required to the vehicles used to deliver such goods or services is pertinent to the nature of the business for which credit is being sought.

IV. Counting MBE and WBE Participation Towards the Contract Specific Goals

Work items to be performed by the MBE's or WBE's own forces

Refer to this section when preparing the MBE/WBE compliance plan and completing Schedule D-1 for guidance on what value of the participation by MBEs and WBEs will be counted toward the stated Contract Specific Goals. The "Percent Amount of Participation" depends on whether and with whom

Contract Specific Goals. The Percent Amount of Participation depends on whether and with whom a MBE or WBE subcontracts out any portion of its work and other factors.

Firms that are certified as both MBE and WBE may only be listed on a bidder's compliance plan as either a MBE or a WBE to demonstrate compliance with the Contract Specific Goals. For example, a firm certified as both a MBE and a WBE may only listed on the bidder's compliance plan under one of the categories, but not both. Additionally, a firm that is certified as both a MBE and a WBE could not self-perform 100% of a contract, it would have to show good faith efforts to meet the Contract Specific Goals by including in its compliance plan work to be performed by another MBE or WBE firm, depending on which certification that dual-certified firm chooses to count itself as.

A. Only expenditures to firms that perform a Commercially Useful Function as defined above may count toward the Contract Specific Goals.

134

19. The CPO will determine whether a firm is performing a commercially useful function by evaluating the amount of work subcontracted, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the credit claimed for its performance of the work, industry practices, and other relevant factors.

20. A MBE or WBE does not perform a commercially useful function if its participation is only required to receive payments in order to obtain the appearance of MBE or WBE participation. The CPO may examine similar commercial transactions, particularly those in which MBEs or WBEs do not participate, to determine whether non MBE and non WBE firms perform the same function in the marketplace to make a determination.

i. Only the value of the dollars paid to the MBE or WBE firm for work that it performs in its Area of Specialty in which it is certified counts toward the Contract Specific Goals.

Only payments made to MBE and WBE firms that meet BOTH the Commercially Useful Function and Area of Specialty requirements above will be counted toward the Contract Specific Goals.

j. If the MBE or WBE performs the work itself:

- 100% of the value of work actually performed by the MBE's or WBE's own forces shall be counted toward the Contract Specific Goals, including the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub)contract with its own forces. 0% of the value of work at the project site that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals

k. If the MBE or WBE is a manufacturer:

100% of expenditures to a MBE or WBE manufacturer for items needed for the Contract shall be counted toward the Contract Specific Goals. A manufacturer is a firm that operates or maintains a factory or establishment that produces on the premises the materials or supplies obtained by the bidder or contractor.

l. If the MBE or WBE is a distributor or supplier:

- 60% of expenditures for materials and supplies purchased from a MBE or WBE that is certified as a regular dealer or supplier shall be counted toward the Contract Specific Goals.

m. If the MBE or WBE is a broker:

- 0% of expenditures paid to brokers will be counted toward the Contract Specific Goals.
- As defined above, Brokers provide no commercially useful function.

n. If the MBE or WBE is a member of the joint venture contractor/bidder:

- A joint venture may count the portion of the total dollar value of the contract equal to the distinct, clearly defined portion of the work of the contract that the MBE or WBE performs with its own forces toward the Contract Specific Goals.
 - OR if employees of this distinct joint venture entity perform the work then the value of the work may be counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of

counted toward the Contract Specific Goals at a rate equal to the MBE or WBE firm's percentage of participation in the joint venture as described in Schedule B.

Note: a joint venture may also count the dollar value of work subcontracted to other MBEs and WBEs, however, work subcontracted out to non-certified firms may not be counted.

135

22. If the MBE or WBE subcontracts out any of its work:
- a. 100% of the value of the work subcontracted to other MBEs or WBEs performing work in its Area of Specialty may be counted toward the Contract Specific Goals.
 - b. 0% of the value of work that a MBE or WBE subcontracts to a non-certified firm counts toward the Contract Specific Goals (except for the cost of supplies purchased or equipment leased by the MBE or WBE from third parties or second tier subcontractors in order to perform its (sub) contract with its own forces as allowed by C.1. above).
 - c. The fees or commissions charged for providing a bona fide service, such as professional, technical, consulting or managerial services or for providing bonds or insurance or the procurement of essential personnel, facilities, equipment, materials or supplies required for performance of the Contract, may be counted toward the Contract Specific Goals, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.
 - d. The fees charged for delivery of materials and supplies required on a job site (but not the cost of the materials and supplies themselves) when the hauler, trucker, or delivery service is not also the manufacturer of or a regular dealer in the materials and supplies, provided that the fee is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.
 - e. The fees or commissions charged for providing any bonds or insurance, but not the cost of the premium itself, specifically required for the performance of the Contract, provided that the fee or commission is determined by the Chief Procurement Officer to be reasonable and not excessive as compared with fees customarily allowed for similar services.

V. Procedure to Determine Bid Compliance

The following Schedules and requirements govern the bidder's or contractor's MBE/WBE proposal:

Q. Schedule B: MBE/WBE Affidavit of Joint Venture

1. Where the bidder's Compliance Plan includes the participation of any MBE or WBE as a joint venture partner, the bidder must submit with its bid a Schedule B and the proposed joint venture agreement. See Section III above for detailed requirements.

R. Schedule C: MBE/WBE Letter of Intent to Perform as a Subcontractor or Supplier

The bidder must submit the appropriate Schedule C with the bid for each MBE and WBE included on the Schedule D. The City encourages subcontractors to utilize the electronic fillable format Schedule C, which is available at the Department of Procurement Services website, <<http://citvofchicago.org/forms>>. Suppliers must submit the Schedule C for Suppliers, first tier subcontractors must submit a Schedule C for Subcontractors to the Prime Contractor and second or lower tier subcontractors must submit a Schedule C for second tier Subcontractors. Each Schedule C must accurately detail the work to be performed by the MBE or WBE and the agreed upon rates/prices. Each Schedule C must also include a separate sheet as an attachment on which the MBE or WBE fully describes its proposed scope of work, including a description of the commercially useful function being performed by the MBE or WBE in its Area of Specialty. If a facsimile copy of the Schedule C has been submitted with the bid, an executed

original Schedule C must be submitted by the bidder for each MBE and WBE included on the Schedule D within five (5) business days after the date of the bid opening.

Schedule D: Compliance Plan Regarding MBE and WBE Utilization

The bidder must submit a Schedule D with the bid. The City encourages bidders to utilize the electronic fillable format Schedule D, which is available at the Department of Procurement Services website, <<http://citvofchicago.org/forms>>. An approved Compliance Plan is required before a contract may commence.

The Compliance Plan must commit to the utilization of each listed MBE and WBE. The bidder is responsible for calculating the dollar equivalent of the MBE and WBE Contract Specific Goals as percentages of the total base bid. All Compliance Plan commitments must conform to the Schedule Cs.

A bidder or contractor may not modify its Compliance Plan after bid opening except as directed by the Department of Procurement Services to correct minor errors or omissions: Bidders shall not be permitted to add MBEs or WBEs after bid opening to meet the Contract Specific Goals, however, contractors are encouraged to add additional MBE/WBE vendors to their approved compliance plan during the performance of the contract when additional opportunities for participation are identified. Except in cases where substantial, documented justification is provided, the bidder or contractor shall not reduce the dollar commitment made to any MBE or WBE in order to achieve conformity between the Schedule Cs and Schedule D. All terms and conditions for MBE and WBE participation on the contract must be negotiated and agreed to between the bidder or contractor and the MBE or WBE prior to the submission of the Compliance Plan. If a proposed MBE or WBE ceases to be available after submission of the Compliance Plan, the bidder or contractor must comply with the provisions in Section VII.

Letters of Certification

A copy of each proposed MBE's and WBE's Letter of Certification from the City of Chicago must be submitted with the bid.

A Letters of Certification includes a statement of the MBE's or WBE's area(s) of specialty. The MBE's or WBE's scope of work as detailed in the Schedule C must conform to its area(s) of specialty. Where a MBE or WBE is proposed to perform work not covered by its Letter of Certification, the MBE or WBE must request the addition of a new area at least 30 calendar days prior to the bid opening.

Schedule F: Report of Subcontractor Solicitations

A Schedule F must be submitted with the bid, documenting all subcontractors and suppliers solicited for participation on the contract by the bidder. Failure to submit the Schedule F may render the bid non-responsive.

Schedule H: Documentation of Good Faith Efforts

If a bidder determines that it is unable to meet the Contract Specific Goals, it must document its good faith efforts to do so, including the submission of Attachment C, Log of Contacts.

If the bidder's Compliance Plan demonstrates that it has not met the Contract Specific Goals in full or in part, the bidder must submit its Schedule H no later than three business days after notification by

in part, the bidder must submit its Schedule H no later than three business days after notification by the Chief Procurement Officer of its status as the apparent lowest bidder. Failure to submit a complete Schedule H will cause the bid to be rejected as non-responsive.

Documentation must include but is not necessarily limited to:

A detailed statement of efforts to identify and select portions of work identified in the bid solicitation for subcontracting to MBEs and WBEs;

A listing of all MBEs and WBEs contacted for the bid solicitation that includes:

Names, addresses, emails and telephone numbers of firms solicited; Date and time of contact; > Person contacted;
Method of contact (letter, telephone call, facsimile, electronic mail, etc.).

Evidence of contact, including:

Project identification and location;
Classification/commodity of work items for which quotations were sought; Date, item, and location for acceptance of subcontractor bids; Detailed statements summarizing direct negotiations with appropriate MBEs and WBEs for specific portions of the work and indicating why agreements were not reached.
Bids received from all subcontractors.

Documentation of bidder or contractor contacts with at least one of the minority and women assistance associations on Attachment A.

Agreements between a bidder or contractor and a MBE or WBE in which the MBE or WBE promises not to provide subcontracting quotations to other bidders or contractors are prohibited.

Prior to award, the bidder agrees to promptly cooperate with the Department of Procurement Services in submitting to interviews, allowing entry to places of business, providing further documentation, or soliciting the cooperation of a proposed MBE or WBE. Failure to cooperate may render the bid non-responsive.

If the City determines that the Compliance Plan contains minor errors or omissions, the bidder or contractor must submit a revised Compliance Plan within five (5) business days after notification by the City that remedies the minor errors or omissions. Failure to correct all minor errors or omissions may result in the determination that a bid is non-responsive.

No later than three (3) business days after receipt of the executed contract, the contractor must execute a complete subcontract agreement or purchase order with each MBE and WBE listed in the Compliance Plan. No later than eight (8) business days after receipt of the executed contract, the contractor must provide copies of each signed subcontract, purchase order, or other agreement to the Department of Procurement Services.

VI. Demonstration of Good Faith Efforts

138

In evaluating the Schedule H to determine whether the bidder or contractor has made good faith efforts, the performance of other bidders or contractors in meeting the goals may be considered.

The Chief Procurement Officer shall consider, at a minimum, the bidder's efforts to:

Solicit through reasonable and available means at least 50% (or at least five when there are more than

Solicit through reasonable and available means at least 30% (or at least five when there are more than eleven certified firms in the commodity area) of MBEs and WBEs certified in the anticipated scopes of subcontracting of the contract, as documented by the Schedule H. The bidder or contractor must solicit MBEs and WBEs within seven (7) days prior to the date bids are due. The bidder or contractor must take appropriate steps to follow up initial solicitations with interested MBEs or WBEs.

Advertise the contract opportunities in media and other venues oriented toward MBEs and WBEs.

Provide interested MBEs or WBEs with adequate information about the plans, specifications, and requirements of the contract, including addenda, in a timely manner to assist them in responding to the solicitation.

Negotiate in good faith with interested MBEs or WBEs that have submitted bids. That there may be some additional costs involved in soliciting and using MBEs and WBEs is not a sufficient reason for a bidder's failure to meet the Contract Specific Goals, as long as such costs are reasonable.

Not reject MBEs or WBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The MBE's or WBE's standing within its industry, membership in specific groups, organizations, or associations and political or social affiliations are not legitimate causes for rejecting or not soliciting bids to meet the Contract Specific Goals.

Make a portion of the work available to MBE or WBE subcontractors and suppliers and selecting those portions of the work or material consistent with the available MBE or WBE subcontractors and suppliers, so as to facilitate meeting the Contract Specific Goals.

Make good faith efforts, despite the ability or desire of a bidder or contractor to perform the work of a contract with its own organization. A bidder or contractor who desires to self-perform the work of a contract must demonstrate good faith efforts unless the Contract Specific Goals have been met.

Select portions of the work to be performed by MBEs or WBEs in order to increase the likelihood that the goals will be met. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate MBE or WBE participation, even when the bidder or contractor might otherwise prefer to perform these work items with its own forces.

Make efforts to assist interested MBEs or WBEs in obtaining bonding, lines of credit, or insurance as required by the City or bidder or contractor.

Make efforts to assist interested MBEs or WBEs in obtaining necessary equipment, supplies, materials, or related assistance or services; and

139

Effectively use the services of the City; minority or women community organizations; minority or women assistance groups; local, state, and federal minority or women business assistance offices; and other organizations to provide assistance in the recruitment and placement of MBEs or WBEs.

C. If the bidder disagrees with the City's determination that it did not make good faith efforts, the bidder may file a protest pursuant to the Department of Procurement Services Solicitation and Contracting Process Protest Procedures within 10 business days of a final adverse decision by the Chief Procurement Officer.

VII. Changes to Compliance Plan

13 No changes to the Compliance Plan or contractual MBE and WBE commitments or substitution

of MBE or WBE subcontractors may be made without the prior written approval of the Chief Procurement Officer. Unauthorized changes or substitutions, including performing the work designated for a subcontractor with the contractor's own forces, shall be a violation of these Special Conditions and a breach of the contract with the City, and may cause termination of the executed Contract for breach, and/or subject the bidder or contractor to contract remedies or other sanctions. The facts supporting the request for changes must not have been known nor reasonably could have been known by the parties prior to entering into the subcontract. Bid shopping is prohibited. The bidder or contractor must negotiate with the subcontractor to resolve the problem. If requested by either party, the Department of Procurement Services shall facilitate such a meeting. Where there has been a mistake or disagreement about the scope of work, the MBE or WBE can be substituted only where an agreement cannot be reached for a reasonable price for the correct scope of work.

14. Substitutions of a MBE or WBE subcontractor shall be permitted only on the following basis:

- Unavailability after receipt of reasonable notice to proceed;
- Failure of performance;
- Financial incapacity;
- Refusal by the subcontractor to honor the bid or proposal price or scope;
- Mistake of fact or law about the elements of the scope of work of a solicitation where a reasonable price cannot be agreed;
- Failure of the subcontractor to meet insurance, licensing or bonding requirements;
- The subcontractor's withdrawal of its bid or proposal; or
- De-certification of the subcontractor as a MBE or WBE. (Graduation from the MBE/WBE program does not constitute de-certification.

15. If it becomes necessary to substitute a MBE or WBE or otherwise change the Compliance Plan, the procedure will be as follows:

5. The bidder or contractor must notify the Chief Procurement Officer in writing of the request to substitute a MBE or WBE or otherwise change the Compliance Plan. The request must state specific reasons for the substitution or change. A letter from the MBE or WBE to be substituted or affected by the change stating that it cannot perform on the contract or that it agrees with the change in its scope of work must be submitted with the request.

140

6. The City will approve or deny a request for substitution or other change within 15 business days of receipt of the request.

7. Where the bidder or contractor has established the basis for the substitution to the satisfaction of the Chief Procurement Officer, it must make good faith efforts to meet the Contract Specific Goal by substituting a MBE or WBE subcontractor. Documentation of a replacement MBE or WBE, or of good faith efforts, must meet the requirements in sections V and VI. If the MBE or WBE Contract Specific Goal cannot be reached and good faith efforts have been made, as determined by the Chief Procurement Officer, the bidder or contractor may substitute with a non-MBE or non-WBE.

8. If a bidder or contractor plans to hire a subcontractor for any scope of work that was not previously disclosed in the Compliance Plan, the bidder or contractor must obtain the approval of the Chief Procurement Officer to modify the Compliance Plan and must make good faith efforts to ensure that MBEs or WBEs have a fair opportunity to bid on the new scope of work.

9. A new subcontract must be executed and submitted to the Chief Procurement Officer within five business days of the bidder's or contractor's receipt of City approval for the substitution or other change.
- D. The City shall not be required to approve extra payment for escalated costs incurred by the contractor when a substitution of subcontractors becomes necessary to comply with MBE/WBE contract requirements.

VIII. Reporting and Record Keeping

- During the term of the contract, the contractor and its non-certified subcontractors must submit partial and final waivers of lien from MBE and WBE subcontractors that show the accurate cumulative dollar amount of subcontractor payments made to date. Upon acceptance of the Final Quantities from the City of Chicago, FINAL certified waivers of lien from the MBE and WBE subcontractors must be attached to the contractor's acceptance letter and forwarded to the Department of Procurement Services, Attention: Chief Procurement Officer.
- The contractor will be responsible for reporting payments to all subcontractors on a monthly basis in the form of an electronic audit. Upon the first payment issued by the City of Chicago to the contractor for services performed, on the first day of each month and every month thereafter, email and/or fax audit notifications will be sent out to the contractor with instructions to report payments that have been made in the prior month to each MBE and WBE. The reporting of payments to all subcontractors must be entered into the Certification and Compliance Monitoring System (C2), or whatever reporting system is currently in place, on or before the fifteenth (15th) day of each month.

Once the prime contractor has reported payments made to each MBE and WBE, including zero dollar amount payments, the MBE and WBE will receive an email and/or fax notification requesting them to log into the system and confirm payments received. All monthly confirmations must be reported on or before the 20th day of each month. Contractor and subcontractor reporting to the C2 system must be completed by the 25th of each month or payments may be withheld.

141

All subcontract agreements between the contractor and MBE/WBE firms or any first tier non-certified firm and lower tier MBE/WBE firms must contain language requiring the MBE/WBE to respond to email and/or fax notifications from the City of Chicago requiring them to report payments received for the prime or the non-certified firm.

Access to the Certification and Compliance Monitoring System (C2), which is a web based reporting system, can be found at: <<http://chicago.mwdbe.com>>

- H. The Chief Procurement Officer or any party designated by the, Chief Procurement Officer shall have access to the contractor's books and records, including without limitation payroll records, tax returns and records and books of account, to determine the contractor's compliance with its commitment to MBE and WBE participation and the status of any MBE or WBE performing any portion of the contract. This provision shall be in addition to, and not a substitute for, any other provision allowing inspection of the contractor's records by

not a substitute for, any other provision allowing inspection of the contractor's records by any officer or official of the City for any purpose.

I. The contractor shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs, retaining these records for a period of at least five years after final acceptance of the work. Full access to these records shall be granted to City, federal or state authorities or other authorized persons.

IX. Non-Compliance

35. Without limitation, the following shall constitute a material breach of this contract and entitle the City to declare a default, terminate the contract, and exercise those remedies provided for in the contract at law or in equity: (1) failure to demonstrate good faith efforts; and (2) disqualification as a MBE or WBE of the contractor or any joint venture partner, subcontractor or supplier if its status as an MBE or WBE was a factor in the award of the contract and such status was misrepresented by the contractor.
36. Payments due to the contractor may be withheld until corrective action is taken.
37. Pursuant to 2-92-740, remedies or sanctions may include disqualification from contracting or subcontracting on additional City contracts for up to three years, and the amount of the discrepancy between the amount of the commitment in the Compliance Plan, as such amount may be amended through change orders or otherwise over the term of the contract, and the amount paid to MBEs or WBEs. The consequences provided herein shall be in addition to any other criminal or civil liability to which such entities may be subject.
38. The contractor shall have the right to protest the final determination of non-compliance and the imposition of any penalty by the Chief Procurement Officer pursuant to 2-92-740

142

of the Municipal Code of the City of Chicago, within 15 business days of the final determination.

X. Arbitration

If the City determines that a contractor has not made good faith efforts to fulfill its Compliance Plan, the affected MBE or WBE may recover damages from the contractor.

Disputes between the contractor and the MBE or WBE shall be resolved by binding arbitration before the American Arbitration Association (AAA), with reasonable expenses, including attorney's fees and arbitrator's fees, being recoverable by a prevailing MBE or WBE. Participation in such arbitration is a material provision of the Construction Contract to which these Special Conditions are an Exhibit. This provision is intended for the benefit of any MBE or WBE affected by the contractor's failure to fulfill its Compliance Plan and grants such entity specific third party beneficiary rights. These rights are non-waivable and take precedence over any agreement to the contrary, including but not limited to those

contained in a subcontract, suborder, or communicated orally between a contractor and a MBE or WBE. Failure by the Contractor to participate in any such arbitration is a material breach of the Construction Contract.

A MBE or WBE seeking arbitration shall serve written notice upon the contractor and file a demand for arbitration with the AAA in Chicago, IL. The dispute shall be arbitrated in accordance with the Commercial Arbitration Rules of the AAA. All arbitration fees are to be paid pro rata by the parties.

The MBE or WBE must copy the City on the Demand for Arbitration within 10 business days after filing with the AAA. The MBE or WBE must copy the City on the arbitrator's decision within 10 business days of receipt of the decision. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

XI. Equal Employment Opportunity

Compliance with MBE and WBE requirements will not diminish or supplant equal employment opportunity and civil rights provisions as required by law related to bidder or contractor and subcontractor obligations.

143

EXHIBIT 11 LIQUIDATED DAMAGES

Licensee acknowledges the City's objective to provide the public and air traveler with the level and quality of service as described herein. Accordingly, the City has established liquidated damages and not penalties, as set forth in the table below, that it may assess, in its sole discretion, for various violations of the provisions of this Agreement, the Airport Concession Program Handbook, and/or City Rules and Regulations. Licensee and the City agree that the fines set forth herein are reasonable, and Licensee further agrees to pay to the City in accordance with amounts specified herein upon each occurrence of the specified violation and upon written demand by the City.

Notwithstanding any other liquidated damages provisions provided for in this Agreement, the liquidated damages shown on the table below are intended to reflect the inconvenience to the public and adverse effects on the Airport's operation. Payment of liquidated damages shall not relieve the Concessionaire of responsibility for damage, personal injury, or the harm caused by any of these violations. Licensee further acknowledges that the liquidated damages are not exclusive remedies, and the City may pursue other remedies as allowed for in this Agreement and at law, at the Commissioner's or CMR's sole discretion. The City's waiver of any liquidated damages provided for below shall not be construed as a waiver of the violation or Licensee's obligation to remedy the violation.

1. For the first violation of a requirement during any 12-month rolling year, the City will provide written notice to

Licensee to correct the violation within the time specified in the notice.

2. For the second and third violation of the same requirement during any 12-month rolling year commencing upon the first notice of violation, the City will provide written notice to > Tenant to correct the violation within the time specified in the notice. If no corrected within the specified time period, liquidated damages shall be immediately assessed.

3. Further, after the third violation of the same requirement within any 12-month rolling year, the City reserves the right, in its sole discretion, to deem the repeated violations an Event of Default and to seek any other remedies available to it under this Agreement.

1

2

3

144

(Initial Here)

145
EXHIBIT 12
(SET UP COSTS)

Software costs

Licensee or Concessionaire shall pay the cost of ePOS integration for such Concessionaire. In no instance shall the City be responsible for the above-described software costs.

Hardware costs

Hardware costs shall either be covered by Licensee or Licensee shall cause the related Concessionaire to cover such cost. Required hardware shall be a Tablet Kit at each Concessionaire location (Samsung Galaxy tablet, enclosure and mount, estimated at \$350 per kit) and, to the extent an acceptable printer is not already available, a Bluetooth Printer Kit at each Concessionaire location (estimated at \$250 per printer). In no instance shall the City be responsible for the above described hardware costs.

146

EXHIBIT 13

(ORDERING/CUSTOMER SERVICE KIOSKS, QR CODE &
DELIVERY LOCATIONS)

Terminal 1 - Locations

Ordering Kiosks QR Codes Delivery

Terminal 2- Locations

Ordering Kiosks QR Codes' Locations Delivery
Locations

Terminal 3 - Locations

Ordering Kiosks QR Codes Delivery

Other Locations

Ordering Kiosks QR Codes' Locations Delivery
Locations

Notes:

A. When not delivering orders, runners will act as brand ambassadors in order to promote the service to customers

subject to restrictions of this Agreement.

- B. Self-Ordering kiosks shall be provided at locations in the Terminal of which to be agreed upon by both parties.
- C. QR Code locations will be mutually agreed to by both parties with the goal of one QR code proximate, within thirty (30) feet, or a distance mutually agreed to by both parties, of each gate's holdroom 'in the Terminal.
- D. Delivery Services shall be provided on any concourse that has a participating concessionaire located on said concourse. Delivery services for any participating Concessionaire may be provided anywhere in the airport.
- E. Licensee shall maintain an agreement with at least one concessionaire per concourse within the first six months of operations and at all times during the term.

147

EXHIBIT 14

Design and Construction Standard Operating Procedures-Concessions

XCDA

CHICAGO DEPARTMENT OF AVIATION

Design and Construction Standard Operating Procedures

Concessions Projects (C-SOP)

O'Hare International Airport Midway
International Airport

Chicago Department of Aviation Revised June,
2020



Table of Contents

Definitions	3
Introduction	5
Development and Design Process Overview	5
STEP 1.0: Project Initiation	5
1.1: Concept Proposal and Design Presentation	5
1.2: Project Initiation Letter	6
1.3: Sustainable Airport Manual (SAM™)	7
STEP 2.0: Design Review	7
2.1: Concessionaire and Concessionaire's Consultants' Responsibilities	7
2.2: Design Overview	7
2.3: Design Submittals	8
2.4: Concessionaire and CDA Signage	8
2.5: Review Comments	9

2.6: Response to Comments	9
2.7: Requests for Information	9
2.8: Requests for As-Built Drawings	9
2.9: Requests for CDA Design Standards Variance	9
2.10: 30% Schematic Design (SD) Submittal	10
2.11: CDA Review and Response to 30% SD Submittal	10
2.12: 60% Design Development (DD) Submittal	10
2.13: Additional Submittals	10
2.14: Compliance Overview	11
2.15: 90% Construction Document (CD) Submittal	11
STEP 3.0: Final CDA Document Review and Conditional Approval to Construct	11
3.1: Final CDA Document Submittal	11
	149
3.2: Pre-Permitting Drawing Set Review and Response	.. 11
3.3: Applying for Permit with the Chicago Department of Buildings	12
3.4: Self-Certification	12
STEP 4.0: Pre-Construction	12
4.1: Pre-Construction Meeting	12
4.2: Pre-Construction Documentation	: 13
4.3: Logistics	13
4.4: Pre-Construction Meeting Attendance	14

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)
Page 1 of 23 6/15/2020 - Revised



CHICAGO DEPARTMENT OF AVIATION +

STEP 5.0: Notice to Airport User Form (eForm)	14
5.1: Notice to Airport Users Form (eForm)	14
STEP 6.0: Construction	14
6.1: Site Maintenance / Construction Administration	14
6.2: Building Inspections	14
6.3: Chicago Department of Public Health Inspections and Liquor License	15
6.4: Safety and Security Plan	15
6.5: Demolition	16
6.6: Construction Meetings and Reporting	16
6.7: Non-Compliance and Unauthorized Construction	16
STEP 7.0: Substantial Completion	17

7.1: Substantial Completion Notification	17
7.2: Final Walk Through and Punch List	17
7.3: Business License and Certificate of Insurance	18
7.4: ComEd Verification of Meter(s)	18
7.5: Open for Business	19
STEP 8.0: Project Closeouts	19
8.1: Close Out Documents	19
8.2: Final SAM™ Checklist	20
8.3: Contractor's Warranty	20
8.4: Subcontractor's Manufacturer's and Equipment Warranties	20
8.5: Final Notice to Airport Users Form	20
8.6: Final Closeout Notice and Acceptance	21
	150
	u
STEP 9.0: Compliance Overview	21
9.1: City of Chicago Minority and Women Owned Business Participation Rules	21
9.2: Required MBE and WBE Documentation	21
9.3: MBE and WBE Compliance Plans	21
MBE and WBE Good Faith Efforts	22
9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements	22
9.5: Compliance Close Out Documents	23
STEP 10.0: Supplemental Exhibits	23

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 2
of 23 6/15/2020 - Revised



CHICAGO DEPARTMENT OF AVIATION

Definitions

In addition to the terms defined elsewhere, the following words, phrases, when capitalized, have the following meanings:

"Airport" refers to O'Hare International Airport (ORD) and/or Midway International Airport (MDW).

"Airport Concession Program Handbook" refers to the manual created by CDA to coordinate operations of the Concession location with the CDA, including inspections, daily operations, and construction.

"As-Built Drawings" refers to the drawings that document on-site changes to the original construction documents. The

initial plan markups are submitted by the General Contractor to the Architect of Record for submission to CDA. These drawings are required by Chicago Department of Aviation as part of the close out documentation package.

"Business Day" refers to a measurement of time that typically is a day in which normal business is conducted Monday through Friday; excluding Saturday, Sunday and City of Chicago holidays for all documentation and design submittals.

"Chicago Department of Aviation" (CDA) refers to the managing entity for the Airports on behalf of the City of Chicago.

"CDA CAD / BIM Standards" refers to the standards created by the Chicago Department of Aviation describing requirements for drawings

"CDA's Coordinating Architect of Design and Construction" refers to the designee appointed by the CDA to oversee the design creation and review process. This entity may also be involved in the review of the construction process to ensure coordination with the design.

"CDA Concessions" (CDA-C) refers to the department within CDA responsible for the oversight of the concessions program or it's Concessions Management Representative (CMR)

"CDA Point of Contact" (CDA POC) refers to a designee assigned by CDA to oversee the development of the construction project on behalf of CDA.

"CDA Project Number" refers to the CDA project identification number that is required to be included on all correspondence and applications submitted throughout the design and construction process.

"CDA Construction Safety Manual" refers to the manual, as amended from time to time, created by The City of Chicago, to incorporate health and safety regulations as the responsibility of the Contractor working on airport premises. See Exhibit D.5

151

"CDA Safety" refers to any party working for, or on behalf of, the CDA in regard to safety, security, or similar airport operations.

"Chicago Department of Public Health" (CDPH) refers to the City of Chicago entity responsible for enforcing Chicago Health Codes, by performing inspections and administering permits.

"Concessionaire" refers to the leaseholder or tenant in the business of selling products or services to the public at the Airport.

"Concessionaire Point of Contact" (Concessionaire POC) refers to any party working on behalf of a concessionaire; which will include architects and their engineers and consultants (POC Architect), and the general contractors and their subcontractors (POC Contractor).

"Concessions" refers to non-rental car concession businesses at the Airport selling products or services to the public. "Concessions Design Guidelines for Midway" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development at Chicago Midway International Airport (MDW).

"Concessions Design Guidelines for O'Hare" refers to the guidelines established by the CDA regarding overall design intent and to provide quality, material, signage, lighting and system standards for concessions development, at Chicago O'Hare International Airport (ORD).

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 3 of 23 6/15/2020 - Revised

XCDA

CHICAGO DEPARTMENT OF AVIATION +

"Concessions Management Representative" (CMR) refers to the entity or entities retained by the CDA to assist in overseeing Concessions, including construction of Improvements at the airport.

„Construction Services" refers to the portion of the project involving construction, including but not limited to trade labor, material purchase, equipment purchase, tool or equipment rentals, support services such as safety monitoring, clean up labor, delivery costs, taxes, etc. that directly results in a code compliant concession location.

"Department of Buildings" refers to the City of Chicago entities responsible for enforcing Chicago Building Codes, by performing inspections and administering permits including the Ventilation Department, Electrical Department, Plumbing Department, and New Construction Department.

"Design and Construction Standard Operating Procedures; Concessions Projects" (C-SOP) refers to the guidelines established by CDA and CDA Concessions as the process by which all Concessions projects are reviewed and approved.

"Design Documents" refers to the documents that illustrate and describe the project design by defining scope, relationships, forms, size and appearance of the project with specifications, plans, sections, elevations, perspectives, typical sectional details, diagrams and equipment layouts.

"Liquor License" refers to the City of Chicago entity responsible to enforce the Chicago Liquor Licensure by . / performing inspections and administering permits.

"Pre-Construction Meeting" refers to the mandatory meeting held prior to project construction.

"Project's Digital Design Coordinator" (DDC) refers to the Concessionaire's architect's and engineer's point of contact for document exchange. Multiple members of the design team may have password access, but only the DDC should contact the CDA POC if follow up coordination is required.

"Project Initiation Letter" (PIL) refers to the concessionaire's formal letter submittal to CDA Design and Construction requesting a CDA Project Number. The Project Initiation Letter should clearly define the project and scope. Please refer to Exhibit A for a list of items to be included in the PIL.

"Professional Services" refers to the portion of the project involving design, coordination, or post-construction work including but not limited to design, code review, project or program coordination, etc. that is associated with, but not

152'

necessarily required for the concession location. Note that work performed by an employee of the Concessionaire does not count as Professional Services.

"Retail Management System" (RMS) refers to the CDA's secure concessions portal, AirportWare™ Software Suite, for Capital Program Management, Lease Management, Aviation Statistics, and Facilities Inspection.

"Review Comments Form" refers to the CDA template used to document all reviewing parties' comments regarding the drawing submittal.

"Review and Conditions Letter" refers to the document that is issued by CDA and used at all submittals throughout the drawing review process as a communication and response tool between review parties and the Concessionaire.

"The Sustainable Airport Manual (SAM™)" refers to the manual created by CDA to incorporate and track sustainability in administrative procedures, planning, design and construction, operations and maintenance, and concessions and tenants with minimal impact to project schedules or budgets.



Introduction

O'Hare and Midway International Airports are owned by the City of Chicago and operated by the Chicago Department of Aviation (CDA). As a department within the City of Chicago, CDA is responsible for the management of the Airports, including the concessions program, and accordingly CDA reserves the right to review and approve the construction or modification of any Concession on Airport property.

For O'Hare International Airport official addresses and site map refer to:

30. Exhibit 1: O'Hare International Airport Official Addresses and Site Map(s)

For Midway International Airport official addresses and site map refer to:

31. Exhibit 2: Midway International Airport Official Addresses and Site Map

The procedures, submission requirements, and deadlines set forth in this C-SOP document are mandatory and may only be waived in unique circumstances upon written approval by CDA Concessions. CDA reserves the right to modify the requirements at any time.

The Concessionaire shall provide evidence of professional services throughout all stages of work. All project documentation shall be prepared, signed, and stamped by a licensed design professional. Throughout the design process the Concessionaire is to utilize the most sustainable design practices in the industry with reference to the Sustainable Airport Manual (SAM™) to the extent dictated in the Concessionaire's signed Lease and License Agreement. The CDA, through its Design and Construction Division & CDA Concessions, reviews, oversees, and approves design and work for all new construction, renovation, and remodeling projects at the Airports.

Project oversight varies based on milestones

CDA D&C/ Facilities / CDA Concessions



Development and Design Process Overview

The concept development and design process has been established to provide a systematic and organized process by which a concessions concept and design are reviewed and approved by CDA Concessions. It should be noted that field verification is mandatory for all projects.

STEP 1.0: Project Initiation

1.1: Concept Proposal and Design Presentation

In order to begin a remodel project, store renovation or concept change, CDA Concessions must approve the proposed project and/or concept. The Concessionaire's concept design should include spatial relationships or models as necessary to describe the image and function of the project for CDA's review. CDA Concessions will be available to assist with the presentation scheduling.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)
Page 5 of 23 6/15/2020 - Revised



CHICAGO DEPARTMENT OF AVIATION +

The Concessionaire must provide the following items at the Conceptual Design presentation:

- s. Site Plan
- t. Concept plan
- u. Proposed terminal, concourse and requested square footage,
- v. The existing to remain or newly proposed lease line
- w. Design perspectives / renderings (illustrative images)
- x. Design plans / elevations
- y. Proposed materials / finish board (to be mailed to the address below)
- z. Preliminary overall project schedule
- aa. Preliminary construction budget
- bb. Sample menu

The concepts documents should be submitted via email to:

O'Hare International Airport Contacts Chicago Department of Aviation Administration Building Attn:
Deputy Commissioner Concessions 10510 West Zemke Rd. Chicago, IL 60666
Email: ordretailconstruction@cityofchicago.org <<mailto:ordretailconstruction@cityofchicago.org>>

Midway International Airport Contacts
Chicago Department of Aviation Administration Building
Attn: Deputy Commissioner Concessions 10510 West Zemke Rd.
Chicago, IL 60666
Email: [mdwretailconstruction\(5\)cityofchicago.org](mailto:mdwretailconstruction(5)cityofchicago.org)

These items will be reviewed by CDA Concessions for completeness. The Concessionaire will be contacted via email or hard copy letter with review results within ten (10) business days of the Concept presentation with comments and direction regarding items that need revisions or

154

enhancements, and that should be addressed before the Concessionaire moves forward to submit a Project Initiation Letter.

• : **Project Initiation Letter**

When CDA Concessions issues written approval for the conceptual design, the Concessionaire shall submit to CDA's Coordinating Architect of Design and Construction, a Project Initiation Letter (PIL) on Concessionaire's or Concessionaire's Architect's letterhead. Within ten (10) business days of receiving the PIL, CDA will send a "Response to Project Initiation Letter" to the Concessionaire with comments and direction regarding the required number of and completion level of design submittals along with the assigned CDA Project Number which must be included on all future

completion level of design submittals, along with the assigned CDA Project Number which must be included on all future project correspondence and submittals including permits.

CDA's Coordinating Architect of Design and Construction will determine if the scope of work requires a CDA Project Number as well as a full design and construction review. At that time, it is also determined if compliance with the SAM™ is required. Not all projects will be assigned a CDA Project Number or must be SAM™ compliant. Based on the construction scope and duration, some projects may be eligible to proceed through CDA's eForm system (for more information on eForms see Step 5). All Concessionaire questions, concerns, or requests for information or project coordination should be directed to the CDA POC.

For a list of required documentation to include in the PIL refer to: Exhibit A:
Project Initiation Letter Submittal Check List

Please refer to Step 1.1 for where O'Hare and Midway Pre-Construction Submittals should be sent.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 6 of 23
6/15/2020-Revised



CHICAGO DEPARTMENT OF AVIATION *

Once the PIL has been received and acknowledged, the project owner and/or representative is responsible and required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

- r. Project written reports pertaining to all Design Reviews, Pre-Construction, Construction and Post-Construction updates e-mailed to the CDA POC as requested. The project owner and/or representative is to ensure all project meetings be attended by a project representative. Please refer to Step 6.6 for further information.

1.3: Sustainable Airport Manual (SAM™)

The Concessionaire is required to submit a Sustainable Airport Manual (SAM™) Checklist. The Designer will complete and submit a checklist for the SAM™ Terminal Occupants - Design & Construction Chapter (SAM™ TO-DC Credits 1.0 to 6.0) and include all relevant supporting documentation. Be advised that the Terminal Occupants - Operations & Maintenance (CT-OM) checklist is not required for construction projects (all projects would need to submit a checklist). Please refer to link below:

[SAM™ Manual](#)

End of STEP 1

155

STEP 2.0: Design Review

All projects require review by CDA Concessions. The Concessionaire's design professional shall perform code review to determine what permits are required. If it is determined that the scope of work does not require permit(s), the design professional shall provide this determination in writing to CDA Concessions. Otherwise, building permits are issued by the Department of Buildings. CDA encourages the Concessionaire to allow ample schedule time to acquire the required building permits. Please note that if a sign construction permit is required, it can only be obtained by a licensed sign contractor. All projects are to conform and comply with all applicable CDA standards.

a. : Concessionaire and Concessionaire's Consultants' Responsibilities

The Concessionaire is ultimately responsible for all work designed, approved and constructed in the Airport by its vendors and consultants.

b. : Design Overview

The design review process includes design drawing, review, and approval. The project design timeline will vary based on multiple factors, such as scope of work, existing conditions, drawing completeness at time of submittal, and/or as dictated by CDA.

Please note:

- CDA's design review requires a minimum of fifteen (15) business days. Concessionaire's design professional is allotted thirty (30) business days after receipt of CDA comments to submit the next drawing package.



The Concessionaire will receive a "Review and Conditions Letter" that either approves the submittal with qualifications, "Reviewed as Noted" or a "Revise and Resubmit".

• : Design Submittals

The Concessionaire will submit to the CDA's Coordinating Architect of Design and Construction, at the 30%, 60%, 90%, and 100% design completion levels, or other completion level combinations based upon review and completeness of the initial and follow-up submittals. Less complex projects may be approved to deviate from this requirement, which will be addressed in CDA's "Response to Project Initiation Letter".

The Concessionaire is required to prepare and submit architectural and engineering drawings, material samples, specifications, lighting schedule and catalog cuts, display fixture and equipment plans, and other technical data as necessary to create a complete design package. The submittal must be in accordance with General Procedures and as described in the Concession Lease and License Agreement.

156

The design drawing documents shall be prepared by design professionals licensed to practice in the State of Illinois.

Particular attention should be given to the non-combustible classification of the building, related flame spread ratings and smoke development classification of materials. Documentation should demonstrate compliance with these requirements.

- Concessionaire documentation for all submissions shall be provided in imperial measurement at the following suggested minimum scales:
 - Key plans; 1/32" = 1'-0", with the location of the space clearly identified by the column line designation.
 - Floor plans, reflected ceiling plans, merchandising plans, interior elevations, sections and related details; = 1'-0".

Passenger traffic flow diagrams (queuing) and adjacency plans at 1/8" = 1'-0".

Storefronts, signage, logos and lettering, in elevation, section or detail; V/ = 1'-0".

Sample boards identifying all proposed materials, 11" x 17" panel minimum, include legend.

- Sample boards identifying photos for all proposed furniture and lighting fixtures, 11" x 17" panel minimum, include legend.

Renderings 11" x 17" or larger for presentation, provide 11" x 17" hand-out copies to be distributed to the attendees.

- All drawings shall be submitted in accordance to CDA CAD / BIM Standards. Electronic submittals will also be accepted in AutoCAD format or the current CDA standard format. A complete set of PDFs is also required as part of each Concessionaire design submission. During design development, at the Concessionaire's request, CDA will make available known as-built files.

Concessionaire and design team to relay existing condition findings to CDA Facilities for review and approval before submitting the 30% design submittal. An in-person meeting maybe required. The CDA POC will help facilitate a meeting date and time.

• : Concessionaire and CDA Signage

Sign design documents must be submitted for review and approval by CDA separate from the phase submittals. Each project must include an illuminated storefront sign. Where it is applicable a blade sign may also be included. Design documents for the signage must express the image, location, specifications, materials, and dimensions. All signage, with or without electrical components, require a sign permit from the Department of Buildings; which can only be obtained by a licensed sign contractor.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page 8 of 23

6/15/2020 - Revised



The Concessionaire must inform the CDA Concessions POC if the project requires airport owned signage removal or modification. A walk through with CDA Concessions will be scheduled to ensure adequate time will be allotted for the required airport owned sign work to occur during the construction phase. Any CDA signage needing to be removed or relocated within the project area must be performed by CDA. If CDA signage is located within the project area, the Concessionaire must include specifications in the construction documents, detailing steps to be taken by the contractor to adequately protect all CDA signage to ensure it is not damaged during construction.

f. : Review Comments

157

CDA's Coordinating Architect of Design and Construction will distribute a blank "Review Comments Form" form to the appropriate review team. This document will be distributed as an Excel Workbook file and will only be used by the reviewer for their comments. After all comments have been made, each reviewer will send back their comments to the CDA's Coordinating Architect of Design and Construction.

The designer is to provide written line item responses to all comments in the workbook file. This process will repeat for each review phase, as designated in the CDA's "Response to Project Initiation Letter".

Please refer to:

- Exhibit B. Submittal Review Comments Form Concessions

g. : Response to Comments

The Concessionaire is required to respond to all review comments listed on the Review Comments Form, as well as any issues identified in the "Review and Conditions Letter". The spreadsheet column titled "Concessionaire Response" must be completed and accompany the preceding design submittal. Failure to do so will affect the design review process timeline. Concessionaire must respond to all review comments, in writing and submit within or no less than three (3) business days prior to the request for a Pre-Construction Meeting.

h. : Requests for Information

Concessionaire questions, concerns or requests for information or project coordination should be directed to the CDA Concessions POC.

i. : Requests for As-Built Drawings

The Concessionaire, their architect and/or engineer may submit an as-built drawing request from CDA for use in their design. Use the link below "Document Request Form" and submit it to the CDA for approval. As-built drawings will not be available until the form is signed by CDA. The Concessionaire, their architect and/or engineer will be notified by the CDA if and when the drawings are available. Please refer to:

- **Exhibit B.1: CDA Standard Electronic Document Request Form j.**

: Requests for CDA Design Standards Variance

The Concessionaire, their architect and/or engineer may submit a request for a variance to the CDA Design Standards. Use the link below to access the "Designer's Request for CDA Design Standards Variance" form. The variance must be reviewed and approved by CDA Design and Construction. Please refer to:

- [Exhibit B.2: Designer's Request For CDA Design Standards Variance Form](#)

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page
9 of 23 6/15/2020-Revised



1. : 30% Schematic Design (SD) Submittal

The 30% SD submittal illustrates further development of the Concessionaire's design concept. The 30% SD should respond to the feedback given during the Concept Design Presentation and include, at a minimum, more definitive

158

spatial relationships, updated perspectives, plans, elevations, sections, and overall dimensions and other illustrative materials critical to describing the development of the project.

Work required outside the Concessionaire's lease/license line should be clearly identified on all drawings and communicated directly to the CDA POC. Designs must also specify affected Airport base building structure or utilities, including but not limited to: advertising space, public telephones, vending devices, internet kiosks, charging stations, AED's, fire extinguishers, signage, public address speakers, mechanical,

electrical, plumbing, fire protection equipment, etc.

For a detailed list of 30% SD Submittal refer to:

- a. Exhibit C: 30% Schematic Design (SD) Submittal Check List

2. : CDA Review and Response to 30% SD Submittal

The CDA will provide a "Review and Conditions Letter" as well as a Review Comments Form (see Steps 2.5 and 2.6), which is used for all submittals throughout the design review process between CDA review parties and the Concessionaire's architect or design professional.

The letter will include the following information:

- Identify the project status as "Reviewed as Noted" or "Revise and Resubmit".
- Provide comments and direction regarding the proposed scope of work and design submittals.
- If applicable, display the assigned CDA Project Number.
- Determine if the project will require (SAM™) compliance.

• : 60% Design Development (DD) Submittal

The 60% DD drawings further enhance the previous submittals and should include: architectural, structural, mechanical, electrical, plumbing, fire protection, and equipment demolition plans as well as MEP existing conditions, floor and reflected ceiling plans, elevations, sections, details, specifications, system diagrams, and structural load calculations. Additionally, this submittal should include meter locations: water, gas and electrical. The 60% DD drawings should convey the full scope of work and all impacts to the Airport base building and adjacent spaces. The Concessionaire, their architect and/or engineer may also be required to attend coordination meetings with CDA to present and clarify the submittal documents.

For a detailed list of 60% DD Submittal refer to:

- Exhibit C.1:60% Design Development (DD) Submittal Check List
- Exhibit C.2: Electrical Submittal Check List
- Exhibit C.3: Mechanical, Fire Protection & Plumbing Submittal Check List

' • : Additional Submittals

CDA Concessions or CDA Design and Construction may determine that the proposed design is more complex and will require an intermediate design review, page turn with the CDA, or site walkthrough to confirm all concerns and questions are sufficiently resolved. The CDA will identify in the 60% "Review and Conditions Letter" that an additional submittal is required and will list the reasons for the request before continuing to the next major phase.

The additional submittal(s) must address the issues identified by CDA. The Concessionaire is encouraged to schedule a coordination meeting with CDA to discuss the issues identified. See Step 2.15 for where to send Design submittals via email and hardcopies. All submittals to include the project number and design submittal phase on the email subject line i.e. THXXX.19-00 Concession's Project Name 60% Submission

Compliance Overview

All Concessionaires are required to comply with the City of Chicago construction compliance rules, city residency requirement and certified payroll requirements. See Step 9 for more information.

- : 90% Construction Document (CD) Submittal

The 90% CD drawings further enhance the previous submittals and should include: specifications, signage details and locations, and additional mechanical, electrical, fire protection, and plumbing details. With the 90% submittal, comments should include minimal outstanding issues that need to be incorporated into the 100% CDs.

For a detailed list of 90% CD Submittal refer to: .

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List

O'Hare International Airport Contacts

CDA Aviation Administration Building

Attn: Coordinating Architect, Design and Construction 10510 West Zemke Rd. Chicago, IL 60666

cc: ordretailconstruction@cityofchicago.org <<mailto:ordretailconstruction@cityofchicago.org>>

Midway International Airport Contacts

CDA Aviation Administration Building

Attn: Coordinating Architect, Design and Construction 10510 West Zemke Rd. Chicago, IL 60666

cc: mdwretailconstruction@cityofchicago.org

<<mailto:mdwretailconstruction@cityofchicago.org>>

End of STEP 2

STEP 3.0: Final CDA Document Review and Conditional Approval to Construct

- : Final CDA Document Submittal

When the documents are 100% complete, the Concessionaire will need to submit the final documents to CDA for review. If approved, CDA will issue a "Review and Conditions Letter" with a "Reviewed as Noted" status to the Concessionaire, and if applicable, a separate letter to the City of Chicago, Department of Buildings, indicating the construction documents have been reviewed and approved, allowing for the start of the permit application process.

For a detailed list of 100% CD Submittal refer to:

- Exhibit C.4: 90 and 100% Construction Document (CD) Submittal Check List
- : Pre-Permitting Drawing Set Review and Response

The Concessionaire is required to respond to all review comments listed on the Review Comments Form throughout all design phases. The Concessionaire is to submit a Pre-Permitting Drawing Set for CDA review and approval prior to applying for the project required permits. If any or all review comments have not been incorporated into the Pre-Permitting Drawing Set, the set will not receive approval and/or no construction activities are able to take place until all review comments are incorporated.



3.3: Applying for Permit with the Chicago Department of Buildings

Following approval of 100% CDs, the project is bid and construction contracts are awarded. It is necessary for the awarded contractor to apply for the required permits from the City of Chicago's Department of Buildings, and any other applicable state and federal authority. The Concessionaire must coordinate the method, process and schedule for the permit application submittals as well as coordinate conduction of final inspections. It is the Concessionaire's sole responsibility to follow-up on the permit issuance process. Note, the Description of Work on the permit must include ■ the associated terminal (i.e. Terminal 2), the closest gate (i.e. E4), the project name and, if applicable, CDA project number.

A list of required work permits is located on the Department of Buildings website. Please note that when a sign construction permit is required, it can only be obtained by a licensed sign contractor.

All Chicago Department of Buildings permit applications and submittals are fully electronic and available via the City's online system "E-Plan" at the following website: <<https://www.chicago.gov/city/en/depts/bldgs>>

3.4: Self-Certification

The Self-Certification Permit Program simplifies the building permit process for eligible residential, business and mercantile and small assembly projects where the Architect of Record takes full responsibility for code compliance. The Department of Buildings plan reviews are eliminated by allowing the Professional of Record to certify that the permit drawings comply with the Chicago Building Code. The Professional of Record must have prepared and sealed the permit drawings, completed DOB's Self-Certification Training Class, and hold an active Self-Certification registration. Structural work cannot be self-certified.

For more information please visit: [Chicago Dept. of Buildings Self Certification Program](#)

End of STEP 3

STEP 4.0: Pre-Construction

4.1: Pre-Construction Meeting

The Concessionaire POC shall request a Pre-Construction Meeting through CDA as directed in the final CDA review comments. All Pre-Construction documents must be compiled, and electronic copies sent to the CDA prior to scheduling the Pre-Construction Meeting. The Pre-Construction Meeting can be scheduled no sooner than three (3) business days after the final pre-construction document is received.

CDA or the CDA POC will schedule a Pre-Construction Meeting and notify the Concessionaire of the meeting time and location. At the Pre-Construction Meeting, the Concessionaire and their representatives should be prepared to answer any questions regarding the required documentation and the proposed construction. If applicable, the General Contractor must provide proof that the barricade graphic has been produced and is ready for installation; the barricade and graphic must be installed within (7) seven business days from the start of construction. The Pre-Construction Meeting will NOT take place until MBE/WBE Compliance Plans have been reviewed and accepted by the CDA. Please refer to Step 9 for more information on compliance.

Design and Construction Standard Operating Procedures Concessions Projects (C SOP)



At the conclusion of the pre-construction meeting, CDA will determine if the documentation and Concessionaire's response to any questions are complete and, if so, CDA will issue a letter authorizing construction to start. Note that an eForm must also be submitted and approved before construction can start. Please refer to Step 5 for more information on the eForm.

4.2: Pre-Construction Documentation

It is the Concessionaire's POC's responsibility to compile and submit the required documentation in a timely manner in order to maintain the overall project schedule. The list of required documents can be found in Exhibit D. Allow two (2) to four (4) weeks to acquire badging, vehicle permits, building permits and other necessary pre-construction documentation, identified below. Processes for all required Airport badges and permits must be completed for every employee/worker and vehicle involved in the project before work begins. Construction will NOT begin until all required documentation has been submitted and reviewed by the CDA POC.

Pre-Construction document submittal shall include the following: one (1) full size hard copy set of stamped approved plans by the Department of Buildings, one (1) half size set of stamped approved plans by the Department of Buildings, and one (1) PDF of stamped plans approved by the Department of Buildings.

The Pre-Construction Documentation includes the following: Exhibit D: Pre-Construction Meeting Check List Exhibit D.1a or D.1b: Pre-Construction Meeting Form Exhibit D.2: FAA Approved 7460 Forms - FAA Letter of Determination Exhibit D.3: Impact to CDA Security and TSA Approval Exhibit D.4: Certificate of Insurance (COI) Exhibit D.5: General Contractor Safety, CDA Construction Safety Manual & Safety Manager Credentials Exhibit D.6: Safety and Security Plan Exhibit D.7 & D.8: Incident Notification Plan Exhibit D.9: Building Permit (example)

• : Logistics

The General Contractor must develop a logistic plan prior to the Pre-Construction Meeting. The logistic plan should identify the following:

Hours of Construction are 10:00 PM to 5:00 AM, unless approved otherwise by the CDA.
Obtain employee/worker and vehicle badging, employer /worker information, authorization form and permits.
(See Exhibits D.10&D.11)
Identify dock location for deliveries / Determine dumpster locations. (See Exhibit D.12 & D.13)
Determine site access / Elevator matrix & maps. (See Exhibits D.14 - D.17) Vehicle Access Form - Airfield (See Exhibit D.18)

- Operations Plan - Material delivery and debris removal. (See Exhibit D.19) Create a detailed project schedule that identifies all work phasing Identify, any building systems that will be required to be shutdown
All material storage and staging areas, should be off site or within the barricaded concession area; and
- Contractors and Sub-Contractors new to the Airport are required to perform an onsite facilities training. The CDA POC will facilitate a meeting date time

Please refer to Step 2.15 for where O'Hare and Midway Pre-Construction Submittals should be sent.



4.4: Pre-Construction Meeting Attendance

The following is a list of required attendees: Concessionaire and/or Owner's representative(s); General Contractor's, Project Manager, Superintendent, and Safety Manager. Concessionaire's design consultant's attendance is optional. The CDA Concessions POC will notify all Airport stakeholders necessary to attend the meeting.

End of STEP 4

STEP 5.0: Notice to Airport User Form (eForm)

5.1: Notice to Airport Users Form (eForm)

For all construction projects, the Concessionaire is required to submit a Notice to Airport User Form. The Concessionaire shall register or login to the online Notice to Airport Users Form at <https://eforms.cityofchicago.org/uformsand> create a project start up form indicating scope, start and completion dates. Additional User Forms required during the course of construction will be discussed at the Pre-Construction Meeting. All User Forms must be submitted at least three (3) business days in advance of the anticipated start of construction to allow adequate time for review. Select the link below to learn more about how to submit a Notice to Airport Users Form for O'Hare International Airport and Midway International Airport. The eForm must be approved by the CDA before the Concessionaire can begin construction.

<i>ORD</i>	<i>Quick</i>	<i>Reference</i>	<i>Guide</i>	<i>MDW</i>	<i>Quick</i>
<u>Reference Guide</u>					

Any work on the fire protection system within the tenant space which requires a fire protection shutdown should have a separate user form submitted and follow the CDA fire shutdown procedures.

Any work on the domestic water service within the tenant space which requires partial domestic water service shutdown should have a separate user form submitted and follow the CDA domestic water service shutdown procedures.

End of STEP 5

STEP 6.0: Construction

• : Site Maintenance / Construction Administration

All permits, user forms, emergency contact directory, and construction alerts shall be prominently displayed in a locked glass display cabinet 30" high by 36" wide approved by the CDA. One full size stamped set of drawings and the original permit must be kept on site at all times.

• : **Building Inspections**

Department of Buildings Inspection Bureau will be conducting inspections throughout construction. Contractors must request inspections of ventilation, electrical, plumbing, and new construction on all projects with issued building permits, regardless of scope, for both rough and final inspections. Failure to request these inspections may result in

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page
14 of 23 6/15/2020 - Revised



suspension or revocation of the permit, and issuance of citations by the Chicago Department of Buildings for violation of licensing requirements against the General Contractor and subcontractors.

Chicago Department of Buildings inspections shall be scheduled via the on-line inspection scheduling system at www.cityofchicago.org/buildinqs <<http://www.cityofchicago.org/buildinqs>>. All requests for rough and final Chicago Department of Buildings inspections should be requested at least fourteen (14) business days in advance.

If needed, contact the Department of Buildings Inspection Bureaus by phone as listed below:

- 10. Ventilation Department-(312) 743-3573 '
- 11. Electrical Department - (312) 743-3622
- 12. Plumbing Department - (312) 743-3572
- 13. New Construction Department - (312) 743-3531

In addition, contractors must offer the terminal manager and building engineer an opportunity to perform an inspection at demolition, rough, and final phases. The Concessionaire shall contact the CDA Concessions POC to coordinate these inspections.

• : **Chicago Department of Public Health Inspections and Liquor License**

Food establishments and retail establishments serving food require a health inspection to be conducted by the Chicago Department of Public Health (CDPH). Concessionaires applying for a liquor license require a separate inspection coordinated by the Business Affairs and Consumer Protection Department, in addition to the Department of Buildings inspections. For both inspections, allow one (1) to three (3) weeks to schedule and obtain a final inspection and certificate.

Please note, the construction barricade cannot be removed until applicable licenses and inspections are complete.

PDF of the Health Inspection Approval and supporting documentation must be supplied and sent to CDA Concessions prior to store opening.

For Chicago Department of Public Health (CDPH) visit their website at:
<<https://www.cityofchicago.org/city/en/depts/cdph.html>> or call (312) 747-9884.

For Business Affairs and Consumer Protection Department information visit their website at:
<<https://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6249.

• : **Safety and Security Plan**

All contractors and subcontractors and the work they perform are subject to the CDA Construction Safety Manual. Each project requires an onsite full time Safety Manager who is solely responsible to monitor job site safety and security (See Exhibit 0.5 for more details).

Please refer to link below: CDA Construction Safety Manual

CDA Safety will perform site safety walkthroughs during construction to ensure all work is being performed per the CDA Construction Safety Manual. CDA Safety and the CDA POC have the authority to stop work if unsafe conditions or practices are observed.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page
15 of 23 6/15/2020 - Revised

XCDA

CHICAGO DEPARTMENT OF AVIATION ♦

6.5: Demolition •

Prior to demolition, pre-construction photos must be taken, documenting all of the existing conditions. Failure to provide photo documentation of the existing conditions before construction will result in the contractor and Concessionaire assuming responsibility for all damages and perceived damage to existing base building materials. Damaged materials must be repaired or replaced at the contractor's and/or Concessionaire's expense. Once demolition is complete, the CDA terminal manager, the CDA building engineer, and CDA POC shall perform a site inspection prior to the start of construction.

Core drilling, cutting of floors, walls or roofs may be required for tenants needing plumbing and/or additional mechanical HVAC provisions. Under no circumstances shall the Concessionaire or its contractor(s), at any time be permitted to drill or cut conduit, pipe sleeves, chases or duct equipment openings in the floor, columns, walls or roofs of the structure without prior review and acceptance of the proposed locations and sizes by the CDA's structural consultant. The Concessionaire is required to x-ray or scan the area prior to beginning work utilizing a 3D ground penetrating radar and will provide a copy of x-ray / scan results to CDA. Scan / x-ray to be submitted via eForm three (3) business days prior to performing coring or drilling work.

1. : Construction Meetings and Reporting

During construction, the General Contractor is required to provide the following project documentation and electronic documentation to the CDA Concessions POC:

- a) Minutes from a weekly contractor led meeting (in person or via telecom) including the project owner and/or representative and CDA POC, at an agreed location (project site or POC conference room).
- b) A weekly status summary report describing the progression of the work. The weekly status report must contain at a minimum the following:
 - ' Project title Project number
 - Forecasted / actual start / completion date(s)
 - What construction occurred since the last weekly report
 - Revised three (3) week "Look Ahead" construction task schedule (CDA Design and Construction / CDA Concessions will determine if applicable to a given project) What issues occurred and / or are

projected

At least three (3) photos taken daily to document in-progress installation of materials

165

Other items as requested by CDA

- c) A revised overall schedule when necessary
- d) All Issued for Construction Drawings (IFC), addenda to the permit drawings, and resolved RFIs as they become available

2. : Non-Compliance and Unauthorized Construction

Non-compliance or construction that deviates from the approved permit documents without CDA's prior written approval may be just cause for CDA to order work stoppage until corrective measures are taken and compliance is obtained. Any cost or claims due to this work stoppage shall be borne by the Concessionaire and the General Contractor.

End of STEP 6

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page
16 of 23 6/15/2020 - Revised

XCDA

CHICAGO DEPARTMENT OF AVIATION *

STEP 7.0: Substantial Completion

• : Substantial Completion Notification

The General Contractor shall notify the CDA POC a minimum of seven (7) business days prior to the anticipated substantial completion date to request a site inspection project completion walk through. The construction space must be clean and all tools and surplus materials must be removed from the site or the walk through will be canceled. Mandatory attendance at the walk through includes: Concessionaire and/or Owner's Representative(s), and the General Contractor's Project Manager and Superintendent. The CDA POC will notify the CDA terminal manager, the CDA building engineer, the CDA Project Manager, and any other attendees identified during the Pre-Construction meeting or as deemed necessary. The items listed below are required to support the substantial completion walk through process:

The Concessionaire's architect should compile their punch list items. The Concessionaire or concessionaire's architect will provide a copy of their punch list to CDA for review prior to the walk through. The concessionaire will receive final CDPH and Department of Buildings inspector's approval before the substantial completion walk through.

The substantial completion walk through must occur 5-1.0 business days prior to concessions opening.

• : Final Walk Through and Punch List

At the substantial completion walk through, the General Contractor will conduct a brief meeting to distribute and discuss the punch list items that they have identified and the proposed date of substantial completion. The General Contractor and Concessionaire must show proof of all final Department of Buildings and CDPH inspections, Certificate of Occupancy, Business and Liquor licenses and Certificate of Insurance. If a Certificate of Occupancy is required as determined by the Department of Buildings, it will need to be submitted to the CDA prior to any occupancy of the renovated or newly constructed space. It is the Tenant's responsibility to arrange for inspection by the Department of Buildings for the Certificate of Occupancy. The Concessionaire should identify meter locations to be properly labeled and provide the meter number and the room name of meter location(s).

166

After all attendees have completed the walk through, the parties will reassemble to discuss their punch list items with the Concessionaire and General Contractor. CDA Concessions will review the Concessionaire's architect's punch list and relay any additional items identified during the substantial completion walk through on a separate punch list. Any punch list items that are noted as critical and thus require immediate correction will be identified during the substantial completion walk through. The concessions location cannot open until these critical punch list items have been corrected.

Within five (5) business days after the substantial completion walk through, the Concessionaire, Concessionaire's architect, and/or the contractors will consolidate all agreed upon punch list items and issue via e-mail, a composite formal punch list. This list will be distributed to all parties invited from the substantial completion walk through. The Concessionaire's architect will also submit their substantial completion letter to the CDA.

Depending on issues presented, CDA will determine which option below is acceptable.

For Retail Concessions:

Concessionaire may proceed to stock, train, and open their concession, while non-critical punch list repairs continue.

Concessionaire may stock and train for their concession but cannot open until the identified critical punch list items are corrected.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page

17 of 23 6/15/2020 - Revised



- (3) Concessionaire may NOT stock, or train for, or open their concession until the identified critical punch list items are corrected.

For Food and Beverage Concessions:

- 1) Concessionaire may proceed to train, furnish, and prep their food and beverage, while non-critical punch list repairs continue.
- 2) Concessionaire may proceed to train, furnish, and prep their food and beverage but cannot open until the identified critical punch list items are corrected.
- 3) The Concessionaire may NOT furnish, prep, or train for their facility until the identified critical punch list items are corrected.

CDA Concessions will review and then issue a response/acceptance letter back to the Concessionaire or Concessionaire's architect after receipt of the substantial completion letter. The concession location cannot open until they have received CDA Concession's notice to open.

The Concessionaire will track the completion of the punch list and periodically send CDA the list of completed and outstanding punch list items (with reason for incomplete items and lead times for materials not immediately available).

Please note, the construction barricade may not be removed without written approval from CDA Concessions.

The General Contractor is to complete the punch list items within thirty (30) business days of the initial walk through or as dictated in the Concessionaire's signed Lease and License Agreement

walk through or as dictated in the Concessionaire's signed Lease and License Agreement.

If after thirty (30) business days, the punch list items remain incomplete CDA may elect to:

- Impose a fine of \$200 per item, per day, until the work is finished.

167

If after sixty (60) business days, the punch list items remain incomplete CDA may elect to:

- Hire contractors to complete the work at the Concessionaire's expense.

The punch list completion tracking document will be sent to CDA Concessions for review within the thirty (30) business day period after the substantial completion walk through takes place. All punch list items should be resolved to the satisfaction of CDA or include an agreed upon completion schedule.

7.3: Business License and Certificate of Insurance

Prior to opening, the Concessionaire must obtain a Business License from the City of Chicago Business Affairs & Consumer Protection Department (BACP) City Hall, Room 805, 121 N. LaSalle St, 60602.

Concessionaire is also responsible for providing a current Certificate of Insurance per the Concessionaire's signed Lease and License Agreement.

- PDF of the Business License must be sent to CDA Concessions prior to store opening.

For Business License and Certificate of Insurance information visit their website at:
<<https://www.cityofchicago.org/city/en/depts/bacp/provdrs/bus.html>> or call (312) 744-6060.

7.4: ComEd Verification of Meter(s)

Prior to opening, the Concessionaire must reference the meter #, and provide its tax ID and billing mailing address. For more information call (877) 426-6331.

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page
18 of 23 6/15/2020 - Revised

***CDA**

CHICAGO DEPARTMENT OF AVIATION ♦

7.5: Open for Business

After written approval has been obtained from CDA Concessions, the construction barricade may be removed no earlier than the evening prior to the concession's opening.

- Please refer to the 'Airport Concession Program Handbook' for other operational procedures as dictated in the Concessionaire's signed Lease and License Agreement.

End of STEP 7

STEP 8.0: Project Closeouts

8.1: Close Out Documents

The Concessionaire's architect and engineer of record must transmit to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement all architectural and engineering "As-Built Documents". If no time period is specified, then the "As-Built Documents" must be submitted within thirty (30) business days. The items listed below are required to support maintenance of accurate facility records and future construction. The Concessionaire must submit two (2) copies of the below documents on CD and (1) full size hard copy:

168

- 1) One (1) full size hard copy As-Built Documents, including the General Contractor's redline markups and clouding construction changes
- 2) One (1) CD / DVD of CAD files either in AutoCAD and/or BIM format - all CAD files to be submitted per CDA BIM standards
- 3) One (1) CD / DVD of all image files in PDF format
- 4) If applicable, one (1) PDF of the finalized SAM™ Construction Checklist
- 5) If applicable, one (1) PDF of all Operating and Maintenance Manuals (O&M Manual) for equipment being maintained by the CDA
- 6) One (1) PDF of the General Contractor's, and if applicable, subcontractor's, manufacturer's, and v-equipment warranties
- 7) One (1) PDF of all the specifications
- 8) One (1) PDF of the Building Permit (both sides) with all required rough and final inspection signoffs
- 9) If applicable, PDFs of the preventative maintenance schedules listing:
 - a) the systems and equipment that require preventative maintenance
 - b) scope of maintenance to be performed
 - c) frequency
 - d) clarification on which entity is responsible for maintenance

Closeout and Warranty documents should be both emailed and one (1) full size hard copy sent to O'Hare or Midway Airport, see address below:

O'Hare International Airport Contacts

CDA Aviation Administration Building
Attn: Coordinating Architect, Design and Construction 10510 West Zemke Rd. Chicago, IL 60666
[cc: ordretailconstruction@citvofchicago.org <mailto:ordretailconstruction@citvofchicago.org>](mailto:ordretailconstruction@citvofchicago.org)

Midway International Airport Contacts .

CDA Aviation Administration Building
Attn: Coordinating Architect, Design and Construction 10510 West Zemke Rd. Chicago, IL 60666
[cc: mdwretailconstruction@citvofchicago.org <mailto:mdwretailconstruction@citvofchicago.org>](mailto:mdwretailconstruction@citvofchicago.org)

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP) Page
19 of 23 6/15/2020 - Revised

***CDA**

CHICAGO DEPARTMENT OF AVIATION *

In addition, the following close out documents must be transmitted to the CDA POC as dictated in the Concessionaire's signed Lease and License Agreement. If no time period is specified, then the documents

must be submitted within sixty (60) business days ,

- 1) PDFs containing the Concessionaire's Sworn Statement of Improvement Costs, and all final lien waivers, including change orders.
- 2) PDFs containing the General Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.
- 3) PDFs containing the Professional Services Contractor's Sworn Statement of Improvement Costs, and all final lien waivers.

8.2: Final SAM™ Checklist

169

If applicable, the Concessionaire must submit a final construction SAM™ Checklist that incorporates information on final quantities, contractor submittals, and other SAM™ related data that is incorporated during the construction phase. The Sustainable Review Panel (SRP) will evaluate the final SAM™ checklist and as recognition for participation in the SAM™ Checklist, a Green Airplane Certification will be awarded to the Concessionaire.

8.3: Contractor's Warranty

The General Contractor must warrant to the City of Chicago and CDA that the work, materials, and equipment furnished and installed under the contract are of good quality and new, and that the work conforms to the requirements of the contract documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. The Contractor's warranty shall exclude remedy for damage or defect caused by abuse, modifications, improper or insufficient maintenance and operation, or normal wear and tear, and normal usage, not executed by the contractor.

8.4: Subcontractor's Manufacturer's and Equipment Warranties

The General Contractor must ensure that all required subcontractor's, manufacturer's, and equipment warranties are passed on to the CDA. The warranties must include the name of the project as designated in the contract documents, project reference number and must be signed by an officer of the company having authority to provide the warranty. Include wording such as "this document serves as a (list duration of the warranty) written guarantee for the work performed, and the material and equipment installed on the above referenced project. This warranty incorporates all provisions of the contract documents that refer or relate to the guarantee. This warranty will commence on the date of the store opening."

During the warranty period, the Contractor must repair and replace at its own expense, all materials or equipment that may develop defects whether these defects may be inherent in the equipment or materials, in the functioning of the piece of equipment, or in the functioning and operation of pieces of equipment operating together as a functional unit. Any equipment or material that is repaired or replaced will have the warranty period extended for a period of one additional year from the date of the last repair.

8.5: Final Notice to Airport Users Form

After the punch list is complete, the General Contractor shall close out the Notice to Airport Users Form by electronically attaching a PDF of the all permits, front and back sides showing the inspector sign-offs. Enter the last day the punch list was completed, and the anticipated submittal date of the General Contractor redlined drawings.

8.6: Final Closeout Notice and Acceptance

After all the close out documentation has been reviewed and verified complete, CDA will issue a response/acceptance letter.

End of STEP 8

STEP 9.0: Compliance Overview

170

Throughout the Design and Construction process, the Concessionaire will be responsible for complying with various City of Chicago participation requirements. The Concessionaire will also be responsible for tracking their participation and providing verifying documents to CDA for review.

9.1: City of Chicago Minority and Women Owned Business Participation Rules

In accordance with the Municipal Code of Chicago 2-92-650, or as dictated in the Lease and License Agreement, the City's Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts has set goals of MBE participation and WBE participation on all contracts.

Please refer to link below for additional information pertaining to this Compliance Rule:

- **Exhibit E.1: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Professional Services**
- **Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts**

MBE and WBE participation shall be separately documented for Construction Services and Professional Services.

9.2: Required MBE and WBE Documentation

Required compliance documentation will be submitted through the web-based Retail Management System ("RMS") which is the City of Chicago, Department of Aviation's, secure concession's portal. All compliance reporting must be submitted electronically using RMS.

The Concessionaire and General Contractors are required to enter the Compliance Plans, Certified Payroll and Sworn Statements into RMS. Once the Concessionaire selects a Professional Service Contractor and General Contractor, the designated Concessionaire POCs will be provided with RMS log in information. The RMS links and User Guide are listed below. The individual Exhibits E.1 - E.12 listed below should be used as reference only, all required documents must be submitted electronically using RMS.

- **[RMS Portal: <https://www.airportware.com/rms> prod/App forms/General/Loqin.aspx](https://www.airportware.com/rms> prod/App forms/General/Loqin.aspx)**
- **Exhibit E.3: RMS Construction Compliance User Guide**

9.3: MBE and WBE Compliance Plans

Once the Final or 100% Construction Document Submittal is approved by CDA (see Step 3.0), and the Concessionaire has selected a General Contractor, then the Concessionaire is required to submit via RMS

Concessionaire has selected a General Contractor, then the Concessionaire is required to submit, via RIMS, the Concessions' Compliance Plans: Affidavit of Concessionaire, Affidavit of Prime Contractor for Construction and Affidavit of Prime

Contractor for Professional Services. Exhibits E.4 - E.7, which includes a selection of MBE, WBE and Non-Minority Sub-Contractors.

- Exhibit E.4: Concession's Compliance Plan - Affidavit of Concessionaire
- Exhibit E.5: Concession's Compliance Plan - Affidavit of Professional Services

171

- Exhibit E.6: Concession's Compliance Plan - Affidavit of Prime Contractor

PLEASE NOTE:

If at any point during the construction phase of the project, there is a change in MBE or WBE participation, the CDA POC must be immediately notified.

Resource:

To aid in outreach efforts to meet or exceed the City of Chicago's Construction and Professional Services Program goals, a list of City of Chicago certified MBE and WBE firms may be found at:

- <<https://www.cityofchicago.org/city/en/depts/dps/supp>> info/process improvements.html
- <<http://www.idot.illinois.gov/doing-business/certifications/disadvantaged-business-enterprise->

MBE and WBE Good Faith Efforts

If the Concessionaires' and Prime Contractors' Compliance Plans fall short of the MBE or WBE Construction Program goals, a Good Faith Efforts form must be included with the submitted Compliance Plans. Good Faith Efforts are achieved by actively soliciting MBE and WBE firms to perform work on the contract in accordance with Exhibit E.2: Special Conditions Regarding Minority Owned Business Enterprise Commitment and Women Owned Business Enterprise Commitment in Construction Contracts. The Good Faith Efforts form must contain contact information for not less than five (5) MBEs and/or WBEs.

- Exhibit E.7: Good Faith Efforts Form

A Compliance Plan may be rejected as non-responsive if the Concessionaire and/or General Contractor fail to submit one or more of the documents (Exhibits E.4 - E.7) with the response.

PLEASE NOTE:

If a Concessionaire's and/or General Contractor's Compliance Plan fails to meet the Construction Program goals for MBE and WBE participation, the project will be delayed and not move toward a Pre-Construction Meeting until either the goal is satisfied or Good Faith Efforts have been demonstrated and approved.

9.4: City Resident Construction Worker Employment Requirement & Certified Payroll Requirements

In accordance with the Municipal Code of Chicago 2-02-220 and Article 5 of the Concession Lease and

In accordance with the Municipal Code of Chicago 2-92-330 and Article 5 of the Concession Lease and License Agreement, at least 50% of the total construction worker hours worked by persons on the site of the Work must be performed by actual residents of the City and at least 7.5% by project area residents. The Airport will identify the project area for the purposes of calculating project area residents.



The Concessionaire will provide each general contractor bidding on the project with a Compliance Plan (Exhibit E.5) and the "City Resident Construction Worker Employment Requirement" (Exhibit E.8) for use in the bid preparation process.

Once a project has been approved by CDA and construction has commenced, the General Contractor must submit on a weekly basis, the following Certified Payroll Report for all contractors and subcontractors:

- Exhibit E.8: City Resident Construction Worker Employment & Certified Payroll Requirements
- Exhibit E.9: Excel Certified Payroll Worksheet (example)

9.5: Compliance Close Out Documents

Within sixty (60) business days of substantial completion, the Concessionaire, the General Contractor and the Professional Services Contractor are required to submit the following documents, along with final lien waivers.

- Exhibit E.10: Concession's Sworn Statement - Affidavit of Concessionaire
- Exhibit E.11: Concession's Sworn Statement - Affidavit of Prime Contractor for Professional Services
- Exhibit E.12: Concession's Sworn Statement - Affidavit of Prime Contractor for Construction Services

End of STEP 9

STEP 10.0: Supplemental Exhibits

These Guidelines should be read in conjunction with the Design and Construction Standard Operating Procedures Concessions Projects Exhibits (C-SOP Exhibits) and referenced with the Concessionaire Design Guidelines.

Please refer to links below:

Concession Projects (C-SOP Exhibits) ORD

Concessionaire Design Guidelines MDW

Concessionaire Design Guidelines

End of STEP 10

Design and Construction Standard Operating Procedures Concessions Projects (C-SOP)
Page 23 of 23 6/15/2020 -Revised

173

EXHIBIT 15 Economic Disclosure Statements and Affidavits

174

EXHIBIT 16 Airport Concessions Handbook

AIRPORT CONCESSION PROGRAM HANDBOOK

XCDA

CHICAGO DEPARTMENT OF AVIATION

CITY OF CHICAGO

DEPARTMENT OF AVIATION

i

2021 Concessions Program Handbook

TABLE OF CONTENTS

INTRODUCTION 3

INTRODUCTION

THE CONCESSIONS PROGRAM 3

THE MONITORING PROGRAM 4

THE PRE-MONITORING PROCESS 4-5

KEY ELEMENTS OF THE MONITORING PROGRAM 5-6

SUMMARY 6

175

APPENDICES:

32. PHYSICAL INSPECTION STANDARDS

33. CONCESSION INSPECTION FORMS

34. FINANCIAL AUDIT STANDARDS

35. CONCESSIONS OPERATING STANDARDS

36. LISTING OF KEY DEPARTMENT OF AVIATION PERSONNEL

37. LISTING OF KEY CONCESSIONS MANAGEMENT PERSONNEL

38. RULES AND REGULATIONS

INTRODUCTION:

The City of Chicago ("City") and the Chicago Department of Aviation ("CDA") welcome you to the family of concessionaires operating at the City's airports. Your concession represents an excellent business and professional opportunity to serve the traveling public as well as operate a profitable enterprise. In order to ensure quality and uniformity among all concessions, we have designed a Concessions Program that is outlined in this handbook. It is important that you review and adhere to these standards as they will serve as tools for the successful operation of your concession.

THE CONCESSIONS PROGRAM:

The CDA's Airport Concessions Program serves as the primary resource to meet the needs of the traveling public with regard to the provision of quality, reasonably-priced goods and services at Chicago's airports. To this end, CDA is further responsible for the outreach, selection, coordination and monitoring of concessionaires. In order to fulfill these responsibilities, CDA has several functional units that, as part of their overall duties, operate as liaisons to prospective and existing concessionaires. The primary units and their concession-related functions are as follows:

CDA UNIT FUNCTIONS

Commissioner's Office Policy generation and resolution.

Managing Deputy Overall coordination of revenue, finance, bonding, insurance, Commissioner property management and concessions functions/issues including merchandising plans, outreach, proposal generation and evaluation, contract negotiation, and overall coordination and processing.

Assistant Commissioner Assist in overseeing Concessions, the monitoring program and general airport guidelines.

Concession Management Entity retained by the CDA to assist in overseeing Representative ("CMR") Concessions, including construction of Improvements at the

176

airport.

Planning/Coordinating Architects Plan and design review; construction coordination and monitoring.

Finance/Revenue Financial reporting, review and auditing.

Security Coordination of security identification and other related issues.

THE MONITORING PROGRAM:

The Monitoring Program is designed to provide a process to ensure that concessions operating in the Airports comply with the ordinances and policies of the City, provisions of their respective Lease Agreements and specific airport guidelines as established by the CDA. The primary areas that will be reviewed include financial commitments, maintenance of concession space(s), licensing (where required), and overall adherence to the provisions of the Lease Agreement.

The intent of the Monitoring Program is to benefit the traveling public and other airport visitors, concessionaires and the City.

THE PRE-MONITORING PROCESS:

After a prospective concession is selected by CDA there are five stages that precede the commencement of the Monitoring Program.

STAGE 1 - CITY COUNCIL APPROVAL

Upon completing lease negotiations with the concessionaire, CDA forwards the lease agreement ("Agreement"), signed by the Tenant, to the City's Law Department. After the Law Department's review of the form and legality of the proposed concession agreement, the proposed tenant is introduced to the full City Council. City Council sends the Agreement to the Aviation Committee for review. The Aviation Committee approves, rejects or requests further information. Once approved by the Aviation Committee, the recommendation is forwarded to the full City Council for final approval. In most cases, recommendations submitted to the full Council by Committee are notified verbally at the next meeting.

recommendations submitted to the full Council by Committee are ratified, usually at the next meeting. This approval is documented in the "Journal of Proceedings." The documented approval and contract are then forwarded to the Mayor and other pertinent City departments for execution.

STAGE 2 - LEASE AGREEMENT

The Lease Agreement outlines a concessionaire's contractual relationship with the City. It delineates the responsibilities, expectations and the requirements of both parties, financial and non-financial. During negotiation of the terms of the agreement, you will have cause to interact with individuals from the CDA and the CMR Office. The Managing Deputy Commissioner of Concessions will oversee the processing of the Lease Agreement as well the Monitoring Program.

177

STAGE 3 - DESIGN APPROVAL

All concessionaires must submit a conceptual, schematic drawing which shows the general design of the unit. The Planning and Architecture departments will review the concept, and if the approval is given, a letter will be sent giving conceptual approval and requesting 100% architectural drawings including a complete materials board, plans and specifications so the plans meet the CDA requirements and aesthetic appeal. Upon providing approval of the 100% plans, Architecture will send a letter to the concessionaire giving authority to apply to the City Buildings Department for building permits. In no case may construction begin prior to the receipt of this approval. The Planning Unit will also monitor construction in progress.

STAGE 4 - PRE-CONSTRUCTION APPROVAL

Prior to construction, each concession will meet with the CMR for the purpose of providing the concessionaire with general airport construction guidelines. Examples of these guidelines are locations and times for pick-ups, deliveries, refuse disposal, elevator usage, and badging.

Following the operations meeting, the CMR will schedule a pre-construction meeting with CDA. Prior to the meeting, the General Contractor for the project will submit all documents, permits and approvals to CDA for review. Construction may begin following approval at the pre-construction meeting.

STAGE 5 - CONSTRUCTION

After the contract is finalized, each concessionaire has a specified period to commence and complete construction based on approved design and construction specifications. During this period each concessionaire has the responsibility to expeditiously begin and obtain all necessary approvals, licenses, insurances, etc. Each concessionaire should maintain communication with the CMR during the process to ensure that all construction and licensing requirements are addressed in a timely fashion. It is important that the concession be open to the public within the time parameters specified in the Agreement.

KEY ELEMENTS OF THE MONITORING PROGRAM:

The Concessions Monitoring Program consists of three primary elements: operations reviews, audits and pricing reports. Operations reviews will be conducted on an ongoing basis by the CMR. The operations review form in Appendix 2 will provide a framework for this component of the Monitoring

operations review form in Appendix 2 will provide a frame work for this component of the Monitoring Program.

Financial and compliance audits will be conducted on an annual and periodic basis, respectively. Financial audits will review all financial, bonding and insurance related requirements.

As specified in the Agreement, each concession shall submit an annual pricing report.

PHYSICAL INSPECTIONS

178

/

The Monitoring Process will include ongoing site inspection of each concession site by the CMR. Typical inspections will consist of reviews of facilities, general maintenance, employee practices, product/price conformity and space utilization. Inspection staff will use the CMR Operation Review Form (Appendix 2) to record their findings and observations. Reviews will be sent to the concession manager for review and follow-up on all review items. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation.

FINANCIAL AUDITS

In accordance with the provisions of the standard Concession Lease Agreement, CDA reserves the right to require a certified public and/or City audit of all books, ledgers, journals, accounts and records of its concessions.

COMPLIANCE AUDITS

On a regular basis, the CDA will review compliance with insurance coverage, financial commitments and financial reporting requirements. Non-compliance could result in liquidated damages being levied and/or commencement of default proceedings, dependent upon the nature of the violation. Additionally, compliance with ACDBE Special Conditions will be audited.

SECRET SHOPPING

The CDA, from time to time, may hire an outside contractor to perform "secret shopping" and evaluate employee performance of each concession location. Such reviews shall be used to monitor customer service and cash handling procedures among other things.

SUMMARY:

The Monitoring Program will provide a basis of uniformity to all concessions. Adherence to the Concession Lease Agreement as well as the elements of this Handbook will contribute to the successful operation of your business.

The following Appendices will further delineate additional information/requirements stated above.

APPENDIX 1

PHYSICAL INSPECTION STANDARDS:

FACILITY MAINTENANCE STANDARDS

ITEMS:

Overall appearance
Cleanliness of counters, displays, floors, fixtures, equipment, etc. Litter management/control Pest control

STANDARD:

Clean and neat to the eye.

179

Free of dust and litter upon inspection. ACTION:
Expect employees to clean/dust/sweep/vacuum/mop daily. Utilize covered metal waste receptacles. Have waste receptacles in high traffic areas.
Empty waste receptacles into designated compactor areas on a regular basis.
Have grease traps serviced and cleaned as often as necessary.
Instruct employees to look for and clean problem areas.
Provide for regular pest control service to sales and storage areas.
Have a plan/system for emergency clean-ups and replacement of broken or worn fixtures.
Report any damage to the premises to CDA and your insurance company (if applicable) immediately.

ITEMS:

Lease line maintenance "Pop-out" areas

STANDARD:

All customer lines must be maintained within the Leased area.
Merchandise and displays must be maintained within the Leased area.
Solicitation and sampling must be maintained within the Leased area.
Only CDA approved fixtures may be placed in the pop-out area (if so designated in the Agreement) at the front of the space.

ACTION:

Train employees to direct customer lines so they do not spill out into the public corridor. Review tenant design criteria for approved merchandising and fixtures. Obtain written approval from CDA prior to adding or removing any merchandise fixtures or other objects within the pop-out area.

ITEMS:

Altering of layout
Renovations/construction
Signage/advertising

STANDARD:

Written approval, prior to action, by the Commissioner of Aviation. ACTION:
Consider areas for improving the concession location either from layout changes or renovation.
Submit proposed changes for approval with appropriate drawings etc. to the CDA unit.

Submit requested changes for approval with appropriate drawings, etc., to the CMR prior to initiation of the changes.

All signs must be professionally produced.

All signs and sign holders must be kept clean and in good repair.

180

All signs must be pre-approved by the Commissioner or a representative of the Commissioner.

ITEMS:

Properly functioning equipment

STANDARD:

Preventative maintenance program.

Ongoing, reliable, licensed source for immediate repairs.

ACTION:

Have employees' spot check all equipment for possible malfunction. Maintain a back-up/alternative plan. Repair equipment as soon as possible.

EMPLOYEE STANDARDS ITEMS:

Courteous and professional appearance Proper dress

Proper identification including CDA security badge Customer Service

Attend customer service meetings, as offered **STANDARD:**

Employees should be polite and courteous to the traveling public. Employees must wear clean and neat uniforms or approved attire. Employees must not eat while on duty.

Employees must display a CDA issued security badge in addition to any other employee identification. Only badged employees may work in the secured portion of the airport.

Employees must be familiar with the Merchant Handbook. Employees are to offer general public services:

-Making change

-Giving directions

ACTION:

Train employees in proper customer service techniques using the Merchant Handbook provided to all companies.

Give all new employees airport tours so they are familiar with the airport layout and available services.

Encourage employees to be polite and courteous.

Provide necessary employee breaks to discourage eating while on duty.

Supply employees with uniforms or at least a written standard, if they are responsible for their own, as well as guidelines for proper maintenance of the uniform.

Supply employees with company identification.

Obtain CDA security badges for all employees.

181

Supply employees with a company policies and procedures manual so that they know what is expected

Supply employees with a company policies and procedures manual so that they know what is expected of them.

ITEMS:

Sanitary handling of foods/beverages
Proper cleaning and maintenance of food areas

STANDARD:

Employees must handle food in a safe and sanitary manner.
Employees must comply with all company and governmental health regulations and Lease requirements.

ACTION:

Provide explicit instructions to employees on the safe and sanitary handling of foods. Obtain and post proper instructions regarding health information available from City, State and Federal sources.
Provide explicit instructions for cleaning food areas in a manner that will not possibly lead to any harmful contamination.
A Certified Food Manger must be on-site during food preparation. A Safe Food Handling Certificate must be posted.

PRODUCT STANDARDS

ITEMS:

Selling of authorized products only Adequate inventory level Proper/professional approved signage Merchandising Product pricing

STANDARD:

Only authorized products can be sold as determined in the Lease Agreement. Only use professionally produced or printed signage as approved by CDA. Merchandising permitted only within the confines of the locations, unless as authorized in writing, by CDA.

Must adhere to Value Pricing as provided in the Lease Agreement. **ACTION:**
Use professionally produced, approved signage only.
Consider innovative ways to merchandise your products/services.
Obtain written approval from the Commissioner of Aviation prior to implementing merchandising that will go beyond the confines of your space or that is outside of the terms of the Lease Agreement.
Maintain adequate inventory levels.
Notify the Department when adding, deleting or changing merchandise or changing prices.
Maintain pricing as provided in the Lease Agreement.

AUXILIARY SPACE STANDARDS ITEM:

Storage Area
Corridors, common areas Pick-up, delivery and disposal

STANDARD:

STANDARD:

- Safe use of storage space.
- Proper storage of potentially flammable items in accordance with fire codes. Provide adequate ingress and egress within storage space. Clear aisles and corridors.
- Pick-ups and deliveries during designated hours at designated locations as determined by CDA.
- Refuse disposal during designated hours at designated locations as determined by CDA.

ACTION:

- Use storage space wisely.
- Maintain a system providing for access by authorized personnel only. Report any tampering with or malfunctioning of security locks, gates, etc. Keep corridors and common areas free of debris, trash, carts and stock. Provide pest control service on a regular basis. Refrain from using luggage carts for deliveries. Dispose of refuse during designated hours.

APPENDIX 2

CONCESSIONS INSPECTIONS ARE DOCUMENTED USING THE CHICAGO DEPARTMENT OF AVIATION'S AIRPORTWARE RETAIL MANAGEMENT SYSTEM FOR AIRPORTS

Airport Concessions Program Handbook Page 11 Rev. 07/30/2020 F&B

Storage

!_pishwashing

Is Dishwashing Area Dry and Clean?

- cc. Debris on floor in dishwash area
- dd. Standing water in dishwash area

L_Pj?cujmen^LogsJ

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site"? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site?

- ee. Food Temps have not been taken/Temps okay
- Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

183

- ff. Cooler needs repair
 - gg. External Temp gauges not working
 - hh. Freezer needs repair
 - ii. Inside of Cooler/Refrigerator/Freezer needs cleaning
 - jj. Outside Doors of Refrigerator/Freezer needs cleaning
 - kk. Refrigerator needs repair
- Are Soda and Condiment Stations Clean and Maintained?

- ll. Needs detail cleaning Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?
- mm. Equipment needs detail cleaning Is Ice Machine Clean and in Good Repair?

- nn. Leaking/needs repair
- oo. Mold

j Exteriorj

- Are Blade, Facia, and Sign Holders in Good Condition?
- Are Hours of Operation Posted"?
- Are Signs/Items Infringing on Corridor?
- Is Facade Clean and Maintained?
- Is the Exterior in Good Condition"?

Mnterion

- Are CeilingsA/Valls/Floors Clean and Maintained?
- Are Counters Clean and Maintained?
- Are Fixtures and Furniture Clean and Maintained?
- Are Light Fixtures and Lights Clean and Maintained?
- Are Supplies/Product Raised off the Floor"?
- Are Trash Receptacles Clean and Maintained?
- Is Bar Area Clean and Maintained?
- Is Cash Wrap Clean, Free of Debris, and Maintained"?
- Is Front of House/Dining Area Clean and Maintained?
- Is there Adequate Circulation Space for Passenger Traffic?

1 Merchandise/Product

- Are Merchandise/Product Levels Adequate"?

I Pest Control

Is there Pest Evidence?

- Flies
- Mice
- Mouse Droppings
- Roach Droppings
- Roaches

TSafe Food Handling

Does all Food Appear to be Fresh? Is Safe Food Handling Practiced?

- Food Product
- Personal

Is the Food Service Manager on-site?

L Safety Reg u i rements

Are C02 Tanks Secured"?

Are Cleaning Supplies Segregated from Merchandise/Product"?. Are Exit Sign in Good Condition?

184

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

I Sinks/PTumbing/brains

Are Floor Drains clean?

- Drains need cleaning
- Drains need cover/screen Hot Water?

Is 3 Compartment Sink working properly?

- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water
- Water is not reaching Temp (110) Is Mop Sink working properly?
- Leaking/needs to be sealed
- Mop Sink not draining properly
- Mops not hung properly
- Standing water

Are All Sales Being Rung Appropriately?

Are Cash Handling Employees working in the Food Prep Area?

Are Employee IDs Visible Above the Waist?

Are Employees Courteous, Informed, and Greeting Customers?

Are Employees Eating or on the Phone?

Are Employees Wearing Appropriate Attire?

Are Off-Shift Staff Affecting On-Shift Staff?

Monthly F&B

Dishwashing Area

Is Dishwashing Area Dry and Clean?

- s. Debris on floor in dishwash area
- t. Standing water in dishwash area

Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Handlers' Certificate Log on-site? Is the Food Temp Log on-site?

u. Food Temps have not been taken/Temps okay Is the Health Department Inspection Report Posted? Is the Pest Control Log on-site?

Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

185

- v. Cooler needs repair
- w. External Temp gauges not working
- x. Freezer needs repair
- y. Inside of Cooler/Refrigerator/Freezer needs cleaning
- z. Outside Doors of Refrigerator/Freezer needs cleaning
- aa. Refrigerator needs repair

Are Soda and Condiment Stations Clean and Maintained?

bb. Needs detail cleaning

Is Cash Register Clean and Maintained? Is Grill/Cook Line Equipment Clean?

cc. Equipment needs detail cleaning

Is Ice Machine Clean and in Good Repair?

dd. Leaking/needs repair

ee. Mold

Signage

Are Blade, Facia, and Sign Holders in Good Condition?

Are Hours of Operation Posted?

Are Signs/Items Infringing on Corridor?

Is Facade Clean and Maintained?

Is the Exterior in Good Condition?

Ljnjerioi;

- Are Ceilings/Walls/Floors Clean and Maintained?
- Are Counters Clean and Maintained?
- Are Fixtures and Furniture Clean and Maintained?
- Are Light Fixtures and Lights Clean and Maintained?
- Are Supplies/Product Raised off the Floor?
- Are Trash Receptacles Clean and Maintained?
- Is Bar Area Clean and Maintained?
- Is Cash Wrap Clean, Free of Debris, and Maintained?
- Is Front of House/Dining Area Clean and Maintained?
- Is there Adequate Circulation Space for Passenger Traffic?

:_ Merchandise/Product

Are Merchandise/Product Levels Adequate?

DPeS^Contrql

Is there Pest Evidence?

- 21. Flies
- 22. Mice
- 23. Mouse Droppings
- 24. Roach Droppings
- 25. Roaches

i Safe Food Handling'

Does all Food Appear to be Fresh? Is Safe Food Handling Practiced?

- 26. Food Product
- 27. Personal

Is the Food Service Manager on-site?

[_^3f6ty_Regy irejlients Are CO2 Tanks Secured?

186

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed" (Fi Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Sinks/Plumbing/Drains'

Are Floor Drains clean?

- 28. Drains need cleaning
- 29. Drains need cover/screen Are Sinks draining " properly? Hot Water?

Is 3 Compartment Sink working properly?

- 30. 3-Comp. Sink not draining properly
- 31. Clean Grease and debris around grease trap
- 32. Grease trap needs cleaning
- 33. Grease trap needs to be sealed
- 34. Leaking/needs to be sealed
- 35. Standing water

Is Dishwashing Area Dry and Clean?

- 36. Debris on floor in dishwash area
- 37. Standing water in dishwash area Is Hand Sink working properly?
- 38. Hand Sink not draining properly
- 39. Leaking/needs to be sealed
- 40. Standing water
- 41. Water is not reaching

- 41. Temp (110) Is Mop Sink working properly?
- 42. Leaking/needs to be sealed
- 43. Mop Sink not draining properly
- 44. Mops not hung properly
- 45. Standing water

Staff

- Are All Sales Being Rung Appropriately?
- Are Cash Handling Employees working in the Food Prep Area?
- Are Employee IDs Visible Above the Waist?
- Are Employees Courteous, Informed, and Greeting Customers?
- Are Employees Eating or on the Phone?
- Are Employees Wearing Appropriate Attire?
- Are Off-Shift Staff Affecting On-Shift Staff?

Reta

Documents/Logs _ _ _

- Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Temp Log on-site?
- o. Food Temps have not been taken/Temps okay Is the Pest Control Log on-site?

i Equipment

187

- Are Refrigerator/Freezer Temps Okay and in Good Repair? p. Cooler needs repair q. External Temp gauges not working r. Freezer needs repair s. Inside of Cooler/Refrigerator/Freezer needs cleaning t. Outside Doors of Refrigerator/Freezer needs cleaning u. Refrigerator needs repair Is Cash Register Clean and Maintained?

I Exterior;

- Are Blade, Facia, and Sign Holders in Good Condition?
- Are Hours of Operation Posted?
- Are Signs/Items Infringing on Corridor?
- Is Facade Clean and Maintained?

LJnterJpj

- Are Ceilings/Walls/Floors Clean and Maintained?
- Are Counters Clean and Maintained?
- Are Fixtures and Furniture Clean and Maintained?
- Are Light Fixtures and Lights Clean and Maintained?
- Are Supplies/Product Raised off the Floor?
- Are Trash Receptacles Clean and Maintained?
- Is Cash Wrap Clean, Free of Debris, and Maintained?
- Is Front of House/Dining Area Clean and Maintained?
- Is there Adequate Circulation Space for Passenger Traffic?

; Merchandise/Product

- Are Merchandise/Product Levels Adequate?

i-Pest Control

- Is there Pest Evidence?
 - v. Flies
 - w. Mice
 - x. Mouse Droppings y. Roach Droppings z. Roaches

I Safety Requirements

- Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?
- Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)
Staff

- Are Employee IDs Visible Above the Waist?
- Are Employees Courteous, Informed, and Greeting Customers?
- Are Employees Eating or on the Phone?
- Are Employees Wearing Appropriate Attire?

Retail Storage;

: Documents/Logs

Are Maintenance Audits Posted and Filled Out? Are Prices Prominently Marked or Signed? Is the Business License on-site? Is the Food Temp Log on-site?

23. 188
Food Temps have not been /
taken/Temps okay Is the Pest Control Log on-site?

! Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair?

- 24. Cooler needs repair
- 25. External Temp gauges not working
- 26. Freezer needs repair
- 27. Inside of Cooler/Refrigerator/Freezer needs cleaning
- 28. Outside Doors of Refrigerator/Freezer needs cleaning
- 29. Refrigerator needs repair

Is Cash Register Clean and Maintained? Exterior;

Are Blade, Facia, and Sign Holders in Good Condition?
Are Hours of Operation Posted?
Are Signs/Items Infringing on Corridor?
Is Facade Clean and Maintained?

Interior

Are Ceilings/Walls/Floors Clean and Maintained?
Are Counters Clean and Maintained?
Are Fixtures and Furniture Clean and Maintained?
Are Light Fixtures and Lights Clean and Maintained?
Are Supplies/Product Raised off the Floor?
Are Trash Receptacles Clean and Maintained?
Is Cash Wrap Clean, Free of Debris, and Maintained?
Is Front of House/Dining Area Clean and Maintained?
Is there Adequate Circulation Space for Passenger Traffic?

Merchandise/Product

Are Merchandise/Product Levels Adequate?

Pest Control

Is there Pest Evidence?

- 30. Flies
- 31. Mice
- 32. Mouse Droppings
- 33. Roach Droppings
- 34. Roaches

Safety Requirements

Are Cleaning Supplies Segregated from Merchandise/Product? Are Exit Sign in Good Condition?
Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Staff

Start

- Are Employee IDs Visible Above the Waist?
- Are Employees Courteous, Informed, and Greeting Customers?
- Are Employees Eating or on the Phone?
- Are Employees Wearing Appropriate Attire?

Weekly F&B

Dishwashing Area

Is Dishwashing Area Dry and Clean?

189

S. Debris on floor in, dishwash area T. Standing water in dishwash area

L Documents/Lpg §

Is the Food Temp Log on-site?

U. Food Temps have not been taken/Temps okay Is the Pest Control Log on-site?

' Equipment

Are Refrigerator/Freezer Temps Okay and in Good Repair? V. Cooler needs repair

W. External Temp gauges not working

X. Freezer needs repair

Y. Inside of Cooler/Refrigerator/Freezer needs cleaning Z. Outside Doors of Refrigerator/Freezer needs cleaning AA.

Refrigerator needs repair

Mnteripj

Are Ceilings/Walls/Floors Clean and Maintained? Is Bar Area Clean and Maintained?

I Pest Control

Is there Pest Evidence?

BB. Flies

CC. Mice

DD. Mouse Droppings

EE. Roach Droppings

FF. Roaches

; Safe Food Handling

Is the Food Service Manager on-site?

Requirements

Are CO2 Tanks Secured?

Are Exit Sign in Good Condition?

Is Fire Safety Equipment tagged, marked, and unobstructed? (Fire Extinguisher, Ansul System, Sprinkler, Egress, Electrical)

Drains/Plumbing/Prains

Are Floor Drains clean?

Drains need cleaning

Drains need cover/screen Hot Water? Is 3 Compartment Sink working properly?

- 3-Comp. Sink not draining properly
- Clean Grease and debris around grease trap
- Grease trap needs cleaning
- Grease trap needs to be sealed
- Leaking/needs to be sealed
- Standing water

Is Hand Sink working properly?

- Hand Sink not draining properly
- Leaking/needs to be sealed
- Standing water

Is Water not reaching Temp (110) Is Men Sink working properly?

- water is not reaching temp (110) is mop sink working properly?
- Leaking/needs to be sealed
- Mop Sink not draining properly
- Mops not hung properly
- Standing water

190

FINANCIAL AUDIT STANDARDS:

APPENDIX 3

In accordance with the provisions of most Concession Lease Agreements, CDA reserves the right to audit and review the records of each concession as they relate to the operation of the concession. Therefore, the following will serve as the standards and practices that will govern those audits/reviews.

Lease Fees

Each concessionaire shall submit the rent and fees in accordance with its Agreement.

Records

Each concession is required to maintain true and accurate accounts, records, books and • data recording all sales made and services performed on the premises for cash, credit or other conveyance including the gross receipts. The following represent appropriate practices that will reflect the prior stated requirements:

Maintenance of an internal control system (e.g. cash register, point of sale equipment) to insure proper reporting to the City.

Books, ledgers, journals, accounts and/or records must be maintained according to generally accepted accounting principles.

Each concession must provide timely submission of the audited "Statement of Sales and Fees" and annual audited financial statements based upon their individual reporting system.

Other items as required in the Agreement.

Insurances

The following insurances are customarily required during the terms of the Agreement and should be maintained at the levels specified by the Agreement:

Worker's Compensation Comprehensive
General Liability Comprehensive
Automobile Liability Property Insurance

Other insurance as required in the Lease Agreement

191

The City of Chicago will be named as "Additional Insured", with the following language: "The City, and its elected and appointed officials, agents, representatives, and employees shall be named as additionally insureds..."

Security Deposit/Letter of Credit

All concessions must provide a letter of credit or cashier's check per the terms of the Agreement.

APPENDIX 4

CONCESSIONS OPERATING STANDARDS:

General Airport Guidelines

The following guidelines are examples of the types of issues that will be reviewed with the City's CMR, who will provide each operator with specific guidelines for their concession.

- Pick-up and deliveries to/from specific areas at specified times.
- Refuse disposal at specific and designated areas/times.
- Unauthorized use of restricted Airport areas. Adherence to minimum business operating hours.
- Agreement to emergency hours as may be determined by CDA under special conditions.
- Elevator use at designated times.
- Ingress and egress from designated areas, as outlined in Agreement. Proper and improper use of signage.

Laws and Ordinances

16. CDA reserves the right to adopt and enforce reasonable rules and regulations with respect to the use of the Airport, terminal buildings, terminal concourse areas, and related facilities.
17. All concessions must observe all laws, ordinances, regulations and rules of the Federal, State, County and Municipal governments which may be applicable to the operation at the Airport.
18. Permits and Leases necessary for the operation of the concession areas must be obtained prior to the first day of operation, and renewed annually as needed.

192

The CDA reserves the right to issue a Default Notice to any concessionaire who is not in compliance with the Agreement.

APPENDIX 5

KEY DEPARTMENT OF AVIATION PERSONNEL:

<u>NAME/TITLE</u>	<u>TELEPHONE NUMBER</u>
Castalia Serna Deputy Commissioner of Concessions	(773) 894-3059
Glen Ryniewski Assistant Commissioner of Concessions	(773) 686-3730
Drew Homyk Projects Administrator / MDW	(773) 838-3992
Horatio Watson Projects Administrator	(773) 894-3321
Marc Wright Projects Administrator	(773) 894-5422
Russell Johnson Projects Administrator	(773) 686-4899
Michael Stein (312)489-9080 Projects Administrator	

APPENDIX 6

KEY CONCESSION MANAGEMENT REPRESENTATIVE (CMR) PERSONNEL:

NAME/TITLE TELEPHONE NUMBER

Joseph Crump (773) 894-3905 Managing Director (773)
307-9339 (cell)

Yolanda Woodruff (773) 894-5463
Director of Retail Operations (773) 844-0821 (cell)

Dorine I itman (773) 894-3908

Property Manager / ORD (773) 671-3908 (cell)

Patricia Grzyb (773) 838-0733
Property Manager / MDW (312) 907-8820 (cell)

Sungjin Choi (773) 686-7606
Construction and Design Manager (312) 301-1043 (cell)

Airport Concessions Program Handbook Rev. 07/30/2020

APPENDIX 7

RULES AND REGULATIONS:

Lessee shall, at all times during the term of the Lease Agreement:

14. Use, maintain and occupy the Premises in a careful, safe, professional and lawful manner. Keep Premises and its appurtenances in a clean and safe condition.
15. Keep all glass in the doors and windows of the Premises clean and in good repair with floor displays and shelving cleaned daily.
16. Not place, maintain or sell any merchandise or place any signage in any vestibule or entry to the public area adjacent to the Premises, or place any signage in the public area adjacent to the Premises, or elsewhere on the outside of the Premises without the prior written consent of the Commissioner.
17. At its own cost, keep Premises in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pests.
18. Not permit accumulation of garbage, trash, rubbish and other refuse inside or outside the Premises, and keep refuse in closed containers within the interior of the Premises until removed. Not place any rubbish, litter, trash, or material of any nature in the parking areas, exterior areas, entryways, passages, doors, elevators, hallways, or stairways of the Airport. Comply with any recycling program as directed by the Commissioner.
19. Not use, or permit the use of any apparatus or instruments for musical or other sound reproductions or transmissions in such manner that the sound emanating therefrom or caused thereby shall be audible beyond the interior of the Premises, without the prior written consent of the Commissioner.
20. Not use helium balloons and blinking lights.
21. Not cause or permit objectionable odors to emanate from the Premises.

21. Not cause or permit objectionable odors to emanate from the Premises.

22. Not deliver or permit delivery of merchandise at any time other than those times allowed by the Commissioner or her designated representative.

194

23. Maintain and keep operational all electric signs, and where applicable, light the show windows and exterior signs of Premises during hours of operation.

24. Use only signage of professional quality. All signage must be approved by the Commissioner or her designated representative. Handwritten signs of any kind are not permitted. Signage or other materials may not be taped to windows.

25. Prominently sign or mark pricing on each product or mark with easily recognizable professional signage.

26. Keep all mechanical apparatus in good working order and free of vibration and noise.

- Not overload the floors or electrical wiring or install any additional electrical wiring or plumbing without the Commissioner's prior written consent.
- Not use show windows on the Premises for any purpose other than display of merchandise for sale. Merchandise must be kept in a neat, professional and attractive manner.
- Not conduct, permit or suffer any public or private action sale to be conducted on or from the Premises.
- Not solicit business in the common area of the Airport or distribute handbills or other advertising materials in the common area. If this provision is violated, the Lessee shall pay the City the cost of collecting same from the common area for trash disposal. Lessee shall not hold demonstrations in the Premises or any other area of the Airport. Lessee agrees to cooperate and assist the City in the prevention of canvassing, soliciting and peddling within the Premises or Airport.
- Not use the plumbing facilities in the Premises for any purpose other than that for which they were constructed or dispose of any foreign substance therein, whether through the utilization of "garbage disposal units" or otherwise. If Lessee uses the Premises for the sale, preparation or service of food for on-premises consumption, Lessee shall install such grease traps as shall be necessary or desirable to prevent the accumulation of grease or other wastes in the plumbing facilities servicing the Premises. Lessee shall contract with a grease trap/plumbing service for periodic maintenance of its plumbing facilities. Lessee shall provide the City with a copy of said service contracts.
- Not operate in the Premises or in any part of the Airport any coin or token operated vending machines or similar devices for the sale of any merchandise or service, except as may be allowed in the Lease Agreement or with the prior written consent of the Commissioner.
- Not have slot machines, devices, or other gambling games on the Premises or in any part of

the Airport without the prior written consent of the Commissioner.

- Refer all contractors or contractor's representatives rendering any service on or to the Premises for the Lessee; to the City or the CMR for approval before performance of any contractual service provided that they meet insurance requirements.

195

Lessee's contractors and installation technicians shall comply with the City's rules and regulations pertaining to construction and installation. This provision shall apply to all work performed on or about the Premises or the Airport, including installation of telecommunication devices, electrical devices, attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings and equipment, or any other physical portion of the Premises or project.

- Keep from public view all personal property, cups, papers, cleaning and other supplies.
 - Not permit employees to eat, drink or sleep in public view.
 - Not at any time occupy any part of the Premises or project as sleeping or lodging quarters.
- J. Not place, install or operate on the Premises or in any part of the Airport any engine, stove or machinery, or conduct mechanical operations or cook thereon or therein, or place or use in or about the Premises or project any explosives, gasoline, kerosene, oil, acids, caustics, or any flammable, explosive or hazardous material.
- K. Insure that staff members are, at all times, appropriately dressed (as designated in the Lease Agreement) with airport badges in view.
- L. Not hold the City responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or the Airport regardless of whether such loss occurs when the area is locked against entry or not.
- M. Not have dogs, cats, fowl, or other animals brought into or kept in or about the Premises or Airport.
- N. Not use the public restrooms for any purpose other than those for which they were constructed, and any damage resulting to them from misuse or by the defacing or injury of any part of the building shall be borne by the person who shall cause it. No person shall waste water by interfering with the faucets or otherwise.
- O. Not lay floor covering within the Premises without written approval of the Commissioner. The use of cement or other similar adhesive materials not easily removed with water is expressly prohibited.
- P. Comply with and ensure that Lessee's employees comply with the City's non-smoking policy for the Airport.
- Q. Post any Emergency Evacuation Plan adopted by the City. Lessee shall post the Plan in a place which is non-visible to Lessee's customers. but visible to Lessee's employees. Train all

employees regarding Lessee's Emergency Evacuation Plan and other emergency procedures.

R. Along with its employees, agents and invitees park their vehicles only in those parking areas allowed by the City. If requested, furnish the City with state automobile Lease numbers of Lessee's vehicles and its employees' vehicles and shall notify the City of any changes within five (5) days after such change occurs. Concessionaire or its employees shall not leave any vehicle

196

in a state of disrepair (including without limitation, flat tires, out-of-date inspection stickers or Lease plates) on Airport property or in its parking areas.

S. Comply with all parking rules and regulations including any sticker or other identification system established by the City. Failure to observe the rules and regulations shall terminate Lessee's right to use the parking area and subject the vehicle in violation of the parking rules and regulations to removal or impoundment. No termination of parking privileges or removal or impoundment of a vehicle shall create any liability on the City or be deemed to interfere with Lessee's right to possession of its Premises. Vehicles must be parked entirely within the parking lines and all directional signs, security notices, arrows and posted speed limits must be observed. Parking is prohibited in areas not striped for parking, in aisles, where "No Parking" signs are posted, on ramps, in cross hatched areas, and in other areas as may be designated by the City. Parking stickers or other forms of identification, if any, supplied by the City, shall remain the property of the City and not the property of Lessee and are not transferable. Every person is required to park and lock his vehicle. All responsibility for

damage to vehicles or persons is assumed by the owner of the vehicle or its driver.

39. Follow all ID Badging procedures as may be required by the Commissioner or her designated representative.
40. Instruct employees to report spills, hazardous conditions and any suspicious activities to the appropriate party as directed by the Commissioner or her designated party.
41. Not use luggage carts for product deliveries.
42. Use only delivery carts and equipment as approved by the Commissioner or her designated party.
43. Use only designated elevators for deliveries.
44. Surrender all keys to the Premises to the Commissioner upon termination of this Lease Agreement.
45. Comply with the City's desire to maintain in the Airport the highest standard of dignity and good taste consistent with comfort and convenience for the Lessee. Any action or condition not meeting this high standard should be reported directly to the City. Lessee's cooperation will be mutually beneficial and sincerely appreciated..
46. The City reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be necessary for the safety, care and cleanliness of the Premises and for the preservation of good order therein.

198

Grab Chicago JV LLC

02022-1215 Exhibit A-

CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT

SECTION 1 -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Grab Chicago JV LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name:

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1))

State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 3302 Canal Street, Suite 13
Houston, Texas 77003

C. Telephone: 936-520-2975 Fax: Email: jcA@servy.us
<mailto:jcA@servy.us>

D. Name of contact person: Jeff Livney --

E. Federal Employer Identification No. (if you have one) -

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

License Agreement between the City of Chicago and Grab Chicago JV LLC for mobile sales of concessions at ORD

G. Which City agency or department is requesting this EDS? Department of Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1 Page 1 of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|---|
| <input type="checkbox"/> J Person | <input checked="" type="checkbox"/> Limited liability company |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Other (please specify) |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?¹

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures,

each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title	
Jeff Livney	President	
Marc Brooks	Vice President	Vanesa Kreindel,
~--7TZ	---r,	Treasurer
David Yamamoto	Vice President	
Mark Bergsrud	Secretary	

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
Cursus Technologies, Inc.	3302 Canal St, Suite 13, Houston, TX 77003	51%
Hyde Park Hospitality, LLC	171 N Aberdeen, Floor 4R, Suite 55, Chicago, IL 60607	32% .
URW Airports, LLC	2049 Century Park East, Level 41, Century City, CA 90067	17%

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge alter reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? [Y/Yes b/d/No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse (s)/domestic partner(s) and describe the financial interest(s).

SECTION IV DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	--

AtYourGate, LLC	4 Half Moon Trail,	Ladera Ranch, CA 92694	Delivery subcontractor Delivery fees per License Agreement (Exhibit 6)
-----------------	--------------------	------------------------	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrears on any child support obligations by any Illinois court of competent jurisdiction?

I. 1 Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in

Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary): N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

J Yes xi No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

J Yes] No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X L The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined

ueineu

by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the

equal opportunity clause?

J Yes

j No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.citvotchicago.org/Ethics <<http://www.citvotchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a

contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Groi Ovcg^ LLC
(SlgErhefc),

(Print or type exact legal name of Disclosing Party) By:

(Print or type name of person signing)

(Print or type title of person signing)

Signed and sworn to before me on (date) at Willis County, I^I\$

Notary Public
Commission expires:

Z\ EMMANUEL ONUKWO JR. Notify ID. 1)2fMM-I
Wy Cor-nissior Stores -i-'rlhO*. 2025

Mirth Of^

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS
AND DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you

1 1 1 " " . 1 1 1 1 .

checked "no" to the above, please explain.

Page 15 of 15

**CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT**

SECTION 1 - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Grab
Chicago JV LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on
2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as

the
2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's
legal

2. name:

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1))

State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 3302 Canal Street, Suite 13
Houston, Texas 77003

C. Telephone: 936-520-2975 Fax: Email: jeff@servy.us
<mailto:jeff@servy.us>

D. Name of contact person: Jeff Livney

E. Federal Employer Identification No. (if you have one): *

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

License Agreement between the City of Chicago and Grab Chicago JV LLC for mobile sales of concessions at ORD

G. Which City agency or department is requesting this EDS? Department * Aviation ^

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1 Page 1 of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust
- Limited liability company
- Limited liability partnership
- Joint venture
- Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Jeff Livney

President

Marc Brooks

Vice President

Vanesa Kreindel,
Treasurer

David Yamamoto

Vice President

Mark Bergsrud Secretary

2. Please provide the following information concerning each person or legal entity having a direct or

indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including

ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
Cursus Technologies, Inc.	3302 Canal St, Suite 13, Houston, TX 77003	51%
Hyde Park Hospitality, LLC	171 N Aberdeen, Floor 4R, Suite 55, Chicago, IL 60607	32%
URW Airports, LLC	2049 Century Park East, Level 41, Century City, CA 90067	17%

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse (s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
AtYourGate, LLC	4 Half Moon Trail, Ladera Ranch, CA 92694	Delivery subcontractor	Delivery fees per License Agreement (Exhibit 6)

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing

Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity

that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Entity is listed on a Sanctions List maintained by the or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii)

the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in

Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)
[I »s [XJ is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. Ifthe Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss ofthe privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach add itional pages if necessary): N/A

Ifthe letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best ofthe Disclosing Party's knowledge after reasonable inquiry, does any official or employee ofthe City have a financial interest in his or her own name or in the name ofany other person or entity in the Matter?

[] Yes W No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected

official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined

by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is

based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

G(A OicGtf, JV LLC

(Print or type exact legal name of Disclosing Party)
(tfgrfnere),

By:

(Print or type name of person signing)

(Print or type title of person signing)

(state).

Signed and sworn to before me on (date) fi(j/ff'il fAJ/ at WllltiS County,

Notary Public

EMMANUEL ONUKWO JR. Notary ID.13J6MW4
My Cor ■nissior &fl»rw
V3rihW,»25

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS
AND DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes

No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes

No

The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amleftal.com <<http://www.amleftal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

CURSUS TECHNOLOGIES, INC.

00000 1015

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Cursus Technologies, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: O^{rao} Chicago JV LLC

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 3302 Canal Street, Suite 13
Houston, TX 77003

C. Telephone: 936-520-2975 Fax: Email: Jeff@servy.us

<mailto:Jeff@servy.us>

D. Name of contact person: Jeff Livney

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

License Agreement between the City of Chicago and Grab Chicago JV LLC for mobile sales of concessions at ORD

G. Which City agency or department is requesting this EDS?

Department of Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1 Page 1 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Person
 - Publicly registered business corporation Privately held business corporation
 - Sole proprietorship
 - General partnership
 - Limited partnership
 - Trust
 - Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501 (c)(3))?
- Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there

the entity, (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Mark Bergsrud CEO / Director
Jeff Livney CXO / Director

Mignon Buckingham Director David Yamamoto Director

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name Business Address Percentage Interest in the Applicant

Mark Frederick Bergsrud 138 E. Bracebridge Cir, The Woodlands, TX 77381 27.9%
Collinson Investments Ltd. Cutlers Exchange, 123 Houndsditch, London, UK 23.0%
Westfield Development Inc. 2049 Century Park East, Level 41, Century City, CA 90067 22.6%

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal,

state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government

of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article 1 is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in

Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").
N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

I is [X] is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary): N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	• Business Address	Nature of Financial Interest
------	--------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be

... the Disclosing Party shall verify that no prohibited financial interest in the Matter has been
acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities

registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing

PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

(Print or type exact legal name of Disclosing Party)

(Print or type name of person signing)

(Print or type title of person signing)

/%T^ E*««NUEI0NUK W0JR Notify ID . 13293466-6

Commission expires

Signed and sworn to before me on (date) <7w// / [J f

at County, (state).

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS
AND DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II. B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof

currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No ^ The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(l). If you checked "no" to the above, please explain.

Page 15 of 15

COLLINSON INVESTMENTS

LTD

02022-1215

Exhibit A-4.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:
Collinson Investments Ltd

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's

legal

2. name: Grab Chicago JV LLC
OR

3. [] a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1))
State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: Cutlers Exchange

123 Houndsditch, London, UK

mignon.buckingham@

C. Telephone: +44 7799 865600 Fax:

Email: collinsongroup.com

<http://collinsongroup.com>

T-k -M- _ e «. * Mignon Buckingham

D. Name of contact person:

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

License Agreement between the City of Chicago and Grab Chicago .TV LLC for mobile sales of concessions at ORD

G. Which City agency or department is requesting this EDS? Dept. of Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification #

and Contract #

Ver.2018-1

Page of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust

[X] Limited liability company

- Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
 Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:
United Kingdom

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Colin Evans Chairman

David Evans	Joint CEO
Mignon Buckingham	Corp. Strategy & Devt Officer
Christopher Evans	Joint CEO
	Lorraine O'Brien Director

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
The Collinson Group Ltd	Cutlers Exchange, 123 Houndsditch, London UK	100%

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
---	-------------------------	---	--

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. **SECTION V - CERTIFICATIONS**

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee,

tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity

means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-

year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in

Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is [X] is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of IS

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property

Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text

of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1 -23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

Collinson Investments Ltd (Print or type [^]act legal

name of Disclosing Party)

Mignon Buckingham

(Print or type name of person signing) Corporate

Strategy & Development Officer

(Print or type title of person signing)

Notary Public

Commission expires:

Page 12 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS
AND DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic

Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. I.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

THE COLLINSON GROUP, LTD.

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

The Collinson Group Ltd

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. pC] a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: Grab Chicago JV LLC

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: Cutlers Exchange
123 Houndsditch, London, UK

C. Telephone: +44 7799 865600 Fax: mignon.buckingham@collinsongroup.com
Email: collinsongroup.com
<http://collinsongroup.com>

D. Name of contact person: Mignon Buckingham

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):
License Agreement between the City of Chicago and Grab Chicago JV LLC for mobile sales of concessions at ORD

G. Which City agency or department is requesting this EDS? Dep't of Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # \ and Contract #
Ver.2018-1 Page of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Person pC] Limited liability company

- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust
- Limited liability partnership
- Joint venture
- Not-for-profit corporation
(Is the not-for-profit corporation also a 501 (c)(3))?
 Yes No
- Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

United Kingdom

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes
- No
- Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Colin Evans Chairman

David Evans

Joint CEO

Mignon Buckingham

Corp. Strategy & Devt Officer

Christopher Evans

Joint CEO

Lorraine O'Brien Director

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none,

state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
Parminder Limited	2nd Floor, St George's Court, Upper Church St, Douglas, Isle of Man, 1 MI 1EE	100%

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the

disclosure.

Page 3 of IS

Name (indicate whether Business retained or anticipated to be retained)	Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
---	---------	--	---

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared

facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC

Chapter 1-23, Article 1 for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of* or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article 1 applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or

assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined

by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the

duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available online at www.cityofebene.com/Ethics.

ordinance and a training program is available online at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

The Collinson Group Ltd (Print or type exact name)

name of Disclosing Party)

Mignon Buckingham

(Print or type name of person signing) Corporate

Strategy & Development Officer

(Print or type title of person signing)

4fnl 10,7m.

Commission expires:

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS
AND DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party

Under MCC Section 2-157-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any

ownership interest in the Applicant exceeding 7.5% (an Owner). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX C**

DISCLOSURE ON WAGE & SALARY HISTORY SCREENING CERTIFICATION

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

PARMINDER LIMITED

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I ~ GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

PARMINDER LIMITED

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: grab Chicago jv llc

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 2ND floor, st George's court, upper church street

DOUGLAS, ISLE OF MAN, IM1 1EE

C. Telephone: +44(0) 1624850530 Fax: +44 (0) 1624850600 Email: donna.hughes@zedra.com
<mailto:donna.hughes@zedra.com>

D. Name of contact person: donna hughes

E. Federal Employer Identification No. (if you have one): n/a

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

License Agreement between the City of Chicago and Grab Chicago JV LLC for mobile sales of concessions at ORD

G. Which City agency or department is requesting this EDS? department of aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Showing:

Specification U
Ver.2018-1

and Contract #
Page 1 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person Limited HxMKty company
- Publicly registered business corporation Limited liability partnership
- Privately held business corporation Joint venture
- Sole proprietorship Not-for-profit corporation
- General partnership (Is the not-for-profit corporation also a 501(c)(3))?
- Limited partnership Yes No
- Trust Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

ISLE OF MAN

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

MARC BARRON	DIRECTOR	DONNA LOUISE HUGHES	DIRECTOR
DAVID JOHN LAWRIE			DIRECTOR
ANTHONY MARK MCKAY	DIRECTOR		
RICHARD DANIEL WUTHERN			DIRECTOR

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including

ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
The Colin Fvans 1987 Settlement	2ndi-loor. s: G«(or)c'icourt, u»p«chiiithS(rwt,i).u; iui uieufMm.tMi in: 100%	

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees

paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
---	-------------------------	---	--

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking

tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or

authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5) (Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that

becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes

No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City

7. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies is sued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any

any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee
Ver.2018-1 Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

- A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
- B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.
- C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.
- D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS maybe made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.
- E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

PARMINDER LIMITED
(Sign here

(Print or type exact legal name of Disclosing Party) By: _

(Print or type name of person signing)

Dirtet raft
(Print or type title of person signing)

Signed and sworn to before me on (date) >^£> fcf* H
at hXfAiM*?, County, I Sut, iM-Estate). ^/flStf\U£\$

Commission expires: lN&£f*llT£

PHILIP B. GAMES NOTARY PUBLIC RIDGEWAY HOUSE RIDGEWAY STREET DOUGLAS
ISLE OF MAN IM99 1PY TEL+44 (0)1624 690300 pgames@simcocks.com <mailto:pgames@simcocks.com>

Page 12 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect

ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

City of Chicago Economic Disclosure Statement and Affidavit Form, MCC Section 2-92-385.11, last updated 11/8/2022

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A -I am not an Applicant that is a 'contractor " as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

THE COLIN EVANS 1987 SETTLEMENT

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

THE COLIN EVANS 1987 SETTLEMENT

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on

3. the contract, transaction, or other undertaking to which this EDS pertains (referred to below as the

- 1. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the
- 2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal
- 2. name: grab Chicago jv llc

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 2nd floor, st george-s court, upper church street

DOUGLAS, ISLE OF MAN, IM1 1EE

C. Telephone: +44(0)1624 850530 Fax: +44(0)1624 850600 Email: donna.hughes@zedra.com
<mailto:donna.hughes@zedra.com>

D. Name of contact person: donna hughes

E. Federal Employer Identification No. (if you have one): n/a

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

License Agreement between the City of Chicago and Grab Chicago JV LLC for mobile sales of concessions at ORD

G. Which City agency or department is requesting this EDS? department of aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

Ver.2018-1 _____ Page# of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

NATURE OF THE DISCLOSING PARTY

Limited liability company Limited liability partnership Joint venture Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

ISLE OF MAN

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of

1. LIST BELOW THE FULL NAMES AND TITLES, IF APPLICABLE, OF: (i) ALL EXECUTIVE OFFICERS AND ALL DIRECTORS OF THE ENTITY; (ii) FOR NOT-FOR-PROFIT CORPORATIONS, ALL MEMBERS, IF ANY, WHICH ARE LEGAL ENTITIES (IF THERE ARE NO SUCH MEMBERS, WRITE "NO MEMBERS WHICH ARE LEGAL ENTITIES"); (iii) FOR TRUSTS, ESTATES OR OTHER SIMILAR ENTITIES, THE TRUSTEE, EXECUTOR, ADMINISTRATOR, OR SIMILARLY SITUATED PARTY; (iv) FOR GENERAL OR LIMITED PARTNERSHIPS, LIMITED LIABILITY COMPANIES, LIMITED LIABILITY PARTNERSHIPS OR JOINT VENTURES, EACH GENERAL PARTNER, MANAGING MEMBER, MANAGER OR ANY OTHER PERSON OR LEGAL ENTITY THAT DIRECTLY OR INDIRECTLY CONTROLS THE DAY-TO-DAY MANAGEMENT OF THE APPLICANT.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

ZEDRA TRUST COMPANY (ISLE OF MAN) LIMITED	TRUSTEE
JOANNA MULHERN	DIRECTOR OF TRUST COMPANY
ANTHONY BELL-SCOTT	DIRECTOR OF TRUST COMPANY
EDWARD HILTON LEIGH	DIRECTOR OF TRUST COMPANY

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below maybe required to submit an EDS on its ownbehalf.

Name	Business Address	Percentage Interest in the Applicant
Colin Evans	Critchfield Farm, Critchfield Lane, Hookwood, Hooley. UK, RH6 0HT	100%

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable

It "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. ~~CONFIDENTIAL (S) (C) (1) (7)~~

5. Certifications (c), (b) and (f) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5) (Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page6of15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

///

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies is sued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee¹

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501 (c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
 Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
 Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N; Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE:

City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1 -23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

ZEDRA TRUST COMPANY (ISLE OF MAN) LIMITED
AS TRUSTEE OF THE COLIN EVANS 1987 SETTLEMENT

(Print or type exact legal name of Disclosing Party)

B, (Pi.

(Sign here)

(ZILHAFIO Q/rnJiL-L. A4t/tHe«*J AUTHORISED SIGNATORY OF ZEDRA TRUST COMPANY (ISLE OF MAN) LIMITED

(Print or type name of person signing)

AUTHORISED SIGNATORY OF ZEDRA TRUST COMPANY (ISLE OF MAN) LIMITED

(Print or type title of person signing)

Signed and sworn to before me on (date)

County, (state).

Commission expires:

PHILIP B. GAMES NOTARY PUBLIC RIDGEWAY HOUSE RIDGEWAY STREET DOUGLAS
ISLE OF MAN IM99 1PY TEL +44 (0)1624 690300 pgames@simcocks.com <mailto:pgames@simcocks.com>

Page 12 of IS

AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A -I am not an Applicant that is a 'contractor ' as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.



HYDE PARK HOSPITALITY LLC

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. M'the Applicant

(OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on

2. the contract, transaction or other undertaking to which this EDS pertains (referred to below as the

2. "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal

2. name:

OR

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party:

C. Telephone: dfl^Tff'ffJ Fax:

Emailefajk&fkfalcfrj'

D. Name of contact person:

E. Federal Employer Identification No. (if you have one).

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable).

G. Which City agency or department is requesting this EDS? (/JfC/f&C ^dEff 0p/f)//Jt7/O*d

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification #

and Contract #

Ver.2018-1

Page 1 of 15

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust
- Limited liability company
- Limited liability partnership
- Joint venture
- Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?
 - Yes
 - No
 - Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes
- No
- Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY.

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name / Title

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
------	------------------	--------------------------------------

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation.

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated)	Business Address	Relationship to Disclosing Party (subcontractor, attorney,	Fees (indicate whether paid or estimated. ¹)	NOTE:
---	------------------	--	--	-------

to be retained) lobbyist, etc.) "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section n

(B)(l) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
 - b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
 - c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
 - d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
 - e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).
 5. Certifications (5), (6) and (7) concern:
 - the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties"),
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment, common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any

Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct: or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5) (Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3, (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for. any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1 -23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

UI±

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

M*

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

Y 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of ^Jne Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Ver.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

SECTION VH - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

(Print or type exact legal name of Disclosing Party)

(Sign here)

(Print or type name of person signing) (Print or

type title of person signing)

Signed and sworn to before me on (date) _____, _____,

at _____ County, _____ (state).

Commission expires: _____

JULIE AMARO OFFICIAL SEAL Notary Public. State of Illinois My Commission Expires October 02, 2025

Page 12 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT

APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[]Yes

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com <<http://www.amlegal.com>> generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

URW AIRPORTS

LLC

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Ole W. A. ... LLC

Q | e . w A - l y p o t - t - s f l l c

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: rAh P V \ \ (a t i O ^ V L - L C

3. a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: ?Q^L- \ ^ C \ Cr - y \ - \ - ^ \ y . j j - f r x r - k - E s a J t , H I " " " " " " p i u

C. Telephone: 3 > i P - & & > ^ e) 2 e 4 3 Fax; Email: c x ^ d v e u , . f c i ^ V v n & i a v - w j ■

D. Name of contact person: A ^ i A v e ' C ' - - , T - ^ t A V i o

E. Federal Employer Identification No. (if you have one): !

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

f S - r < £ v . ! b C . V \ \ L a t ^ T V L L C - f o r n i o ^ n e . o f c . w c z s r \ w \$ j 0 . \ - a (* & ,

G. Which City agency or department is requesting this EDS? / W y c k X \ o n

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Vcr.20t8-1 Page 1 of 15

SECTION II ~ DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person Limited liability company
- Publicly registered business corporation Limited liability partnership
- Privately held business corporation Joint venture
- Sole proprietorship Not-for-profit corporation'

- General partnership
- Limited partnership
- Trust

(Is the not-for-profit corporation also a 501(c)(3))?
 Yes No
 Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

2. fo-eUivOci-^ti-

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1., List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of 15

Exhibit 1 URW AIRPORTS. LLC

John
Christoph
Eric
Leff

Jen
Mike
Dan
Brian
Brad
David
Alison
Hyura
Isabela
Laurie
John
Paul
Lisa
Andrea
Kim
Berentzen
Farster
Wuo
Salzman
Hough
Petrov
Tollefson
Yamamoto
Wais
Choi
Gaido
Yoo
Fuleras
Turbow
Shelley
Kahn

Manager President and Secretary

Manager Chief Financial Officer, Treasurer

N/A Vice President - Construction
N/A Senior Vice President, Construction
N/A Executive Vice President, Airports
N/A Vice President - Airport Development
N/A Vice President - Airport Development
N/A Vice President - Airport Development
N/A Vice President - Airport Business Development
N/A Assistant Secretary
N/A Assistant Secretary

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
West fifWi OevyWnvrtri X^/.	fp^rvuj WV:	\ OO %
	~LA, C/\ <106b~l '	

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [] Yes l^<f*No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [j Yes L^sk^°

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation;

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? [] Yes tXNo

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If die Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
 - b. have riot, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
 - c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
 - d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
 - e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).
5. Certifications (5), (6) and (7) concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or*entity that, directly or indirectly: controls the* Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

CERTIFICATIONS), the Disclosing Party must explain below.

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N)nn^.

C CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)
 is is not

a "financial institution" as defined in MCC Section 2-32-455(b). ,

2, If die Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We mrther pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result iu the loss ofthe privilege of doing business with the City."

Page 7 of IS

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(I), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

B. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must

disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally

funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on-line at www.cityofchicago.org/g/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500; Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS,

and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

UglO MrpcxW, LLC

(Print or type exact legal name of Disclosing Party)

Awl ft* a. "I. KaM^

(Print or type name of person signing)

Notary Public

Commission expires:

Page 12 of 15

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA COUNTY OF LOS ANGELES

Subscribed and sworn to (or affirmed) before me on

r\f\IA 0~' I^JIA {^ proved to me on the basis of satisfactory evidence to be the person who appeared before me.

LISA M.SHELLEY t COMM. #2284248 3-Notary Public ■ California g Los Angeles County -My Comm. Expires AfrJfraMgJ

e

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this BDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section 11.13.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and Limited partners of the Disclosing Party, if the Disclosing Party is a

limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-1.54-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes

No

JX^The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

Page 14 of 15,

**CTTY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted www.airilegal.com (<http://www.airilegal.com>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385,1, hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

[J N/A -I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page IS of IS

WESTFIELD DEVELOPMENT INC.

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

W^S Vft e \d Devk 1 opmfc r>-r- lr>f.,,

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. *a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal*

name: Grv<x\0 CvvvctX_cto ~S\)

OR '

3. [] a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(I))
State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: "Xo4^\ Cp V\ fuv U Paor V- ^AiV L\^r
3
i yk AvtGCleC CA ^DO L/j~1 :~*~*~*~*~* t oo,'

C. Telephone: 31ft-(/»fY\ IPb^ Fax: Email: arid tea • l^hrifcAAf iaj.

Conn

D. Name of contact person: AmAz-e^ VCr.\-\ v">

E. Federal Employer Identification No. (if you have one): I

F. Brief description of the Matter to which this EDS pertains/(Include project number and location of property, if applicable): j

tSw^b CW'£.^o "OV LLC -fV" Piob <http://Piob>. It <http://It> XfIKT 0* Ca^ctffiorv etl~0&&.

G. Which City agency or department is requesting this EDS? Avi <x a A

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver.2018-1

Page 1 of IS

SECTION It- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

[] Person

J>^ Publicly registered business corporation

Privately held business corporation [] Sole proprietorship [] General partnership [) Limited partnership []

Trust

[] Limited liability company

[] Limited liability partnership

[] Joint venture

[] Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

[]Yes []No [] Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

2. ftwtUfc

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity Listed below must submit an EDS on its own behalf.

Name Title

Place fee Fxhlo>-V |.

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Exhibit 1 Westfield Development Inc.

- Director President and Secretary
- Director Chief Financial Officer, Treasurer
- N/A Assistant Secretary
- IM/A Assistant Secretary
- N/A Assistant Secretary

limited liability company, or inteiest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in die Applicant
	<u>US ^e/v\tes :Ent loHfl O^U/a Pa/tt. £a&</u> <u>U.S /Nn«/Cln j CA ^QQipt</u>	<u>1 00 Jo</u>

SECTION IH - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Paity provided any income or compensation to any City elected official during the 12-month period preceding the date ofthis EDS? Yes t^No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Docs any City elected official or, to the best of tlie Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes J->£No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner (s) and describe the financial intrest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature ofthe relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether Business retained or anticipated Address to be retained)
Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)

Fees (indicate whether paid or estimated,^) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No [^,No person directly or indirectly owns 10% or more of the Disclosing Party.

Tf "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

I" Yes No -

B. FURTHER CERTIFICATIONS

1. [Tins paragraph 1 applies only if the Matter is a contract being handled by the City's Department of i Procurement Services.] In the 5-year period preceding the date ofthis EDS, neither the Disclosing Paity nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance ofany public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help thc agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment ofany tax administered by the Illinois Department oi" Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award. Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

NIOAg-

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

is (is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired

by any City official or employee.

Page 8 of 15

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X* 1 The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records. r

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A (1) above for his or her lobbying activities or to pay any

any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Vcr.2018-1 Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

- A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.
- B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.
- C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.
- D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.
- E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

(Print or type exact legal name of Disclosing Party)

By: *t/ht 7/*

(L)

(Sign here) 6'

(Print or type name of person signing) (Print or type title of person signing)

Signed and sworn to before me on (date)

at ^^^X, County, ^(-state).

Page 12 of 15

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity

ownership interest in the Applicant exceeding 1.5% (an Owner). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

.1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined

This Appendix is to be completed only by an Applicant that is completing this EDS as a contractor as defined in MCC Section 2-92-385. That section, which should be consulted www.amlegal.com (<<http://www.amlegal.com>>), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

SERVICES, INC 02022- 1215

Exhibit A-4

02022-1215 Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Qg-W .Services i Inr.

Check ONE of the following three boxes:

Indicate whether the Disclosing Parly submitting this EDS is:

1. [] the Applicant
OR

2. a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect inte est in excess of 7.5% in the Applicant. State the Applicant's legal name: GtkcvIo CVw'c^fto "Tvi I

3. [] a legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Paity: 9.oMq GeY\ -Vv\wt Pfl.vk. Fair 4\ - Flee/

C Telephone:310- (<?9>^cS ■• 2f5MA Fax: ' Email: Andrea . \CnWi<f>_tu ^ .

D. Name of contact person: fsx\ Av'pa. \Lck W n

E. Federal Employer Identification No. (if you have one):

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Licence /WpetYir-nrt P#\TMern Tru* Pi k« C Vmy^io and &w*v>
C V\| c o TV LLC for- mobi'ie. J*»I<=J" of J coriOZry;<y)S fit- O^S-

G. Which City agency or department is requesting this EDS? Arv/\ <aiY> c w

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #
Ver.2018-1 Page I of 15

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF TFIE DISCLOSING PARTY

I. Indicate the nature of the Disclosing [] Person
[] Publicly registered business corporation
j^fPrivately held business corporation [] Sole proprietorship [] General partnership [] Limited partnership []
Trust

Trust

Party:

- Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
- Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

I. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant. (

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

Page 2 of IS

Exhibit 1

URW US SERVICES, INC.

- Christoph
- John
- Alison
- Hyura
- Isabels
- John
- Paul
- Lisa
- Nelson
- Laurie
- Berentzen
- Kim
- Wais
- Choi
- Gaido
- Fuleras
- Turbow
- Shelley
- Aleman
- Yoo
- Director Chief Financial Officer, Treasurer
- Director President and Secretary
- N/A Assistant Secretary

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
------	------------------	--------------------------------------

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

TC# 11/8/2022 11:11:11 AM 11/8/2022 11:11:11 AM

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party? Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partners) and describe the financial interest(s).

SECTION IV ~ DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

{Sj^heck here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No f]xjNo person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 4 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding or in any criminal or civil action, including actions concerning environmental violations

civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement/to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging

agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period

all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list (the name of the City recipient).

C CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)
 is is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1),

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of then slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee
Ve1.2018-1 Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

l^u) us services, unc.

(Print or type exact legal name of Disclosing Party)

(Print or type name of person signing)

Page 12 of 15

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

before me,

on April 7, 2022.

Notary Public, personally appeared

who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor.

any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant

... identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted ([www.amlega <http://www.amlega> 1.com](http://www.amlega.com)), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385.1 hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job

applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes No

N/A - I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385. This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.

Page 15 of 15

Seen by me,

Jan Cornelis Kuiken MRE, a civil-law notary in Rotterdam, The Netherlands, for legalisation of the signatures of:

Rudolf Vogelaar, born in 's-Gravenhage, The Netherlands, on the 5th day of September 1960; and - Jurn Hendrik Hoeksema, born in Amsterdam, The Netherlands, on the 6th day of March 1974.

This legalisation strictly concerns the authenticity of the signatures of the persons mentioned, without any judgement with respect to the content or consequences of the attached document. This legalisation is governed by and shall be construed in accordance with Dutch law.

Signed and issued in Rotterdam, The Netherlands, on 19 April 2022

RADAMCO EUROPE PROPERTIES

B.V.

02022-1215

Exhibit A-4

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
(ANT) AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS, Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is; I, the Applicant

-OR

2. A legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: C-tv'aV^ CMh A-,t\o "Tv/ LLC

OR

3. A legal entity with a direct or indirect right of control of the Applicant (see Section 11(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: %Q ^1 '1 €<ti m tu * u Viy 11, K/uf- | * * Pl'tout*

C. Telephone: BtjH>fcl^J^_ Fax:

D. Name of contact person.: ffivir.|tfft> X fotUin

E. Federal Employer Identification No, (if you have one): ._,

F. Brief description of the Matter to which this EDS pertains, (Include project number and location of property, if applicable):

Ltfpp^e IHiec vnenx frp>w-v>>ri Tvm? V\>\. c\$ t'Uita^ n ruts A fi-rirM g'HH&\$o> yV LLC -fcr m,*0 fnW c:/ ekkcrs-fitoq ot- ovua

G. Which City agency or department is requesting this EDS? f./u>

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification //■ and Contract li

Vcr.2018-1 PiiguloflS

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person
 Publicly registered business corporation
 Privately held business corporation
 Sole proprietorship
 General partnership
 Limited partnership
 Trust
 Limited liability company
 Limited liability partnership
 Joint venture
 Non-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
 Yes No
 Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Netherlands

3. For legal entities not organized in the State of Illinois: Has the organization, registered to do business in the State of Illinois as a foreign entity?

Yes No Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) for not-for-profit corporations, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) for trusts, estates or other similar entities, the trustee, executor, administrator, or similarly situated party; (iv) for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Patricia Sijc. - Director

7.1.1V rkM^nic r-fo^KTg^iq k\CCC-H}. <~

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest, include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
bail -PvcfaMLo	2o¥4 Cert-(Arv, p^rtc g^yf-	jocWn

^ TV«5 en>r^ry /j puVlicy -hrt dssf M -foil MGtneir\AAAf ■ -T<f£ a4h>Qt>t4j7f.

SECTION III - INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? - Yes No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? Yes No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?

Yes No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner (s) and describe the financial interest(s).

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity ¹ whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 15

<p>Nt (indicate whether retained or anticipated to be retained)</p>	<p>Business Address</p>	<p>Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)</p>	<p>Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response,</p>
--	--------------------------------	--	---

(Add sheets if necessary)

[^Chcclc here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities,

SECTION V CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-02-415, substantial owners of business entities that contract with the City must remain in

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No (If person directly or indirectly owns 10% or more of the Disclosing Party.)

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. [This paragraph I. applies only if the Matter is a contract being handled by the City's Department of Procurement. Service*.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor (the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

Page 1 of 15

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS; been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud, embezzlement, theft, forgery, kidnapping, falsification, or destruction of records; making false statements or providing

fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 15

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not

c. made an admission or such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5) (Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

Ver.2018-1

Page 6 of 15

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications,

II, If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

13, To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

14 or less

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

Yes No

a "financial institution" as defined in MCC Section 2-32-455(b),

2. If the Disclosing Party is a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

Page 7 of 15

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D,

1. In accordance with MCC Section 2-156-110; To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee

z. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Properly Sale?

Yes No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
------	------------------	------------------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City, the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE; If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

I. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary);

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2, The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

Vcr.2018-1

Page 9 of 15

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question (1) or (2) above, please provide an explanation:

Page 10 of 15

SECTION VII - FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to MCC Chapter 1-23, Article I (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

Page 11 of 15

CERTIFICATION

Under penalty of perjury, the person signing below; (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City,

Quincy of Quincy A. [redacted] 0 (VCc CT "Wn tlck^-

(Print or type title of person signing) t/ ^

(Print or type name of person signing)

Signed and sworn to before me on (date)

at _____ County, _____ (state).

Notary Public Commission expires;

Page 12 of 1.5

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND
DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city cleric, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes No The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT APPENDIX C**

PROHIBITION ON WAGE & SALARY HISTORY SCREENING . CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385, That section, which should be consulted (www.anileiial.com <<http://www.anileiial.com>>). generally covers a party to any agreement pursuant to which they: (i) receive City or "Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant

work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises,

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-3X5,1 hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (1) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. \ also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A - I am not on Applicant that, is a "contractor" as delined in MCC Section 2-9-2-385, This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1). If you checked "no" to the above, please explain.



UNIBAIL-RODAMCO-WESTFIELD

Universal Registration Document

UNIBAIL-RODAMCO-WESTFIELD SE

CONTENTS

CHAPTER 1

Presentation of the Group 2

1	Key facts	3
2	History	4
3	Strategy and business model	6
4	Business overview	12
5	Portfolio	16
6	Overview of valuation reports prepared by URW SE's independent external appraisers for the European assets	29

7	Overview of valuation reports prepared by URW SE's independent external appraisers for the American assets	32
8	Structure	34
9	Simplified Group organisational chart	35

CHAPTER2 Corporate Social Responsibility 36

1	Group Corporate Social Responsibility strategy	38
2	Better spaces	60
3	Better communities	93
4	Better together	107
5	Green financing of the Group activities	120
6	Appendices	129

CHAPTER3 Corporate Governance and Remuneration 136

1	Governance principles Afep-Medef Code	137
2	Management and Supervisory Bodies	137
3	Management and Supervisory Boards Remuneration	172
4	Ethics and compliance within the URW Group	210
5	Report of the Supervisory Board on Corporate Governance	215

CHAPTER4 Activity Review 216

1	Management discussion and analysis	217
2	Other information	275

CHAPTER5 Financial Statements as at December 31, 2021 280

1	Consolidated financial statements	281
2	Notes to the consolidated financial statements	287
3	Statutory financial statements as at December 31, 2021	363
4	Notes to the statutory financial statements	366
5	Statutory auditors' report on the consolidated financial statements	400
6	Statutory auditors' report on the statutory financial statements	407
7	Statutory auditors' special report on regulated agreements	412
8	Other information	414

CHAPTER6 Risk Factors and Internal Control 416

1	Risk management framework	417
2	Main risk factors	421
3	Transferring risk to insurers	438

CHAPTER7 Information on the Company, Shareholding and the Share Capital 440

1	Information on the Company	441
2	Share capital and other securities granting access	441
3	Share buy-back programme	444
4	Information on the shareholding	445
5	Financial authorisations	447
6	Articles of Association of the Company and Charters	449
7	Investment by the Company outside the Unibail-Rodamco-Westfield Group	453
8	Elements likely to have an effect in the case of a public offer	453

to the share capital

441

CHAPTER8

CONTENTS

Additional Information

454

1	Statement of the persons responsible for the			
2	Statutory Auditors	456	Universal Registration Document	455
3	Historical information on financial years 2019 and 2020	456		
4	Documents available to the public	457		
5	Glossary	459		
6	Cross-reference tables	459		



UN IBAIL-RODAMCO-WESTFIELD

Universal Registration Document

aSif

This Universal Registration Document has been filed on March 24, 2022, with the Autorite des Marches Financiers (French Financial Markets Authority), as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of this Regulation.'

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary together with any amendments to the Universal Registration Document. All shall be approved by the Autorite des Marches Financiers in accordance with Regulation (EU) 2017/1129.

The Universal Registration Document (URD) is a reproduction of the official version of the URD which has been prepared in XHTML and available on www.urw.com <<http://www.urw.com>>.

. This is a translation into English of the Universal Registration Document of the Company issued in French and available on www.urw.com <<http://www.urw.com>>.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD]

1. Presentation of the Group

CHAPTER 1.

of the Group

1	KEY FACTS	3
2	HISTORY	4
3	STRATEGY AND BUSINESS MODEL	6
4	BUSINESS OVERVIEW	12
	Business segments	12
	Portfolio breakdown	13
	Development pipeline	15
5	PORTFOLIO	16
1	France: Shopping Centres	16
2	France: Conventions Exhibition	18
3	France: Offices	19
4	Central Europe: Shopping Centres	20
5	Central Europe: Offices	21
6	Spain: Shopping Centres	21
7	Spain: Offices	21
8	Nordics: Shopping Centres	22
9	Nordics: Offices	22
10	Austria: Shopping Centres	23
11	Austria: Offices	23
12	Germany: Shopping Centres	24
13	Germany: Offices	24
14	The Netherlands: Shopping Centres	25
15	The Netherlands: Offices	25
16	United States: Shopping Centres	26
17	United States: Offices	28
18	United Kingdom: Shopping Centres	28
19	United Kingdom: Offices	28
6	OVERVIEW OF VALUATION	

REPORTS PREPARED BY URW SE'S
INDEPENDENT EXTERNAL
APPRAISERS FOR
THE EUROPEAN ASSETS29

7 OVERVIEW OF VALUATION
REPORTS PREPARED BY URW SE'S
INDEPENDENT EXTERNAL
APPRAISERS FOR
THE AMERICAN ASSETS32

8 STRUCTURE34

9 SIMPLIFIED GROUP ORGANISATIONAL CHART
35

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.1 Keyfacts

1.1 KEYFACTS

0

Offices and Others Buildings¹¹

Convention & Exhibition venues¹¹

000

Adjusted Recurring Earnings PerShare

1.5 Mn -2,800 €1,724 Mn €6.91

Employees

Net Rental Income

Vaccinations administered in URW assets

€2.5 Bn **€54.5 Bn** **€159.6** **€3.2 Bn**

Disposals"
Gross Market Value
Pipeline

EPRA Net Reinstatement Value Per Share

- 1) Only standalone offices > 10,000 sqm and offices affixed to a shopping centre > 15,000 sqm.
- 2) Excluding Palais des Sports.
- 3) Rent collection rate calculated compared to 100% of rents invoiced. Retail only. Including rents, Sales Based Rent ("SBR"), service charges and Common Area Maintenance ("CAM") charges, assets at 100%. Data as at February 3, 2022.
- 4) Including the disposal of Solna Centrum, which was completed and cashed-in on February 1, 2022, and a 45% stake in Westfield Carre Senart, which was completed and cashed-in on February 16, 2022.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 3

1. Presentation of the Group

1.2 History

1.2 HISTORY

UNIBAIL 1968

Worms f± Cie, a Paris-based banking group, creates Unibail as a real estate financial leasing company (Sicomi) managed by Arc Union/ Espace Expansion.

1972

Listing of Unibail on the Paris Stock Exchange.

1988

First significant acquisition, Sliminco, one of the two Credit Lyonnais Sicomis.

1992

Leon Bressler succeeds Jean Meynial as Chief Executive Officer. Unibail starts to focus on the property investment sector, and to phase out involvement in lease financing. The strategy is to become a specialised owner, developer and manager of shopping centres and offices. Unibail concentrates on large-size and differentiated assets.

1992-1995

Build-up of a property portfolio with close to 30 shopping centres located in France, including the Forum des Halles and Les Quatre Temps, and substantial office properties in Paris and La Defense.

1995

Takeover of Arc Union; Unibail becomes self-managed and self-administered. Espace Expansion, the main shopping centre operator in France, becomes its subsidiary.

1999 2000

1998-2000

Acquisition of the Coeur Defense project, the Vivendi portfolio and Porte de Versailles.

2001

Delivery of Coeur Defense.

2003

France introduces a Real Estate Investment Trust ("REIT") regime taxing real estate and capital gains from property disposals at the level of the shareholders of a SMC. Unibail opts for the Societes d'Investissements Immobiliers Cotees regime ("SIIC") status.

2006

Guillaume Poitral succeeds Leon Bressler as Chief Executive Officer and Chairman of the Board of Directors.

RODAMCO

1979

Robeco, a Rotterdam-based fund manager, creates Rodamco, a diversified global real estate investment fund ("FBI") listed in Amsterdam with investments in Europe, the US and Asia.

1980s

Rodamco is one of the top global real estate investment funds with investments in the US, the UK, Europe and Asia.

1994-1996

Acquisition of Suez Spain and CEGEP (Parly 2, Lyon Part-Dieu).

1999

Rodamco splits into four regionally focused real estate companies, including Rodamco Europe.

2000

Listing of Rodamco Europe in Amsterdam.

2000-2005

Acquisitions in Sweden (Skanska portfolio), in the Czech Republic (Intershop Holding), in The Netherlands (Amvest), in Poland (Galeria Mokotow), in Austria (Donauzentrum) and in Slovakia (Aupark).

UNIBAIL-RODAMCO 2007

Merger of Unibail and Rodamco Europe, creating the European leader in commercial real estate. The Group was incorporated as a limited liability company (societe anonyme) with a two-tier governance structure with a Management Board and a Supervisory Board. Listed in Paris and Amsterdam, the new entity is included in the CAC40 and AEX25 indices.

2008

Unibail-Rodamco and the Chamber of Commerce and Industry of Paris ("CCIP") merge their Convention & Exhibition activities to form Viparis and Comexposium. Viparis, with ten venues in the Paris region, is responsible for the management and development of the sites. Comexposium is the European leader in the organisation of large-scale trade shows, fairs and congresses. Acquisition of Shopping City Siid in Vienna and La Maquinista in Barcelona.

2009

Unibail-Rodamco becomes a European company (Societas Europaea) and is now formally known as Unibail-Rodamco SE.

2010

Acquisition of Simon Ivanhoe's portfolio in Poland (Arkadia, Wilenska) and France. Disposal of €1.5 Bn of non-core assets.

1. Presentation of the Group

1.2 History

2011

Acquisition of Galeria Mokotow's full ownership in Warsaw and of Splau in Barcelona. Disposal of €1.1 Bn of assets.

2012

Acquisition of a 51% stake in mfi AG, Germany's second largest shopping centre operator, investor and developer. Creation of the 4-star shopping experience.

2013

Christophe Cuvillier succeeds Guillaume Poitral as Chief Executive Officer and Chairman of the Management Board. Launch of "Unexpected shopping" advertising campaign. Partnership with Socri to develop Polygone Riviera, the first lifestyle open-air shopping centre in France bringing art and shopping together.

2014

Partnership with CPPIB on CentrO (Germany). Signature of agreements with the city of Hamburg to develop Uberseequartier and with the City of Brussels to develop Mall of Europe. Disposal of €2.4 Bn of non-core assets.

2015

Delivery of Mall of Scandinavia, the largest shopping centre in Scandinavia at the forefront of the Group's standards. Disposal of Comexposium stake to Charterhouse Capital Partners LLP.

2016

Launch of Unibail-Rodamco's Corporate Social Responsibility ("CSR") strategy "Better Places 2030" and launch of UR Link's first season to foster development of retail start-ups.

2017

Unibail-Rodamco announces it has entered into an agreement with Westfield Corporation to create the world's premier developer and operator of Flagship destinations.

1996

Westfield America Trust was listed on the ASX, enabling Australian investors to make direct investments in the US retail property market.

1998

Westfield acquired the \$1.4 Bn TrizecHahn portfolio, adding a further 12 properties to the Group's Californian portfolio.

2000

Westfield enters the UK, with the acquisition of a centre in Nottingham followed by the establishment of a joint venture interest in nine prime town centre and urban locations.

2002

Westfield becomes one of the largest retail property groups in the US with the acquisition of nine shopping centres from Richard E Jacobs and 14 shopping centres from Rodamco.

2004

Birth of the Westfield Group, consisting of Westfield Holdings, Westfield Trust and Westfield America Trust.

2008

Opening of Westfield London, the UK's largest shopping centre with more than 280 stores, attracting 23 million visits in the first year.

2011

Westfield Stratford City opens, transforming the east side of London, and the gateway to the 2012 London Olympics.

2014

Split of the Australian and New Zealand business from other international operations.

2016

Westfield's most ambitious project in the US, the \$1.5 Bn World Trade Center, opens.

WESTFIELD 1959

John Saunders and Frank Lowy open their first shopping centre, Westfield Plaza, in Blacktown, in the outer suburbs of Sydney, Australia.

1960

Westfield is listed on the Sydney Stock Exchange.

1966

Burwood, the first shopping centre branded with the Westfield logo, opens in Australia.

1977

Westfield enters America with the acquisition of Trumbull (Connecticut) on the East Coast.

1994

The \$1 Bn CenterMark transaction with 19 centres, triples Westfield portfolio in the US.

UNIBAIL-RODAMCO-WESTFIELD 2018

Acquisition of Westfield Corporation by Unibail-Rodamco and the creation of Unibail-Rodamco-Westfield ("URW"), the world's premier developer and operator of Flagship destinations.

2020

Disposal of five French shopping centres into a JV with Credit Agricole Assurances, La Francaise and URW. Delivery of the Westfield Valley Fair and Lyon La Part-Dieu retail extensions and the Trinity office tower in La Defense. Operations impacted by lockdowns and other restrictions following the outbreak of the COVID-19 pandemic. Leon Bressler appointed as Chairman of the Supervisory Board, succeeding Colin Dyer.

2021

Jean-Marie Tnant succeeds Christophe Cuvillier as Chief Executive Officer and Chairman of the Management Board. €2.5 bn of disposals signed in Europe. Operations continued to be impacted by lockdowns and other restrictions related to COVID-19 pandemic.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 5

1. Presentation of the Group

1.3 Strategy and business model

1.3 STRATEGY AND BUSINESS MODEL

INTRODUCTION - Reinvent Being Together

Unibail-Rodamco-Westfield ("URW" or "the Group") is a dynamic, global developer and operator of Flagship destinations founded in 1968. In 2007 Unibail merged with Rodamco Europe to form Unibail-Rodamco, and in 2018 the company acquired Westfield Corporation ("Westfield") to become Unibail-Rodamco-Westfield.

The Group owns and operates 85 shopping centres in 12 countries, of which 53 are Flagships. URW believes that well connected prime assets in the best locations will thrive and continue to generate sustained income growth, including in the post COVID-19 world, as tenant sales are bouncing back and reaching pre-COVID levels when shopping centres reopen and restrictions are lifted - as illustrated in the company's H2-2021 performance. The Group has a transatlantic platform reaching the wealthiest and most attractive cities in Europe and the United States. The Group's high-quality developments like Westfield Mall of the Netherlands which was delivered in 2021, and Gatte Montparnasse and Westfield Hamburg Uberseequartier which will be delivered in 2022 and 2023, respectively, are further enhancing this position. The Group also owns and develops office buildings, owns and operates Convention & Exhibition venues in the Paris region and manages retail operations at select airports in the US.

URW is currently strongly committed to deleveraging, which it intends to achieve through a comprehensive program that includes:

1. Radically reducing its financial exposure to the US in the course of 2022 and 2023 supported by the strong operational recovery seen in 2021 and the improvement in the US financing markets;
2. €4 Bn of European assets by year-end 2022 (€2.5 Bn completed to date);
3. Limiting the CAPEX to €2 Bn for 2021 and 2022;
4. Reducing its cost base and;
5. Suspending the dividend payments for the fiscal years 2020, 2021 and 2022.

THE GROUP'S BUSINESS STRATEGY

The Group's strategy is led by its purpose to "Reinvent Being Together" and is aligned with its "Better Places 2030" ESG programme, which guides the company's activities and results.

The destinations created by URW participate in shaping and improving the cities where it operates. The Group aims to provide a seamless experience in an entertaining, contemporary and sustainable environment via its increasingly digitally linked platform of high quality assets, while also focusing on enhancing the positive contributions the company and its assets make to the social, environmental and economic vitality of the communities in which it operates.

The Group expects to generate strong growth as it focuses increasingly on its European portfolio while divesting non-core assets and reducing its financial exposure to the U.S. During 2020 and 2021, URW's large destination shopping centres were particularly affected by the COVID-19 restrictions due to their size and locations, and their large Food & Beverage ("F&B") and entertainment offering. However, the Group is convinced that its positioning will allow it to thrive in the long-term, as illustrated by the recovery in the second half of 2021.

Throughout the pandemic the Group adopted a pragmatic and proactive leasing strategy to stabilize the occupancy and protect long-term rental values, with short term leases at slightly lower Minimum Guaranteed Rent ("MGR") levels but with a higher level of Sales Based Rent ("SBR"). The material increase of SBR in 2021 illustrated the robust results of this strategy and positions URW to benefit further as market conditions continue to improve.

As it emerges from the COVID-19 pandemic, URW is highly focused on enhancing the strength of its core portfolio and maximizing that portfolio's value while establishing new growth platforms, which it plans to share more details about in 2022 during its Investor Day on March 30.

URW concentrates on Flagship destinations in the leading cities in Europe and has a disciplined asset rotation strategy, which is based on disposing those assets that no longer meet its demanding return criteria, while investing in its Flagship assets or select new high quality mixed used developments. As at December 31, 2021, the Group's proportionate total portfolio was valued at €54.5 Bn, of which 86% is in retail, 6% in offices, 5% in Convention Et Exhibition venues and 2% in associated services.

The Group provides a unique platform for retailers and brand advertising, and offers an unparalleled experience for customers. The URW platform attracted circa 1.2 billion annual visits to its centres in 2019, and reaches customers in many of the world's wealthiest catchment areas. While the 2020 and 2021 footfall was impacted by the lockdowns and restrictions put in place to combat the spread of COVID-19, it bounced back when the centres reopened, as seen in second half of 2021, with a normalisation expected in 2022. The combined visitor base of all assets strengthens the Group's consumers insights and enhances its value to retailers and brands, making URW a critical partner for such operators globally and uniquely positioning the Group to generate new media related revenue streams.

1. Presentation of the Group

1.3 Strategy and business model

The Group also has a strategy to unlock land value with the densification of its portfolio by adding office, residential, hotel and other "mixed-use" projects. URW is already leveraging its key strengths to reinvent city districts in London, Paris and Hamburg. The Group's unique know-how across retail, offices and hotels, and flexible approach to funding models, will allow it to maximize value on its exceptional and highly connected retail locations, unlocking the full potential of the parcels around URW's assets. Only 20% of the GLA of its €3.2 Bn development pipeline consists of pure retail, and 30% including F&B & leisure.

URW is strengthening the core by re-inventing the retail and user experience through outstanding services, advanced traditional and digital marketing, the introduction of premium retailers and diverse F&B and entertainment offerings, and with inspiring customer oriented events. The Group participates in shaping and improving the cities in which it is present and has a major influence on how people live, work, shop, connect and are entertained. URW anticipates consumer trends to ensure its assets meet evolving demand, and intends to make positive contributions to the social, environmental and economic well-being of its communities.

URW attracts new and differentiating retailers through active tenant rotation and drives footfall by introducing new brands, executing on a dynamic customer engagement strategy and offering high-quality services.

URW is leveraging the world-famous Westfield brand, by deliberately introducing it to a number of its Continental European Flagship assets over time. In 2019 the first 10 shopping centres in Continental Europe were rebranded (7 in France, 1 in the Czech Republic, 1 in Sweden and 1 in Poland), and in 2021 the Group continued the roll-out of the Westfield brand with the rebranding of 6 centres (1 in France, 2 in Spain, 2 in Austria, 1 in Germany) and the delivery of Westfield Mall of the Netherlands.

The Westfield brand is the only global B2B and B2C brand for retail, leisure, entertainment and dining destinations. It is already a "signature" brand for the most iconic centres such as Westfield London and Westfield Stratford City in London, Westfield Les 4 Temps in Paris, Westfield Mall of Scandinavia

in Stockholm, Westfield La Maquimsta in Barcelona, Westfield Shopping City Slid in Vienna, Westfield Century City and Westfield Valley Fair in California, and Westfield World Trade Center in New York City. The brand is famous for providing outstanding experiences for its visitors, with a very broad range of retailers, high-quality services and concerts and events.

As a first ever in the industry, in 2021 URW successfully demonstrated the potential power of its digitally connected platform of branded assets with an event in partnership with Lady Gaga to launch her new album, "Love For Sale". The event connected fans live online, on social channels and in 21 in-mail fanzones over the world, and generated over 200 Mn social impressions during the course of the program.

URW is seizing opportunities to explore new business models harnessing new technologies to create value, generate growth, and stay ahead of the curve. As relevant ideas also come from outside the Group, its open innovation platform is set up to connect with leading experts, build partnerships with other corporations, invest alongside venture capital funds and share new ideas and solutions.

Innovation examples include the roll-out of programmatic "Drive to Store" technology, the launch of new media products including the 3D ("Deepscreen") technology, and pilots to qualify mall audience and allowing advertisers to activate ad targeting options with real time campaign optimisation and audience measurement.

To even further accelerate the use of data in the Group, and become more customer centric, URW appointed a Chief Customer Officer in 2021, who is part of the Management Board.

CONTINUED FOCUS ON DELEVERAGING STRATEGY AND BALANCE SHEET MANAGEMENT

The Group is strongly committed to deleveraging through disposals, limiting capital expenditure, reducing its cost base and temporarily suspending the dividend.

In 2021 and early 2022, the Group has completed €2.5 Bn of European disposals, at a premium to last unaffected appraisal values. URW intends to complete the remaining €1.5 Bn of its €4 Bn European disposals programme by year end 2022 and will radically reduce its financial exposure to the US in the course of 2022 and 2023, supported by financing markets progressively reopening and strong operational performance showcasing the recovery, to make URW a Europe focused player. In 2021, URW also continued to streamline its US portfolio by transferring ownership on five US Regional centres and the disposal of its 50% stake in the Palisade residential building at Westfield UTC, resulting in an IFRS net debt reduction of €0.5 Bn.

The Group's strong liquidity position allows it to do these disposals over time and in an orderly fashion.

The Group only undertakes select development projects, in line with its concentration strategy, disciplined capital allocation and high internal return requirements, with the committed pipeline in 2021 amounting to €2.4 Bn (out of a total development pipeline of €3.2 Bn) of which €1.1 Bn remains to be spent. The Group will limit overall capital expenditure for 2021 and 2022 to €2 Bn in total.

The Group launched a number of cost saving initiatives to generate both short and long-term savings. In addition to the gross administrative expense savings of c. €80 Mn achieved in 2020 (vs. 2019), the Group further reduced in 2021 its gross administrative expenses by €28 Mn, in line with its target, while maintaining adequate maintenance CAPEX.

Given the impact of the pandemic on the Group's 2020 and 2021 results, as well as the Group's commitment to deleverage, the Group has decided to suspend the payment of a dividend for fiscal years 2020, 2021 and 2022.

Once the Group has completed its deleveraging programme, it will resume paying a dividend (at a significant and sustainable payout ratio) which will grow in line with the performance of its reshaped portfolio.

UniversalRegistrationDocument.2021 / UNIBAIL-RODAMCO-WESTFIELD 7

1. Presentation of the Group

1.3 Strategy and business model

Given the statutory results of URW SE in 2020 and 2021, the Group has no obligation to pay a dividend in 2022 for the fiscal years 2020 and 2021 under the SIIC regime and other REIT regimes it benefits from. It anticipates not to have such an obligation in fiscal year 2022 as well. Consequently, URW SE's SIIC distribution obligation, standing at €1,020.8 Mn as at December 31, 2021, will be delayed until URW SE has sufficient statutory results to meet this obligation.

URW has good access to credit markets, as illustrated by the €1,250 Mn of bonds issued during 2021 and the signing of largest sustainability-linked revolving credit facility for a REIT in Europe, for an amount of €3.1 Bn, with a five-year maturity.

As a result, the Group has a very strong liquidity position with €2.3 Bn of cash on hand and €9.9 Bn of undrawn credit facilities" as at December 31, 2021, covering its financing needs for the next 36 months, even without any further funds being raised or disposals being completed. The Group average cost of debt amounted to 2.0% in 2021 and average debt maturity stood at 8.6 years.^{1"}

THE GROUP'S ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

Environmental and Social Governance ("ESG") is at the very heart of URW's business strategy. In 2016, the Group launched its Better Places 2030 strategy, building on the objectives outlined in the Paris Climate Agreement. Better Places 2030 combines both an ambitious objective to reduce the environmental footprint and increase social engagement, integrating ESG into the Group's entire value chain. The Group's ambition subscribes to a larger global vision, adapted to the challenges of the industry and to the various activities in the locations in which it operates. The Group relies on both the quality of its assets and collective power of its teams to raise awareness, mobilise and provide practical solutions that will facilitate the transition towards a low carbon economy. Through its civic engagement and job creation initiatives, the Group is actively involved in the communities in which it operates.

The Group's commitment to address climate change across its value chain and halve its carbon footprint is more fundamental than ever. Better Places 2030 also tackles new environmental challenges like biodiversity, responsible consumption and the circular economy.

Better Places 2030 is based on 3 pillars:

- Better spaces: cut carbon emissions across the value chain by -50%, across scopes 1, 2 and 3 (including the carbon emissions of stakeholders that URW can influence but does not control directly like construction, operations, tenant energy consumption, transportation of employees and visitors);
- Better communities: be a catalyst for growth within the communities in which the Group operates;
- Better together: empower URW's people to become sustainability & diversity change-makers.

In the context of the pandemic, URW pursued its massive effort to support communities by providing space for vaccination centres. In 2021, over 1.5 million vaccinations have been administered at URW assets.

URW is the first listed real estate company to engage in such a comprehensive ESG strategy and is a leader of change. This strategy has been recognized and rewarded: URW in 2021 was ranked first in the real estate industry worldwide by Sustainalytics, included in the CDP "A" list, and obtained ISS ESG's "Prime" status. In addition, the Group's climate targets were recognised by the Science Based Targets initiative, as they are aligned with the 1.5° C trajectory. Furthermore, in 2021 URW joined the Net Zero Initiative (NZI), which aims to develop a framework for collective carbon neutrality.

2022 GUIDANCE

The positive sales performance upon reopening of the centres, the sustained leasing activity for shopping centres and offices, the vacancy reduction, and the recovery of the C&I activity, demonstrate the appeal of the Group's assets.

Thanks to the improvement in operating environment during the second half of the year and the Group's proactive leasing strategy, URW is well-positioned to capitalize on the continued growth in 2022. In this context, and with a stabilizing global environment, the Group forecasts its 2022 AREPS to be in the range of €8.20 to €8.40.

The main drivers of this guidance are:

- The impact of project deliveries in 2021 and 2022;
- The impact of like-for-like operations, with in particular, reduced rent relief, improved rent collection and higher variable income streams;
- Partly offset by the impact of disposals closed in 2021 and 2022;
- The related increase in income tax amount and minority interests; and
- Remaining impact of the crisis on financial expenses due to higher cash position.

In 2022, the rental income will be influenced by the level of tenant sales, due to the proactive short-term leasing strategy the Group has adopted, and the time lag in vacancy reduction. The C&I NOI is not either expected to reach pre-COVID levels in 2022.

This guidance is premised on the Group's current expectation of no reintroduction of major COVID-19 related restrictions impacting the Group's operations during the year.

As operating conditions are expected to continue to improve as of 2022 and beyond, and subject to no substantial deterioration of the macro-economic and geo-strategic environment, URW is well positioned to resume its growth trajectory.

1) On an IFRS basis.

2) Taking into account the undrawn credit lines (subject to covenants) and cash on hand.

2) 8 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.3 Strategy and business model

For information purposes, at this stage, with regard to the armed conflict in Ukraine, URW would like to point out that it operates neither in Ukraine nor in the Russian Federation, and that the direct effects of the current international sanctions applicable against Russian entities or nationals are not considered to have a significant impact. In parallel, the Group remains attentive to the indirect effects of the conflict and sanctions, among others, on its retailers and their supply chains, on the increased inflation and consumption impact, on the financial and investment markets environment as well as on the countries close to Ukraine where URW operates."

MEDIUM-TERM OUTLOOK

Thanks to its strategy, the URW portfolio is at the forefront of the changes in a rapidly evolving retail environment. The impact of these changes on physical retail include the rationalisation of store footprints, increasing importance of flagship stores, the transformation of categories and merchandising within shopping centres, an expanded focus on dining, entertainment and leisure and integration of digital technology.

A major shift is occurring in the retail industry as access to digital and mobile technology coupled with ubiquitous connectivity has empowered consumers with unsurpassed access and information. Today's consumer can instantly compare prices and offerings, and can easily switch between brands and products. E-commerce market share continues to grow and has been further accelerated by COVID-19. In parallel, consumers, and especially younger demographics, are increasingly choosing experiences over tangible goods, and shifting spend away from the traditional retail categories to experiential categories including eating out and leisure activities.

Research shows however that physical locations remain critical, which is underlined by the footfall and sales URW recorded in its centres when restrictions were lifted, with younger generations being an important driver despite their significant online engagement. In the future, the vast majority of consumer spend will touch both physical stores and online, thus stores will remain hugely valuable for customer engagement, marketing, branding and fulfilment purposes, regardless of where the actual transaction takes place. Stores are the opportunity for retailers to truly differentiate themselves, enabling them to create real showrooms that represent the deeper meaning and identity of the brand, offer great experiences, provide expert advice, as well as serving as customer service and fulfilment hubs.

Traditional retailers like Inditex and H&M are reducing their total number of stores, but are even more importantly investing in and extending their most important and profitable stores, in particular in URW shopping centres, as those are key for their brand equity and an integral part of their omni-channel and drive-to-store strategies.

In Westfield Les 4 Temps the largest Zara store in Western Europe (outside of Spain) was opened, and Bershka opened their new flagship and largest in-mall store in Western Europe in Westfield Forum des Halles. At Westfield Mall of the Netherlands, delivered in the first half of 2021, Inditex and H&M are present with 4 and 3 iconic stores respectively, illustrating their commitment to Flagship destinations. URW is the preferred partner for top brands, as illustrated by eight leading retailers (Apple, Zara, H&M, Sephora, Hollister, Nike, Foot Locker and JD Sports) increasing their overall GLA between 2019 and 2021 with +12.0% in URW's centres, as their business models are based on the stores and online being fully and seamlessly integrated, with prominent stores in prime locations that are digitally equipped and instore inventory being used to fulfil online orders, to provide an "all in" customer experience.

Even Digital Native Vertical Brands ("DNVBs") have recognized the need for physical locations, to attract the increasingly critical, selective and experience-oriented customers, and build a relationship with them. DNVBs such as Bonobos, Xiaomi, and Warby Parker have elected to open stores in URW Flagship centres, acknowledging the quality of the URW centres and active and innovation-oriented asset management and embracing the omni-channel strategy. Physical stores also allow retailers to benefit from the Halo effect (the additional spend online in a catchment area after opening a shop there). In addition, physical stores allow omni-channel retailers to reduce both delivery and return costs, by implementing Buy Online Pickup in Store ("BOPIS") and return in store, resulting in better margins than for online only players.

Furthermore, URW centres are proving to be attractive for new high potential sectors like innovative automotive, allowing the Group to sign leading brands like Polestar, Lucid, Callisma, Electra Meccanica and Fiat.

At the forefront of innovation, URW's ca. 2,800 talented professionals are preparing for future generations of customers. Their skills, engagement and teamwork are key to driving performance and generating superior value. The team's skills lie across a range of disciplines, from engineering, finance and human resources to marketing, retail, digital, design, development, operations and leasing. The Group fosters an environment that celebrates new ideas, engagement, and individual development. URW is committed to diversity and promotes an inclusive culture where people are positively encouraged to succeed, which is combined in its values, "Together at URW".

1. Presentation of the Group

1.3 Strategy and business model

IN A RAPIDLY CHANGING ENVIRONMENT

CH3)fi'r{k[ffl&r^

REINVENT BEING TOGETHER

STRUCTURAL CHANGES IN RETAIL
IMPACT OF COVID-19 PANDEMIC
TRANSITION TOWARD A GREENER ECONOMY

... - premium Tetail'er'sand * . ■ i ris p if i rig'eye n't s ■ iA'V.i 3ft
i inspinny events! .t)r'l"
Si'-.>?«fa>«Siciyi> wrby seizlNgipxtennal ■
. ■ ■ o p p o r - 1 u n i t i e s ' b r o u g Htft
*' by tecijripTojy. tg«|pl^Sly_.
fevyirjusihlss'mbdeis;
generate"

(1) Excluding assets under redevelopment, total complex

- (1) Excluding assets under redevelopment, total complex.
Ci) Only standalone offices > 10,000 sqm and offices affixed to a shopping centre > 15,000 sqm.
3) On a proportionate basis.
4) Taking into account the undrawn credit lines (subject to covenants) and cash on hand.
5) On an IFRS basis, excluding €960 Mn of goodwill not justified by fee business as per the Group's European leverage covenants.

1. Presentation of the Group

1.3 Strategy and business model



FOCUS ON VALUE CREATION AND DELEVERAGING TO PRODUCE OPTIMAL OUTPUTS

BUILDING AND RENOVATION

- €3.2 Bn development pipeline
- Ambitious mixed-use projects, fully integrated in their communities, like Gatte Montparnasse and Westfield Hamburg
- Constantly challenging the status quo to deliver the best customer experience

LEASING

- Ensure we offer the best tenant mix and brands to our visitors with 2,399 leases signed in 2021

PROPERTY MANAGEMENT

- Ensure premium quality services for our visitors

INVESTMENT & DIVESTMENT

URW is strongly committed to deleveraging through disposals and select capital allocation.

- Invest in the highest quality assets in vibrant dynamic destinations
- CAPEX limited to €2 Bn for 2021-2022
- €4 Bn of European disposals to be completed by year-end 2022 of which €2.5 Bn has been completed
- Positioned to execute the radical reduction in financial exposure to the US in the course of 2022 and 2023, supported by the financing markets progressively reopening and strong operational performance showcasing the recovery
- Retain earnings by suspending dividend payments for fiscal years 2020, 2021 and 2022

ALLOWING URW TO RE-EMERGE AS THE MOST ATTRACTIVE RETAIL FOCUSED LISTED REAL ESTATE COMPANY AND DELIVER SUSTAINABLE GROWTH AS TOTAL RETURN PLAY

ASSETS

- 72% of owned and managed shopping centres are certified BREEAM In-Use, of which 24% were rated "Outstanding" for Building Management (Part 2)
- 100% of Group portfolio supplied with Green Electricity
- 19 of the Group's assets among the top 30 European assets by footfall¹⁾

SHAREHOLDERS AND CREDITORS

- €6.91 AREPS¹⁾
- €159.60 EPRANRV per share

SALES AND FOOTFALL

- **Strong rebound of footfall and sales when centres reopen and restrictions are lifted. Tenant sales reached in the second half 93% of H2-2019 levels, with Continental Europe at 92%, the UK at 83% and the US at 100%**

PARTNERSHIP APPROACH TO SUPPORT TENANTS

- Rent discounts granted in 2021: €301 Mn
- Average relief granted: 1.6 months
- **Solid rent collection in 2021: 88%** ^{1b)}

EMPLOYEES

- 13.8% of employees were promoted
- 4.6% of employees made a lateral career move within the Group
- 2.0% of employees conducted an international mobility assignment

SOCIO-ECONOMIC FOOTPRINT

- 61% of the Flagships engaged to support local entrepreneurship with entrepreneurs supported through space donation, marketing or financial support
- 67% of the Flagships supported and promoted at least one sustainable consumption initiative

COMMUNITIES

- 82% of Flagships supported at least one local charity or NGO-sponsored long-term project
- Over 630 social or environmental initiatives were organised in the Group's centres through the provision of spaces, donations, collection of materials or donations, and educational events
- "URW for Jobs" conducted in 30 shopping centres across Continental Europe, the UK and the US. 637 jobs and training placements provided and 360 job-seekers trained

MOBILITY

- 83% of the Group's standing assets equipped with electrical vehicle charging spaces

1) In countries where URW operates, in millions of visitors, 2019. Source: Sites Commerciaux October 2020.

2) Adjusted Recurring Earnings Per Share.

3) Rent collection rate calculated compared to 100% of rents invoiced. Retail only. Including rents, Sales Based Rent ("SBR"), service charges and Common Area Maintenance ("CAM") charges, assets at 100%. Data as at February 3, 2022.

1. Presentation of the Group

1.4 Business overview

1.4 BUSINESS OVERVIEW BUSINESS SEGMENTS A) RETAIL

As at December 31, 2021, URW owned 85 shopping centres, of which 53 are Flagships¹. URW's strategy is built upon continuously reinforcing the attractiveness of its assets by re-designing them (upgrading the layout), re-tenanting them (renewing the tenant mix) and re-marketing them (enhancing the shopping experience through special events).

During the first half of 2021, governments implemented restrictions and lockdown periods following the outbreak of the COVID-19 pandemic. Operations were generally able to take place with fewer restrictions in the second half of 2021, except in select regions at the end of the year which were impacted by a resurgence of the pandemic.

Total proportionate Net Rental Income ("NRI") of the Shopping Centre portfolio in 2021 amounted to €1,632.5 Mn, a decrease of -3.9% mainly driven by disposals and slightly negative like-for-like growth due to higher vacancy levels, which is an indirect consequence of the COVID-19 crisis.

Region [^] HHI		NRI(CMn)
France		417.2 491.7 -15.2%
Central Europe		161.5 191.1 -15.5%
Spain		126.2 124.8 1.156
Nordics		107.3 100.8 6.5%
Austria		88.3 86.1 2.5%
Germany		91.2 114.1 -20.0%
The Netherlands	i	60.6 49.6 22.2%
UK		101.1 78.0 29.6%
US	j	479.0 462.5 3.6%
TOTAL NRI		1,632.5 1,698.6 -3.9%

B) OFFICES & OTHERS

URW develops and owns large, efficient office buildings and hotels in prime locations in the Paris central business district, La Defense and elsewhere in the Paris region. URW also owns office, hotel and residential assets in the US and certain other countries in which URW operates. URW's investment strategy is driven by development and renovation opportunities.

In 2021, the proportionate NRI from Offices & Others amounted to €60.2 Mn, a -29.7% decrease compared to 2020, due primarily to the impact of the disposal of the SHiFT office building in January 2021 and Les Villages 3, 4, and 6 office buildings in March 2021.

Region France Nordics

Other countries US

TOTAL NRI

Figures may not add up due to rounding.

C) CONVENTION & EXHIBITION

The Convention & Exhibition activity is exclusively located in the Paris region and consists of real estate venues and services company: Viparis. Viparis is a world leader jointly owned with the Chamber of Commerce and Industry of Paris Ile-de-France ("CCIR"), but operated and fully consolidated by URW.

NRI(gMn)		
^«	2020	%
34.9	56.0-37.7%	
9.9	10.2-2.7%	
6.7		
8.6	8.15.7%	
11.2-40.1%		
60.2	85.5-29.7%	

2021 was heavily impacted by COVID-19, as all events (except for exams and private sales) were cancelled until May 19 and capacity constraints were effective until the end of June as a result of government restrictions.

In total, 349 events were held in Viparis venues through the year, of which 107 exhibitions, 44 congresses and 198 corporate events, compared to the 236 and 705 events held in 2020 and 2019, respectively. Viparis' NOI amounted to €55.2 Mn compared to €12.1 Mn in 2020 and €156.9 Mn in 2019. The decrease compared to 2019 is entirely attributable to the impact of COVID-19.

(1) Assets of a certain size and/or with footfall in excess of 10 million per year, substantial growth potential for the Group based on their appeal to both retailers and visitors, iconic architecture or design and a strong footprint in their area.

12 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.4 Business overview

PORTFOLIO BREAKDOWN

NET RENTAL INCOME AND RECURRING NET RESULT

Reported Adjusted Recurring Earnings Per Share ("AREPS") amounted to €6.91, down -5.2% from 2020, a decrease of -€0.37. The main driver of earnings evolution was the disposals completed in 2020 and 2021 as part of the Group's deleveraging plan, with a total impact of -€0.68 per share. In addition, the COVID-19 pandemic has continued to significantly impact URW's business over the course of 2021.

FY-2020

1,698.7 85.5
Like-for-like growth*

-1.2%<«

-6.6%

Convention 6 Exhibition

1,790.2

Recurring Net Result (Group share)

* NRI excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to square metres and currency exchange rate differences in the periods analysed.

a) Excluding Airports.

b) Including Airports.

FY-2020

Recurring EPS

Adjusted recurring EPS

VALUATION SPLIT PER ACTIVITY

VALUATION SPLIT PER ACTIVITY

Asset portfolio valuation - Dec. 31,2021

Shopping Centres

Offices & Others

Convention a Exhibition

Services

46,259

Figures may not add up due to rounding.

VALUATION SPLIT PER ACTIVITY AND REGION

Valuation of Shopping Centre portfolio France

Central Europe

Spain

Nordics

Germany

Austria

(€Mn)

13,781 5,059 3,596 3,095

3,447 2,290

The Netherlands

2,594

12,205

TOTAL

Figures may not add up due to rounding.

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.4 Business overview

	(CMn)			
Valuation of Offices & Others portfolio				
France	2,097	6036	3,025	69%
Nordics	174	5%	179	4%
Other countries	495	14%	462	10%
UK	559	16%	460	10%
US	186	556	283	6%
TOTAL	3,510	100%	4,409	100%

The chart below shows the split of proportionate Gross Market Value ("GMV") per region as at December 31, 2021:

GROSS MARKET VALUE

Figures may not add up due to rounding.

1. Presentation of the Group

1.4 Business overview

DEVELOPMENT PIPELINE

The table below shows the evolution of URW's development pipeline between December 31, 2020, and December 31, 2021:

<u>(GBn)</u>	↑	<u>Dec.31.2020</u>
Committed projects ¹	2.4	2.9
<u>Controlled projects¹</u>	<u>0/?</u>	<u>1.5</u>
<u>URW TOTAL INVESTMENT COST</u>	<u>3^2</u>	<u>4.4</u>

1) Committed: projects for which URW owns the land or building rights and has obtained:

- All necessary administrative authorisations and permits;
- Approvals of JV partners (if applicable);
- Approvals of URW's internal governing bodies to start superstructure construction works; and
- On which such works have started.

2) Controlled: projects at an advanced stage of studies, for which URW controls the land or building rights, and all required administrative authorisations have been filed or are expected to be filed shortly. There can be no assurance these will become "Committed" projects, as this will be subject to having obtained all required administrative approvals, as well as those of JV partners (if applicable), and of URW's internal governing bodies to start superstructure works. Besides these approvals, the Group retains the flexibility to decide to launch them, if and when appropriate. URW could in particular consider launching these projects with joint venture partners.

DEVELOPMENT PIPELINE BY CATEGORY AND REGION¹

(1) Figures may not add up due to rounding.

1. Presentation of the Group

I.S Portfolio

1.5 PORTFOLIO

1.5.1 FRANCE: SHOPPING CENTRES

Portfolio as at December 31, 2021

the whole area
complex Parking (in millions)

GLA of

Catchment

(sqm)

spaces of people;

Year of acquisition

On the date of acquisition

Occupancy (EPRA definition)

GLA of the property owning companies (sqm)

URW's
share % of (%) consolidation
Total space according to

consolidation Consolidation (sqm) method

Shopping Centres in the Paris region

Westfield Carre Senart
(Licusaint) Carrefour, Galeries Lafayette, Apple, H&M; 205 units, a cinema complex and shopping park

Westfield Les 4 Temps
(La Defense) Auchan, C&A,
Go Sport, Haw, Apple,
232 units and a cinema complex

1994 1999

1992 1995 1999 2011 2016

2002 (C) 2006/07 (C) 2012 (C) 2017 (C) 2019

1981 (R) 2006/08

Westfield Velzy 2 (Velizy-Villacoublay) Auchan, Pnntemps, FNAC, Apple; 186 units and a cinema complex

1994 2007

(R) 2005/07 (C) 2019

Westfield Parly 2
(Le Chesnay-Rocquencourt) Pnntemps, BHV, FNAC, Decathlon, Apple; 184 units and a cinema complex

Westfield Rosny 2
(Rosny-sous-Bois) Carrefour, Galeries Lafayette, FNAC, C&A, Apple;
171 units and a cinema complex

2004 2012 2018

1994 2001 2010 2016 2018

1969/87 [R] 2011 [R] 2015 (C) 2017 (C) 2019

1973 (R) 1997 (C) 2011 (R) 2016

32 700 2651 29 400 100* 21 000 50*

26* 100* 100*

103,300 FC

8 500 29 400
21 000 FC & EM-JV

Aeroville
(Roissy en-France) Auchan, H&M, New Yorker, Furet du Nord, King Jouet: 176 units and a cinema complex
Westfield Forum des Halles (Paris 1*) FNAC, H&M, Monoprix, Go Sport, Nike; 128 units and a cinema complex

1994
2010 2016
1979/86 (R) 1996 (C) 2016

So Ouest
(Levallois-Pcrrret) Leclerc, Boulanger, Go Sport, H&M; 105 units and a cinema complex

2006 2010
Ulls 2
(Les Ulls) Carrefour, C&A, Go Sport;
87 units and a cinema complex

1973 (R)1998
CNIT
(La Defense) FNAC, Decathlon, Monoprix; 29 units

1989 (R)2009
L'Usine Mode & Maison
(Velizy-villacoulay) Action, Galeries Lafayette; 62 units

1986 (R) 2011
Carrousel du Louvre (Paris 1*) Printemps, Nature & Decouvertes; 35 units

1993 (R)2009
Les Ateliers Gaité¹ (Paris 14*) Darty

1976 (R)2000/01
Sub-total Shopping Centres In the Paris region
Catchment area: determined according to CACI gravity model (*) or less than 30 minutes from the Shopping Centre.
1) Car Parks not owned by URW.
2) Car Parks are owned by CNIT CaE and are shared between CNIT CaE, CNIT Offices and CNIT Retail.
3) Gaité Montparnasse car parks are shared between Pullman hotel, Gaité shopping gallery and offices.
4) The Carrousel du Louvre car park is shared between the shopping centre and the exhibition space.
5) Currently under redevelopment.
6) 45% stake sold on February 16, 2022.

16 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.5 Portfolio

Portfolio as at December 31,2021
GLAof thewhole

complex Parking (sqm) spaces

Catchment area [in millions of people]

Year of acquisition	GLA of the property owned by companies	Total space URW's share	% of consolidation	according to Consolidation date	definition	(sqm)	(%)	consolidation	(sqm) method
Shopping Centres in the French provinces									
Westfield La Part-Dieu (Lyon) Carrefour, Galeries Lafayette, Decathlon, Pnmark, FNAC; 258 units and a cinema complex									
La Tolson d'Or (Dijon) Pnmark, Carrefour, Cultura, Boulanger, Apple; 147 units									
3.7C) 2016									2004
I.Q(*) 2017								1975 (R) 2001/02 (C) 2009/10 (R) 2011 (C/R) 2020	1994
1990 (C) 2013									
Polygone Riviera (Cagnes-sur-Mer) Pnntemps, H&M, Zara, Pnmark, FNAC; 117 units, a cinema complex and a casino									
Westfield Euralille (Lille) Carrefour, Pnmark, Zara, H&M, Go Sport, 132 units									
3.4(*) 2010									1994
1994 (R) 2015	98.B*	51,600 76*							
Villeneuve 2 (Villeneuve-d'Ascq) Auchan, C&A, Zara, H&M; 122 units									
1977 (R) 2004/06									(R) 2018 93.5*
Rennes Alma (Rennes) Carrefour, Pnntemps, Zara, Conforama; 115 units									
2005 2007 2020									
1971 (R) 1990 (C) 2013									
Lyon Confluence (Lyon) Carrefour, Joue Club, Zara, Apple; 92 units and a cinema complex									
La Valentine (Marseille) Pnntemps, Darty; 70 units									
2007 2017 2018									
1982 (R) 1999 (R) 2015									

Sub-total Shopping Centres In the French Provinces
 Catchment area: determined according to CACI gravity model (*) or less than 30 minutes from the Shopping Centre. (1) Car parks not owned by URW.

Portfolios at December 31, 2021

Year of acquisition	GLA of the property owned by companies	Total space URW's share	% of consolidation	according to Consolidation date	definition	(sqm)	(%)	consolidation	(sqm) method
the whole complex									
area Parking (in millions)									
GLA of Catchment (sqm) spaces of people)									
Year of acquisition									
Occupancy property owned by companies									
URW's share									
date definition (sqm) (%)									
Total space according to % of consolidation Consolidation consolidation (sqm) method									
Other holdings									
Bel-Est									

(Bagnolet) Auchan, 58 units

500 5,000

100* 35*

100* 35*

500

1750 FC & EM-JV

Aquaboulevard

(Pans 15^e) Decathlon, water park, fitness centre, event area, food court; 3 stores and a cinema complex

2006 200B

Maine Montparnasse (Pans 15^e) Naf Naf; 1 store

Villabe

(Villabe) Carrefour; 56 units

2010 2012 2013 2015

3,400 100* 5,800 49*

100* 49*

3,400

2,800 FC & EM-JV

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 17

1. Presentation of the Group

1.5 Portfolio

1.5.2 FRANCE: CONVENTION & EXHIBITION

Portfolio as at December 31, 2021

Total floor
space Parking (sqm) spaces

Year of acquisition

Cor Kelin

structure if (!) : shment FI date

URW's share % of (%) consolidation
Total space according to consolidation (sqm)

Consolidation Description method

Property and Operation

7 exhibition halls (from 19,000 to 70,000 sqm), of which

1 convention centre with a

100* 238,900

Paris Nord Villepinte

5,200 seat plenary room FC
246,300 13,000 2008

Hall 7 in 2010

50*

100*

246,300

9 exhibition halls, 45 conference

rooms of which 3 auditoriums FC

(C) Hall 5 in 2003 (R) Pavilion 7 in 2017

Paris Porte de Versailles

(Paris 15^e)

238,900 3,930 2000

(CI) Pavillon 6
in 2019 50*

Property Name	Area (sq. ft.)	Area (sq. ft.)	Year	Notes	Area (sq. ft.)	Area (sq. ft.)	Area (sq. ft.)	Notes	Area (sq. ft.)
Le Palais des Congres de Paris ¹¹¹ (Paris 17 ^e)	47,800	1,780*						82 meeting rooms, 18 conference rooms of which 4 auditoriums FC	
			2008	1993	50*	100*	47,800		
CNIT (La Defense)	24,000	1,100**	1999	(R) 2007	100*	100*	24,000	Exhibition and convention space FC	
Espace Champerret (Pans 17 ^e)	8,500	1,480**	1989/1995					(R) 2008	50*
8,500 Exhibition space (trade shows) FC									100*
Carrousel du Louvre (Expos) (Paris r)	6,600	4,300**			1**3			(R) 2016	100*
6,600 fashion shows, corporate events) FC									
Espace Grande Arche (La Defense)	5,000	n.a.	2001	(R) 2003					
Operation									
Paris, Le Bourget	79,700	1,500	2008	2005					1952
Palais des Congres d'Issy-les-Moulineaux	3,000	n.a.	2009	(R) 2018					(R) 2007
Hôtel Salomon de Rothschild (Paris B**)	1,300	n.a.	2014	(R) 2010 (R) 2016					
Palais des Sports (Paris 15 ^e)	n.a.	n.a.	2002	1960					
4 exhibition halls, 7 conference rooms of which 1 auditorium and 1 exhibition hall under construction									
50*	100*	n.a.						to be delivered m 2023 FC	
								14 conference rooms, of which	
								48*	100* n.a. 1 auditorium FC
								8 18th century rooms	
50*	100*	n.a.						1 reception room FC	
Flexible entertainment or convention room from									
25*	50*	n.a.						2,000 to 4,200 seats EM-JV	
Total (according to the scope of consolidation) 577,100									

1) Car parks are owned by CNIT C6E and shared between CNIT C&E, CNIT Offices and CNIT retail.
 2) Car parks not owned by URW.
 3) Including Les Boutiques du Palais.

1. Presentation of the Group

1.5 Portfolio

1.5.3 FRANCE: OFFICES

Portfolio as at December 31.2021

Total floor
space Parking (sqm) spaces

Cijlstrurtiun(C) Ycarol Hofur Inshnifit f R) acquisition date
Total floor spaceofthe Occupancy property owning (EPRA companies definition) (sqm)

URW's
share %of (%) consolidation

Total space accordingto
consolidation Maintenanceinterms of Consolidation
(sqm) rental income) method

Paris CBD, Paris and Western Paris outskirts

Direct Energie, Alloresto, APEC

Sub-total Paris CBD

Paris - La Defense

Technip FN-Power,
Sopra Stena,
Altitude, Mylan, HDI,
49,200 Welkin a Meraki
SNCF, ESSEC, IFSI, Chateaufort

Les Villages de l'Arche CNIT (Hotel) Lightwell****

Sub-total Paris - La Defense

(R)2006 (R) 2020**

(R)2009

(R) 2010

Genegis, Ageas, SMI, M2I, Croupe Lucien Barriere

Hilton

FC FC

Other office buildings in Paris and Western Paris region

Pullman Paris-Montparnasse
(Hotel) (Paris 14) 51,300

29, rue du Port (Nanterre)

Gaite-Montparnasse (Offices)*1 (Paris 14)

(R) 2012 (R) 2021

(C)1989

(C) 1974

100% 100%

n.a.

Pullman Hotel

Xylem Water Solutions France

Wojo

FC FC

Sub-total of other office assets In Paris and Western Paris region

Other

Versailles Chantiers (Versailles)

Leon Grosse, Stop a Work, Novatel, Fiducim, France Habitation, SMA BTP, Vinci

Tour Rosny . (Rosny-sous-bois)

2017 2018

Novotel (Lyon)

Sub-total Other

Total (according to the scope of consolidation)

- 1) For part of Village 5.
- 2) Car parks are owned by CNIT C&E, and shared between CNIT C&E, CNIT Offices and CNIT retail.
- 3) Former name of the asset is Michelet-Galilee.
- 4) Currently under redevelopment.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.5 Portfolio

1.5.4 CENTRAL EUROPE: SHOPPING CENTRES

Portfolio as at December 31.2021

the whole complex	area Parking (in million)	GLA of (sqm)	Catchment spaces (in million)
-------------------	---------------------------	--------------	-------------------------------

Year of acquisition

URW's according to share	Total space % of consolidation	GLA of the property (sqm)	Occupancy (TPRA companies definition)	Refurbishment date
--------------------------	--------------------------------	---------------------------	---------------------------------------	--------------------

Czech Republic

Centrum Cerny Most (Prague) Superdry, H&M, Nespresso, Aw Lab, Sinsay: 180 units and a cinema complex

IC) 1997 (C) 2013

Westfield Chodov (Prague) Armani Exchange, Hugo Boss, Zara, Douglas; 305 units and a cinema complex

18 2014

2005

(C) 2005 (C*R)2014 (C*R)2017

Metropole Zlacin (Prague) Gant, Reserved, Rituals; 128 units and a cinema complex

(C) 2002 (C)2004

Sub-total Shopping Centres In Czech Republic

Poland

Westfield Arkadia (Warsaw) Victoria's Secret, HUM, Zara, Douglas, Mango; 214 units and a cinema complex

(C) 2004 (C) 2017

Wroclavia
(Wroclaw) H&M, Zara, Reserved, Peek & Cloppenburg, CCC; 190 units and a cinema complex

Galeria Mokotow (Warsaw) H&M, Carrefour, Peek & Cloppenburg, Zara, Euro Rtv Agd; 248 units and a cinema complex

13 2011

2003

(C) 2000 (C)2002 (C)2006 (Q2013)

Zlote Tarasy™ (Warsaw) Van Graaf, Zara, Reserved, H&M, Calypso, 174 units and a cinema complex

2007 2012

17 2013

CH Ursynow
(Warsaw) OBI, Auchan,
Zdrofit, Go Sport,
RTV EURO AGD, 31 units

Wilenska
(Warsaw) RTV EURO AGD, Go Sport, Reserved, Pepco, Deichman; 94 units

Sub-total Shopping Centres in Poland

Slovak Republic

Aupark
(Bratislava) Zara, H&M, Gant, Kiehl's, Peek & Cloppenburg; 220 units and a cinema complex

2006 2011

),5 2018

(C) 2001 (R) 2015

Sub-total Shopping Centres in Slovak Republic

Total (according to the scope of consolidation)

Catchment area: less than 30 minutes from the Shopping Centre. (1) Not managed by URW.

1.5.5 CENTRAL EUROPE: OFFICES

Portfolios as at December 31, 2021

Totallaorspace Yearof (sqm) acquisition
 Construction, ^ Ret urbishment (Uj date
 Totalfloorspace of the property owning companies (sqm)
 URW's share (%)

consolidation
 Total space accordingto

consolidation Consolidation (sqm) method

Poland
 Wilenska Offices (Warsaw)
 Wroclavla Offices (Wroclaw)
 Total (according to thc scope of consolidation)

1.5.6 SPAIN: SHOPPING CENTRES

Portfolios as at December 31, 2021

GLAof Catchment
 thewhole area
 complex Parking (in millions Yearof
 GLAofthe
 Culis1ruction(C; Occupancy propertyowning URW's
 Refurh:shment(R; (EPRA companies share

(sqm) spaces ofpeople; acquisition
 date definition) (sqm) [%]

consolidation
 Total space accordingto

consolidation Consolidation (sqm) method

Spain
 Parquesur
 (Madrid) Apple, Pnmark, Leroy
 Merlin, MediaMarkt, Fnac;
 207 units and a cinema complex

(C) 1989 (C) 2005

Bonaire
 (Valencia) Pnmark, Zara, C&A,
 Ctnesa Luxe, Fnac;
 150 units and a cinema complex

(C) 2001 (R) 2003 (R) 2012 (R) 2016

Westfield La Maquinista
 (Barcelona) Zara, MediaMarkt,
 H&M, Apple, Decathlon;
 219 units and a cinema complex

(C) 2000 (C) 2010 (R) 2012 (R) 2021

La Vaguada
 (Madrid) Zara, Fnac, Decathlon,
 El Corte Ingles, JD Sport;
 241 units and a cinema complex

(C) 1983 (R) 2003

Westfield Glories
 (Barcelona) H&M, Zara, Pull&Bear, Fnac, Umqlo, 136 units and a cinema complex

(C) 1995 (R) 2001 (R) 2014/15 (R) 2016 (R) 2017

Splau
 (Barcelona) Pnmark, MediaMarkt, Zara, Mercadona; 154 units and a cinema complex

Garbera
 (San Sebastian) MediaMarkt, Forum, H&M, Zara, Toys "R" Us; 57 units
 (C) 1997 (R) 2002 (R) 2014 (R) 2021

Equinoccio

(Madrid) Decathlon, Ilusiona, Espacio Casa, Fit Up; 34 units and a cinema complex

(C)1998 (R) 2000/08 (C) 2012 (R)2015

Total (according to the scope of consolidation)

Catchment area: less than 30 minutes from the Shopping Centre. (1) Car park partly owned by URW.

1.5.7 SPAIN: OFFICES

Portfolio as at December 31, 2021

Year of acquisition	Total floor space (sqm)	Origin of the property (R) date	Total floor space of the property owning companies" (sqm)	URW's share 1%	% of consolidation
Spain					
La Vaguada Offices (Madrid)					
Total (according to the scope of consolidation)					

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 21

1. Presentation of the Group

1.5 Portfolio

1.5.8 NORDICS: SHOPPING CENTRES

Portfolio as at December 31, 2021

Year of acquisition	GLA of the property (sqm)	URW's share (%)	Catchment area (in millions)	GLA of the property (sqm)	Catchment area (in millions)
Sweden					
Westfield Mall of Scandinavia (Greater Stockholm) Tesla, Filmstaden, Uniqlo, H&M, Ahlens; 218 units and a cinema complex					
Ta'by Centrum (Greater Stockholm) Apple, Filmstaden. H&M, ICA, SATS; 260 units and a cinema complex					
Nacka Forum (Greater Stockholm) H&M, Jumpyard, MediaMarkt, New Yorker, MOI, 141 units					

(C) 2015

(C) 1968/1969 (R) 1975/1992/2015

1996 (R) 1990/1997/2008

Solna Centrum¹¹ (Greater Stockholm) Stadium, H&M, ICA, Systembolaget, Lidl; 117 units

(C) 1962/1965/1992 (R)2012/2013

Sub-total Shopping Centres In Sweden

Denmark

Fisketorvet
(Copenhagen) Fotex Hypermarket,
Silvan, Bahne, Sport24;
119 units and a cinema complex

2000 (R) 2013

Sub-total Shopping Centres In Denmark

Total (according to the scope of consolidation)

Catchment area: less than 30 minutes from the Shopping Centre. (1) Disposed on February 1, 2022.

1.5.9 NORDICS: OFFICES

Portfolio as at December 31, 2022

Total floor space (sqm)

Year of acquisition	Total floor space of the property	URW's share	Total space % of consolidation	according to Consolidation date	(sqm)	(%) consolidation	(sqm) method
---------------------	-----------------------------------	-------------	--------------------------------	---------------------------------	-------	-------------------	--------------

Sweden

Solna Centrum¹¹ (Greater Stockholm) Office and 108 apartments

Nacka Forum
(Greater Stockholm)

Taby Centrum
(Greater Stockholm)
1968/1969 1975/1992

Total (according to the scope of consolidation)

(1) Disposed on February 1, 2022.

1.5.10 AUSTRIA: SHOPPING CENTRES

Portfolio as at December 31, 2021

	GLA of the whole complex (sqm)
Parking spaces	Catchment area (in millions)
of (in) (in)	
Year of acquisition	
Consolidation	URW's share (%)
Total space according to	% of
Austria	consolidation Consolidation (sqm) method
Westfield Shopping City Sud (SCS) (Vienna) Zara, H&M, Primark, P&C, MediaMarkt; 287 units and a cinema complex	(C) 1976/ 2002/2012 (R) 2013
Westfield Donau Zentrum (Vienna) Interspar, Zara, H&M, P&C, C&A; 265 units, a cinema complex and hotel	(C) 1975/2000/ 2006/2008/2010 (R) 2012
Total (according to the scope of consolidation)	
Catchment area: less than 30 minutes from the Shopping Centre.	

1.5.11 AUSTRIA: OFFICES

Portfolio as at December 31, 2021

Total floor space	Year of acquisition	(sqm)
		Consolidation (sqm) method
		URW's share (%)
		% of
consolidation		consolidation Consolidation (sqm) method
Total space according to		
Austria		
Donauzentrum (Vienna) 1975 1985		

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 23

1. Presentation of the Group

1.5 Portfolio

1.5.12 GERMANY: SHOPPING CENTRES

Portfolio as at December 31, 2021

GLA of the whole complex	Catchment area (in millions)	Year of acquisition	GLA of the property owning companies	Total space URW's share	% of consolidation	according to Consolidation date	definition	(sqm)	(%)	consolidation	of people acquisition	(sqm) method
Germany												
Westfield Centro (Oberhausen) Sinn, Kaufhof, Zara, TK Maxx, Wormland, Mango, H&M. 222 units and a cinema complex												
254,300	12,000	3.1										
Ruhr Park (Bochum) Karstadt, Sinn, H&M, Baltz, Kaufland, New Yorker, MediaMarkt; 164 units and a cinema complex												
118,600	4,416											
Paunsdorf Center (Leipzig) Kaufland, MediaMarkt, Decathlon, C&A, Muller, H&M; 176 units												
113,600	7,300											
(C) 1964 (C) 1994 (R) 2012 113,600 26*												
(R) 2015	98.5*	109,900	65*	100*	109,900	FC						
		56,800	EM-JV									
Gropfuss Passagen (Berlin) Kaufland, Primark, MediaMarkt, Muller, Woolworth; 146 units and a cinema complex												
94,700	2,014											
(C) 1964 (R) 1997 (R) 2019												

consolidation
Total space according to

consolidation Consolidation (sqm) method

Netherlands

Westfield Mall of the Netherlands
(The Hague region) Albert Heijn,
Jumbo, Zara, Nike,
Peek & Cloppenburg;
262 units and a cinema complex

(C) 1971 (R) 2021

Citymall Almere
(Almere) MediaMarkt, H&M,
HEMA, Zara, The Sting;
137 units and a cinema complex

(C) 2002 (R) 2008

Stadshart Zoetermeer
Albert Heijn XL, H&M, Pnmark, HEMA, MediaMarkt, 123 units

(C) 1983 (R) 2005

Stadshart Amstelveen
(Amstelveen) De Bnenkorf, H&M, HEMA, Albert Heijn, Zara; 151 units

(C) 1960 (R) 1998

Sub-total Shopping Centres in the Netherlands

Other holdings

De Els
(Waalwijk) 11 units

(C) 1975 (R) 2017

Kerkstraat
(Hilversum) C&A. Bristol; 5 units

(C) 1962 (R) 2019

In den Vijfhoek (Oldenzaal) Albert Heijn, Blokker, Action, Library; 21 units

(C) 1980 (R) 2021

Zoetelaarpassage
(Almere) Tanger supermarket; 19 units

(C) 1983 (R) 2015

Sub-total Other holdings in the Netherlands

Total (according to the scope of consolidation)

Catchment area: less than 30 minutes from the Shopping Centre.

- 1) Car parks not owned by URW.
- 2) Car parks partly owned by URW and are shared between retail and office.

1.5.15 THE NETHERLANDS: OFFICES

Portfolioasat Lk-cmher 31/021

Total floor space Year of (sqm) acquisition

Construction (C)
KolumiSIII(C):{H}

date
Total floor space of the property owning companies (sqm)

URWs share (%)

% of

consolidation
Total space according to

consolidation Consolidation (sqm) method

Netherlands

Stadshart Amstelveen

(Amstelveen)

Stadshart Zoetermeer
(Zoetermeer)

Total (according to the scope of consolidation)

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.5 Portfolio

1.5.16 UNITED STATES: SHOPPING CENTRES

Portfolios as at December 31, 2021

GLA of the whole complex (sqm)	Catchment area (in millions of spaces)

Year of acquisition

Construction date / Refurbishment date
 GLA of the Occupancy property (EPRA companies definition) (sqm)

URWs according to share	Total space % of consolidation	Consolidation

(%) consolidation (sqm) method

US Flagships incl. CBD centers

Westfield Topanga¹ (Canoga Park, California) Nordstrom, Macy's, Target, Costco, Apple, Tesla, Louis Vuitton, Tiffany, Nespresso, Lululemon; 325 units

Westfield Garden State Plaza (Paramus, New Jersey) Neiman Marcus, Nordstrom, Macy's, Gucci, Louis Vuitton, Burberry, Tesla, Apple; 286 units and AMC Theatre

(C) 1964 (R) 1994, 2006, 2008, 2019

(C) 1957 (R) 1997, 2007, 2014

Westfield Valley Fair

(Santa Clara, California) Nordstrom, Macy's, Bloomingdales, Louis Vuitton, Gucci, Tiffany, Apple, Fataly, Cartier, Prada, Saint Laurent, Longchamp; 351 units and Icon Theatre

(C) 1986 (R) 2002, 2013, 2016

Westfield Old Orchard (Skokie, Illinois) Macy's, Nordstrom, Apple, Tiffany, Lululemon, Peloton, Aritzia; 143 units

(C) 1956 (R) 2007, 2011, 2013

Westfield Southcenter

(Seattle, Washington) Macy's, Nordstrom, Sears, JC Penney; 208 units and AMC Theatre

Westfield Century City

(Los Angeles, California) Macy's, Nordstrom, Bloomingdales, Eataly, Tiffany, Apple, Tesla, Equinox, Gelson's, Adidas, Aritzia, Lululemon; 249 units and AMC Theatre

(C) 1968 (R) 2008, 2012

Westfield Galleria at Roseville (Roseville, California) Macy's, Nordstrom, Louis Vuitton, Apple, Lululemon; 220 units

(C) 2002 (R) 2008, 2018

Westfield Mission Valley¹ (San Diego, California) Target, Bed, Bath, and Beyond, Trader Joe's, West Elm, Ulta, Nordstrom Rack; 126 units and AMC Theatre

(CI 1961 (R) 1997, 1998, 2004, 2007

Westfield UTC (San Diego, California) Macy's, Nordstrom, Hermes, Apple, Tesla, Aritzia, Lululemon, 222 units and AMC Theatre

(C) 1977 (R) 1998, 2007, 2012, 2017

Westfield San Francisco Centre & Emporium (San Francisco, California) Bloomingdale's, Nordstrom, Adidas, Aritzia, Lululemon; 174 units and Century Theatre

(C) 1988 (R)2006

16,300 33,100

100' 50'

100' 50'

16,300
16,000 FC a EM-JV

Westfield Culver City (Culver City, California) Macy's, Target, JC Penney, Best Buy, Nordstrom Rack, Trader Joe's, Adidas; 168 units

(C) 1975 (R) 2009, 2012

Westfield Montgomery (Bethesda, Maryland) Nordstrom, Macy's; 210 units and AMC Theatre

(C)1968 (R) 2001, 2014, 2016

Westfield World Trade Center¹ (New York, New York) Apple, Eataly, Lacoste; 107 units

Sub-total Flagship Shopping Centres in the US

26 Universal Registration Document202) / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.5 Portfolio

Portfolios at December 31, 2021

GLA of the whole complex (sqm)	Catchment area	Parking spaces	(in millions of spaces)	Year of acquisition	URW's share	according to consolidation	date	definition	(sqm)	(%)	consolidation	(sqm) method
Construction IC; Ririfiriislimi"-: 'R;	Occupancy (EPRA)	propertyowning companies										

US Regional centers

Westfield Wheaton (Wheaton, Maryland) Costco, Target, Macy's, JC Penney, 171 units

(C) 1960 (R) 2005, 2013,

2016 95.6*

Westfield Annapolis (Annapolis, Maryland) Macy's, JC Penney, 219 units and Bowtie Cinema

(C)1980 (R)2007

Westfield Santa Anita
(Santa Anita, California) Nordstrom, Macy's, JC Penney; 224 units and AMC Theatre

(C) 1974 (R) 1994, 2004, 2009, 2012

Westfield Trumbull
(Trumbull, Connecticut)
Macy's, JC Penney, Target, Apple,
150 units

Westfield North County
(Escondido, California) Macy's, JC Penney; 168 units

Westfield Oakridge
(San Jose, California) Target,
Macy's;
188 units and Century Theatre

Westfield Brandon
(Brandon, Florida) Macy's, Dillard's, JC Penney; 188 units
62,700

(C)1962 (R) 200B, 2010

61,500

(C)1986 (R) 2006, 2012, 2014

(C) 1973

(C)1995 (R) 2007

(R)2003	84.4*	73,500	55*	55*	40,400 EM-JV
	61,200 100*				

Westfield Plaza Bonita
(National City, California)
Target, Macy's, JC Penney;
169 units and AMC Theatre 95,600

Westfield South Shore
(Bay Shore, New York) JC Penney,
Aldo, Macy's;
128 units 94,400
30,800

(C) 1981 (R) 2008, 2011

(C) 1963

(R) 1998, 2013	91.9*	63,500	100*	100*	63,500 FC
----------------	-------	--------	------	------	-----------

Westfield Valencia Town Center
(Valencia, California) Macy's, JC Penney; 189 units and
Edwards Theater 86,600

Westfield Fashion Square
(Sherman Oaks, California)
Macy's, Bloomingdales;
143 units 80,500

(C) 1992

(R) 2010, 2019	86.5*	70,400	50*	50*	35,200 EM-JV
----------------	-------	--------	-----	-----	--------------

(C) 1961

(R)2012	88.1*	33,900	50*	50*	16,900 EM-JV
---------	-------	--------	-----	-----	--------------

Sub-total Regional Shopping Centre in the US

Total (according to the scope of consolidation)

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 27

1. Presentation of the Group

1.5 Portfolio

1.5.17 UNITED STATES: OFFICES

Portfolios as at December 31, 2021

	Total floor space Year of (sqm) acquisition
• nihil date	Total space of the property owning companies (sqm)
	URW's share 1%
	% of
consolidation	
Total space according to	consolidation Consolidation (sqm) method
US Offices & Others	
San Francisco Centre (San Francisco, California)	
Wheaton Office (Wheaton, Maryland)	
1996 2002	
9 600 22 400	
100* 50*	
53*	
100* 50*	
9 600	
11 200 FC & EM-JV	
9,800	
Old Orchard Office (Skokie, Illinois)	
Owensmouth Office (Canoga Park, California)	
(C)1978 (R)1994	
Corbin Office (New York, New York)	
Total (according to the scope of consolidation)	

1.5.18 UNITED KINGDOM: SHOPPING CENTRES

Portfolios as at December 31, 2021

	complex Parking (sqm) spaces
GLA of the whole	Catchment area (in millions)
of net lettable	
Year of acquisition	
Current refurbishment (R);	date

		Occupancy (EPRA definition)	
		GLA of the property owning companies (sqm)	
		URWs share 1%	
		% of	
consolidation			
Total space according to			
UK			
Westfield London (London, Shepherd's Bush) John Lewis, House of Fraser, Mas.Vue: 468 units and a cinema complex			
3.3	2008	(C) 2008 <R) 2018 85.7*	235,900 50*
Westfield Stratford City (London, Stratford) John Lewis, MBS, Waitrisc, Vue, Aspers Casino; 318 units and a cinema complex 183,400 Sub-total Shopping Centres in the UK			
Other assets			
Centrale (Croydon) House of Fraser, HaM, Zara, Next, Sports Direct, Metro Bank; 77 units 74,100			
(C) 1988			
Drummond centres			
2013 (R) 2004 74,100			
Whitgift (Croydon) Mas, Sainsbury's, Boots, New Look, River island, HaM, Superdry: 172 units Sub-total other holdings in the UK			
Total (according to the scope of consolidation)			
Catchment area: calculated by CACI.			

1.5.19 UNITED KINGDOM: OFFICES

Portfolio as at 31, 2021

		Total floor space Year of (sqm) acquisition	
		URW's share (%)	
		Total floorspace of the property owning companies (sqm)	
		URW's share (%)	
Total floor space according to			
% of consolidation		consolidation Consolidation (sqm) method	
UK			
Westfield London (London)			
Total (according to the scope of consolidation)			
FC = Fully Consolidated EM-JV = Joint Venture under the equity method EM-A = Associates under the equity method JO = Joint Operation			

1. Presentation of the Group

1.6 Overview of valuation reports prepared by URW SE's Independent external appraisers for the European assets

1.6 OVERVIEW OF VALUATION REPORTS PREPARED BY URW SE'S INDEPENDENT EXTERNAL APPRAISERS FOR THE EUROPEAN ASSETS

SCOPE OF INSTRUCTIONS

In accordance with your instructions we have undertaken valuations of the various freehold and leasehold property interests as at December 31, 2021 (the "valuation date") either held directly by Unibail-Rodamco-Westfield SE (the "Company") or held in a Joint Venture where the Company holds a share, as referred to in our valuation reports for each individual property. This Overview letter has been prepared for inclusion in the Company's accounts. The valuations have been undertaken by our local valuation teams in each relevant country and have been reviewed by the Pan European Valuation teams of all three valuation firms. In arriving at an opinion of Fair Value (as defined in IFRS 13) for each property we have taken into consideration European wide investment transaction activity and not solely any investment activity in the domestic market.

We can confirm that we did not receive fees from the Company representing more than 10% of our respective turnovers.

We can also confirm that our opinion of Fair Value has been reviewed against other valuations conducted across Europe, if applicable, for consistency of approach and consideration of the evidence and sentiment in the market place.

The valuations have been based upon the discounted cash-flow or yield methodologies that are regularly used for these types of properties.

Following the assets' rotation made in 2021 by the Company, we confirm that, in situations where an appraisal firm saw its valuation mandate renewed for a given asset, the appraisal signatory of such asset did not exceed two consecutive mandates of four years, in accordance with RICS recommendations.

BASIS OF VALUATION AND ASSUMPTIONS

We set out below the basis and assumptions we have used in preparing our Valuation.

We confirm that the valuations have been made in accordance with the appropriate sections of the current Practice Statements contained within the RICS Valuation - Professional Standards (the "Red Book"). This is an internationally accepted basis of valuation. Our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance.

The valuations have been also prepared in accordance with the AMF recommendations regarding the presentation of valuation parameters of listed real estate companies, published February 8, 2010.

We can confirm that we have prepared our valuations as External Valuers as defined in the Royal Institution of Chartered Surveyors Valuation Standards and our valuations have been prepared in accordance with our General Principles.

Our valuations are prepared on the basis of Fair Value and are reported as gross values (Fair value gross of any deduction made for typical purchaser costs).

INTANGIBLE ASSETS AND BUSINESSES

Regarding the valuation of intangible assets attached to the shopping centres and of businesses, the instructions, standards and confirmations specific to real estate valuation do not apply.

DATE OF VALUATION

The effective date of valuation is December 31, 2021.

DATE OF INSPECTION

The properties were inspected between January and December 2021.

Universal Registration Document 2022 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.6 Overview of valuation reports prepared by URW SE's Independent external appraisers for the European assets

AGGREGATED TOTAL AMOUNT OF VALUE OF THE TOTAL PROPERTY PORTFOLIO PER THE DATE OF THE REPORT

	Number of assets	Number of assets appraised	visited in 2021
Cushman ft Wakefield			Valuation including transfer taxes ⁰¹ (€Mn)
Jones Lang Lasalle			
Shopping Centres/Offices 6 Others			
PricewaterhouseCoopers			
Shopping Centres/Offices 6 Others			
Shopping Centres/Convention 6 Exhibition			
Shopping Centres			
Other appraisers			
Impact of the assets valued by two appraisers			
Shopping Centres Assets valued at cost and/or not appraised			
Shopping Centres/Offices & Others			
47			
52 11 3			
TOTAL PORTFOLIO			
(a) On a proportionate basis.			

AGGREGATED TOTAL VALUE FOR ALL LEASEHOLD AND ALL FREEHOLD PROPERTIES

	Valuation including transfer taxes" (GMn)								
Freehold	37,236	Leasehold	3,840	TOTAL	PORTFOLIO	41,076	(a)	On	a proportionate
basis.									

INFORMATION

We have requested company management to confirm that the information which it has supplied to us in respect of the property and its lessees is both comprehensive and correct in all material aspects. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge, such as operating expenses, committed capital expenditures, financial elements including any doubtful debtors, sales based rental levels, prospective and signed leasing deals, lease incentives and all rent roll information and vacant units, have been made available to us and that the information is up to date in all material aspects.

FLOOR AREAS

We have not measured the property and have relied on the areas which have been supplied to us.

ENVIRONMENTAL INVESTIGATIONS AND GROUND CONDITIONS

We were not instructed to carry out a site survey or environmental assessment nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we assume that properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect their present or future use.

PLANNING

We have not seen planning consents and we assume that properties have been erected and are being occupied and used in accordance with all necessary consents and that there are no outstanding statutory notices. We assume that buildings comply with all statutory and Local Authority requirements, including building, fire and health and safety regulations. We also assume that any extensions currently under construction satisfy all planning regulations and all necessary permits are in place.

TITLE AND TENANCIES

We have relied upon tenancy schedules, summaries of additional income, non-recoverable costs and capital expenditure and business plans which have been supplied to us.

Our valuations assume that, other than disclosed in our reports, there is good and marketable title to the properties and that they are free of any undisclosed burdens,

outgoings, restrictions or charges. We have not read documents of title and for the purposes of our advice have accepted the details of tenure, tenancies and all other relevant information, which have been supplied by the Company.

CONDITION

We have reflected the general condition of the property as noted during our inspections. We were not instructed to carry out a structural survey but we have reflected any apparent wants of repair in our opinion of the value as appropriate. The property has been valued on the basis of the Company's advice except where we have been specifically advised to the contrary, that no harmful materials have been used in its construction.

30 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.6 Overview of valuation reports prepared by URW SE's Independent external appraisers for the European assets

TAXATION

Our valuations are prepared on the basis of Fair Value and are reported as gross values (Fair value gross of any deduction made for typical purchaser costs). No allowance has been made in our valuations for expenses of realisation or for any taxation, which may arise in the event of a disposal. However, when we have used cash flow (DCF) methodology, we have deducted registration duty and transaction costs at the end of the model for the assessment of the exit value. All rental and capital values stated are exclusive of Valued Added Tax.

MARKET CONDITIONS EXPLANATORY NOTE: NOVEL CORONAVIRUS (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the March 11, 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdowns" applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.

CONFIDENTIALITY AND PUBLICATION

Finally, and in accordance with our normal practise, we confirm that our valuations are confidential to the party to whom it is addressed for the specific purpose to which they refer. No responsibility whatsoever is accepted to any third party and neither the whole of our valuation reports, nor any part, nor references thereto may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear. In signing this Overview, each appraiser does so on its behalf for its own valuation work only.

Yours faithfully,

Christian Luft MRICS

For and on behalf of Jones Lang LaSalle Limited

Geoffroy Schmitt

For and on behalf of PwC Corporate Finance

Jean-Philippe Carmarans MRICS

Director Director

For and on behalf of Cushman 6 Wakefield

Marc Gerretsen

Partner Partner

For and on behalf of PwC Corporate Finance

1. Presentation of the Group

1.7 Overview of valuation reports prepared by URW SE's Independent external appraisers for the American assets

1.7 OVERVIEW OF VALUATION REPORTS PREPARED BY URW SE'S INDEPENDENT EXTERNAL APPRAISERS FOR THE AMERICAN ASSETS

SCOPE OF INSTRUCTIONS

In accordance with your instructions we have undertaken valuations of the various freehold and leasehold property interests as at December 31, 2021 (the "valuation date"), either held directly by Unibail-Rodamco-Westfield SE (the "Company") or held in a Joint Venture where the Company holds a share, as referred to in our valuation reports for each individual property. This Overview letter has been prepared for inclusion in the Company's accounts. The valuations have been undertaken by our local valuation teams for each relevant asset and have been reviewed at the national level by each firm's engagement leadership. In arriving at an opinion of Fair Value (as defined in IFRS 13) for each property we have taken into consideration nationwide investment transaction activity and not solely any investment activity in the local markets.

We can confirm that we did not receive fees from the Company representing more than 10% of our respective turnovers.

We can also confirm that our opinion of Fair Value has been prepared under guidelines as stipulated in the Uniform Standards of Professional Appraisal Practice (USPAP), which provide for a consistency of approach and analysis for all valuations undertaken in the US.

The valuations have been based upon the discounted cash-flow or yield methodologies that are regularly used for these types of properties.

We confirm that, in situations where an appraisal firm saw its valuation mandate renewed for a given asset, the appraisal signatory of such asset did not exceed two consecutive mandates of four years, in accordance with RICS recommendations.

BASIS OF VALUATION AND ASSUMPTIONS

We set out below the basis and assumptions we have used in preparing our Valuation.

We confirm that the valuations have been made in accordance with the appropriate sections of the current Practice Statements contained within the RICS Valuation - Professional Standards (the "Red Book"). This is an internationally accepted basis of valuation. Our valuations are fully compliant with IFRS accounting standards and IVSC valuation standards and guidance.

The valuations have been also prepared in accordance with the AMF recommendations regarding the presentation of valuation parameters of listed real estate companies, published February 8, 2010.

We can confirm that we have prepared our valuations as External Valuers as defined in the Royal Institution of Chartered Surveyors Valuation Standards and our valuations have been prepared in accordance with our General Principles.

Our valuations are prepared on the basis of Fair Value and are reported as gross values (Fair Value gross of any deduction made for typical purchaser costs) and as net values (Fair Value after deduction of typical purchaser costs).

All assets were valued on a total basis without regard to the Company's ownership share and as unencumbered by debt.

INTANGIBLE ASSETS AND BUSINESSES

Regarding the valuation of intangible assets attached to the shopping centres and of businesses, the instructions, standards and confirmations specific to real estate valuation do not apply.

DATE OF VALUATION

The effective date of valuation is December 31, 2021.

DATE OF INSPECTION

The properties were inspected in the timeframe of January 2021 and December 2021.

AGGREGATED TOTAL AMOUNT OF VALUE OF THE TOTAL PROPERTY PORTFOLIO PER THE DATE OF THE REPORT

	Number of assets	Number of assets appraised	visited in 2021
			Valuation including transfer taxes" (GMn)
14 1			
6,955			
			4,246 263 390 46 297

TOTAL PORTFOLIO

(a) On a proportionate basis.

32 UmversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.7 Overview of valuation reports prepared by URW SE's Independent external appraisers for the American assets

AGGREGATED TOTAL VALUE FOR ALL LEASEHOLD AND ALL FREEHOLD PROPERTIES

Freehold Leasehold

8,993 3,205

Valuation including transfer taxes" (€Mn)

TOTAL PORTFOLIO

(a) On a proportionate basis.

INFORMATION

We have requested company management to confirm that the information which it has supplied to us in respect of the property and its lessees is both comprehensive and correct in all material aspects. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge, such as operating expenses, committed capital expenditures, financial elements including any doubtful debtors, sales based rental levels, prospective and signed leasing deals, lease incentives and all rent roll information and vacant units, have been made available to us and that the information is up to date in all material aspects.

TITLE AND TENANCIES

We have relied upon tenancy schedules, summaries of additional income, non-recoverable costs and capital expenditure and business plans which have been supplied to us.

Our valuations assume that, other than disclosed in our reports, there is good and marketable title to the properties and that they are free of any undisclosed burdens, outgoing, restrictions or charges. We have not read documents of title and for the purposes of our advice have accepted the details of tenure, tenancies and all other relevant information, which have been supplied by the Company.

FLOOR AREAS

We have not measured the property and have relied on the areas which have been supplied to us.

ENVIRONMENTAL INVESTIGATIONS AND GROUND CONDITIONS

We were not instructed to carry out a site survey or environmental assessment nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we assume that properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect their present or future use.

PLANNING

We have not seen planning consents and we assume that properties have been erected and are being occupied and used in accordance with all necessary consents, and that there are no outstanding statutory notices. We assume that buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations. We also assume that any extensions currently under construction satisfy all planning regulations and all necessary permits are in place.

CONDITION

We have reflected the general condition of the property as noted during our inspections. We were not instructed to carry out a structural survey but we have reflected any apparent wants of repair in our opinion of the value as appropriate. The property has been valued on the basis of the Company's advice except where we have been specifically advised to the contrary, that no harmful materials have been used in its construction.

TAXATION

Our valuations are prepared on the basis of Fair Value and are reported as gross values (Fair Value gross of any deduction made for typical purchaser costs) and as net values (Fair Value after deduction of typical purchaser costs). In addition, when we have used the discounted cash flow (DCF) methodology, we have deducted registration duty and transaction costs at the end of the model for the assessment of the exit value. All rental and capital values stated are exclusive of Valued Added Tax.

CONFIDENTIALITY AND PUBLICATION

Finally, and in accordance with our normal practise, we confirm that our valuations are confidential to the party to whom it is addressed for the specific purpose to which they refer. No responsibility whatsoever is accepted to any third party and neither the whole of our valuation reports, nor any part, nor references thereto may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear. In signing this Overview, each appraiser does so on its behalf for its own valuation work only.

Deborah A. Jackson, CRE, FRICS

Senior Managing Director For and on behalf of Cushman & Wakefield

Yours faithfully,

Kroll, LLC

For and on behalf of Kroll

Marc Gerretsen
Partner

For and on behalf of PwC Corporate Finance

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

1. Presentation of the Group

1.8 Structure

1.8 STRUCTURE

URW Group comprises two main legal entities:

- Unibail-Rodamco-Westfield SE with a registered office in France; and
- Unibail-Rodamco-Westfield N.V., with a registered office in The Netherlands.

The shares of Unibail-Rodamco-Westfield SE and the Class A shares of Unibail-Rodamco-Westfield N.V. are stapled together (the "Stapled Shares") such that holders hold an interest in both Unibail-Rodamco-Westfield SE and Unibail-Rodamco-Westfield N.V. as if they held an interest in a single (combined) company. Any holder of a Stapled Share has the rights and obligations of both a shareholder of Unibail-Rodamco-Westfield SE and a shareholder of Unibail-Rodamco-Westfield N.V.:

- The right to attend and to vote at general meetings of both companies and the right to receive dividends paid by both companies.
- The obligation to disclose threshold crossing in both companies to the French Market Authorities for Unibail-Rodamco-Westfield SE and to the Dutch Market Authorities for Unibail-Rodamco-Westfield N.V. and all disclosure requirements described in the Articles of Association of both companies.

The Stapled Shares are traded on the regulated markets of Euronext Amsterdam and Euronext Paris. In addition, a secondary listing on the Australian Securities Exchange has been established to allow former Westfield Corporation shareholders to trade Stapled Shares locally in the form of Chess Depositary Interests ("CDIs").

The structure has been designed to take into account the interests of all former Unibail-Rodamco and Westfield Corporation shareholders by preserving the respective REIT

regimes. URW Group operates under the Societes d'Investissements Immobiliers Cotees regime ("SIIC") in France, the Sociudades Anonimas Cotizadas de Inversion en el Mercado inmobiliario regime ("SOCIMI") in Spain, the Fiscal Investment Institution regime (fiscale be/eggingsinste/ling, "FN") for Unibail-Rodamco-Westfield N.V. in The Netherlands and the Real Estate Investment Trust ("REIT") regime in the United Kingdom and the United States.

While both entities have separate decision-making corporate bodies, independent Supervisory Boards and Management Boards, alignment and coordination between both entities is guaranteed by the appointment of the CEO and CFO of Unibail-Rodamco-Westfield SE to the Supervisory Board of URW NV, and appointment of the URW US COO, who is the Chairman of the Management Board of Unibail-Rodamco-Westfield N.V., to the Executive Committee of the URW Group.

Unibail-Rodamco-Westfield SE fully consolidates Unibail-Rodamco-Westfield N.V. and its controlled undertakings and Unibail-Rodamco-Westfield SE's consolidated financial statements therefore represent a comprehensive overview of the Group.

For any further information related to Unibail-Rodamco-Westfield N.V., please refer to its Annual Report available on the website (<<https://www.urw-nv.com/en/investors/financial-information> <<http://urw-nv.com/en/investors/financial-information>>).

UNIBAIL-RODAMCO-WESTFIELD
SECURITYHOLDERS

STAPLED SHARES

40K

UNIBAIL-RODAMCO-WESTFIELD SE FRENCH REIT
UNIBAIL-RODAMCO WESTFIELD N.V. " DUTCH REIT
CROSS GUARANTEES

(1) Also owns selected Dutch assets.

1.9 SIMPLIFIED GROUP ORGANISATIONAL CHART

As at December 31, 2021, the Group is structured as follows:

100% OFFICES DIVISION SUBSIDIARIES

1

100% UNI-COMMERCES

100% SERVICES DIVISION SUBSIDIARIES
100% OFFICES DIVISION-DEVELOPMENT PROJECT SUBSIDIARIES
100% RETAIL DIVISION SUBSIDIARIES

50%
CONVENTIONS AND EXHIBITIONS DIVISION SUBSIDIARIES
100% RETAIL DIVISION-DEVELOPMENT PROJECT SUBSIDIARIES

EUROPE

100% SPANISH SUBSIDIARIES
100% RODAMCOEUROPE PROPERTIES B.V.

4,

100% DUTCH SUBSIDIARIES
100% UNIBAIL-RODAMCO TH B.V.

SUBSIDIARIES

100% UK
100% WESTFIELD CORPORATION LTD*

100% WAT*

40.3% UNIBAIL-RODAMCO-WESTFIELD N.V.

GERMAN SUBSIDIARIES

CZECH SUBSIDIARIES
100% WFD TRUST*

AUSTRIAN SUBSIDIARIES
POLISH SUBSIDIARIES

NORDIC SUBSIDIARIES

SLOVAK SUBSIDIARIES
100% US SERVICES
DIVISION SUBSIDIARIES

74.8%

25.2%
_U NV.

WHLUSA

100% URW AMERICA INC

89.93%

WEA HOLDINGS, LLC
L.

I | US part of the Group * Australian companies.

US

2. Corporate Social Responsibility

CHAPTER 2.

Corporate Social Responsibility

2.1 GROUP CORPORATE SOCIAL RESPONSABILITY STRATEGY 38

- 1 Business model38
- 2 Corporate Social Responsibility challenges and opportunities38
- 3 Priorities ofthe Group CSR strategy47
- 4 SummaryoftheGroup'sCSRachievements50
- 5 Governance of CSR57

2.2 BETTER SPACES60

- 1 Address climate change60
- 2 Design sustainable buildings67
- 3 Improve eco-efficiency72
- 4 Develbpconnectivityandsustainablemobility87
- 5 Protect and improve biodiversity90

2.3 BETTER COMMUNITIES93

- 1 Generating Social Value93
- 2 Promoting community resilience93
- 3 Expand local economies94
- 4 Engaging with local stakeholders100
- 5 Promote responsible consumption104

2.4 BETTER TOGETHER107

2.4 BETTER TOGETHER 107

- 1 Empowering our people <108
- 2 Working together 113
- 3 Inspiring our people 116

5 GREEN FINANCING OF THE GROUP ACTIVITIES 120

- 2.5.1 EU Taxonomy Regulation 120
- 2.5.2 Sustainability linked loans 122
- 2.5.3- Green bonds 122

6 APPENDICES 129

- 2.6.1 URW's reporting methodology 129
- 2.6.2 Independent third party's report on consolidated non-financial statement 133

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy



At URW, Led by our purpose to Reinvent Being Together, we are careful, sustainable stewards of our assets and committed catalysts for the health and vitality of the environment and communities we serve.

More than ever, this commitment is at the centre of our activities. In 2021 we - demonstrated this by delivering strong environmental performance serving our tenants and supporting activities led by our visitors, in acting with impact in our communities and by moving forward on collective initiatives addressing Diversity and Inclusion. Among a myriad number of actions, we joined the Net Zero Initiative ("NZI") to develop a framework for collective carbon neutrality and contributed to the community response to the global pandemic by facilitating over 1.5 million vaccinations at our assets.

What is clear is that as our Better Places 2030 program has led our agenda ahead of our competitors, while the acceleration of interest and focus from consumers, retailers, and key decision makers and our own teams inspires us to push further, making the major challenges we face - climate change, biodiversity loss and inclusion to name a few- even more central to our operations, and our commitment to the future."

JEAN-MARIE TRITANT
Group Chief Executive Officer

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.1 GROUP CORPORATE SOCIAL RESPONSIBILITY STRATEGY

1 BUSINESS MODEL

The Unibail-Rodamco-Westfield business model is presented in Sections 1.3 Strategy and business model and 1.4 Business overview.

2 CORPORATE SOCIAL RESPONSIBILITY CHALLENGES AND OPPORTUNITIES

URW's current approach to Corporate Social Responsibility ("CSR") has been structured on solid grounds, going way beyond regulation. In order to define its CSR strategy, the Group has identified key areas of work, representing challenges and opportunities related to its activities. Two complementary approaches were used to that end:

- A materiality analysis, which is a mapping tool used to identify and order the important CSR issues for the Group from an internal as well as an external stakeholder perspective; and
- A risk analysis, which is a framework used to highlight the CSR issues likely to negatively impact the Group.

2.1.2.1 MATERIALITY MATRIX

In 2018, Unibail-Rodamco-Westfield updated its materiality matrix to identify its CSR-related priorities. An external advisory firm supported the Group in this process to ensure the robustness and neutrality of the methodology.

This work was done on the basis of a detailed analysis of the main CSR reporting standards¹¹, investor expectations¹², underlying market trends, best practices observed in the real estate industry and beyond, as well as insight from non-governmental organisations ("NGOs") and experts.

In total, over 30 external and internal stakeholders, representative of the Group's different regions and businesses, were consulted to rank the CSR topics according to their level of expectation (for the external stakeholders) and the impact on the URW business model (for the internal stakeholders).

The main priorities identified, in line with market trends up to 2030 and the parallel work done on risks (see Section 2.1.2.2 CSR risks and opportunities), resulted in three CSR focus areas for the Group (see Section 2.1.3 Priorities of the Group CSR strategy).

URW'S MATERIALITY MATRIX

0

Operational a eco-efficiency TM

[^] Nature and biodiversity A Community engagement

Sustainable building design

Partnerships

Climate change

Shared value creation

Safety and security

Inclusive culture and Innovation

Workforce well-being and engagement

- Governance

High

Business impact

Key

Pillar I - Better Spaces

Top priority issues

Operational efficiency Connectivity and sustainable mobility Shared value creation Climate change Safety and security of employees and shopping centres

Important issues

Sustainable building design Nature and biodiversity Inclusive culture and innovation Workforce well-being and engagement Talent attraction and retention Community engagement Partnerships Governance

Key issues for external stakeholders

Circular economy Sustainable supply chain

Less material Issues

Digitisation of services Philanthropy and volunteering

1) Global Reporting Initiative Construction and Real Estate Supplement, Sustainability Accounting Standards Board.

2) As represented by questions and analysis frameworks from the Dow Jones Sustainability Index, MSCI, VE (ex-VigeoEiris), ISS-ESG, Global Real Estate Sustainability Benchmark ("GRESB") and FTSE4Good.

38 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.1.2.2 CSR RISKS AND OPPORTUNITIES

In 2018, in response to the Directive related to the disclosure of non-financial information¹, URW identified and assessed its main CSR risks, using the Group risk assessment methodology taking into account three impact criteria: financial, legal and reputational. In line with the spirit of the regulation, the analysis provided below presents gross risks (before the implementation of management measures).

The Group CSR risk universe was defined on the basis of both the CSR priorities highlighted by the Group's materiality analysis (see Section 2.1.2.1 Materiality matrix) and the sector-based CSR risk universe established by the work done in 2018 in partnership with the French Council of shopping centres ("CNCC").

In total, 30 risks were identified and classified into 11 categories, among which 20 were identified as main CSR risks due to their level of impact.

The risk analysis and ranking work was undertaken jointly by the Group's CSR team and Group Risk Management Department, with the involvement of the local teams. The results were shared with the member of the Group Management Board overseeing Group resources and CSR.

The following table summarises the main CSR risks, and the policies, action plans, performance indicators and opportunities associated with their management. The results of the performance indicators for each action plan are presented either directly within this table, or within the body of this document (see references in the 'risks' column of the table).

Climate change risks for the Group (physical and transitional) form a core part of the CSR risks analysis and are integrated in the following summary of main CSR risks and their management policies. A more detailed overview of climate risk management and, in particular, of the resilience of assets to physical climate risks is provided in Section 2.2.1.3 Climate risk management and adaptation to climate change. Climate change and CSR risks are integrated in the global Group Enterprise Risk Management ("ERM") Framework, which provides a specific risk governance and control framework (see Section 6.1.2 Group Enterprise Risk Management Framework for more details).

This risk analysis remains relevant and applicable in the COVID-19 crisis context, which confirmed the relevance of integrating these non-financial risks in the global Group risk management approach. Related policies and action plans described reflect the latest updates made by the Group to mitigate these risks, as do all associated performance indicators disclosed.

Summary of associated policies and actions plans

Associated performance indicators (2021 results)

Associated mam performance indicators (2021 results)

Business ethics

- Corruption, agreements or fraud (business relationships, relationships with public officials)
- Money laundering and financing of terrorism
- Non-compliance with anti-trust regulation

References:

3.4.1 Ethics and compliance within the URW Group

6.2.2.5 B. Corruption, money laundering and fraud risks

6.2.2.1 B. Mergers B Acquisitions, Investment and Divestment

6.2.2.5 A. Legal and Regulatory

- Non-transparency in the reporting of lobbying activities

References:

3.4.1 Ethics and compliance within the URW Group

- Anti-corruption programme ("ACP") in compliance with Sapin II law (France), the Foreign Corrupt Practices Act ("FCPA") (US) or the UK Bribery Act ("UKBA") (UK);
- Group Code of Ethics with compulsory yearly e-learning module for all employees;
- Procedure for screening of business partners;
- Whistleblowing procedure accessible 24/7 to all employees and suppliers, with a guarantee against retaliation;
- Appointment of Local Compliance Correspondents to support the coordination of the ACP;
- Insider Trading Rules procedure;
- Part of the due-diligence process in case of acquisitions; and
- Close monitoring of Viparis activities in relation with the French General Directorate for Fair Trading, Consumer Affairs and Fraud Control ("DGCCRF").

Annual reporting of lobbying activities to the French High Authority for Transparency in Public Affairs; and
Internal policy on interest representatives.

Number (A) and monetary value (B) of sanctions imposed by regulators in 2021 linked to corruption incidents: 0 (A); €0 (B); and Percentage of employees trained on the Group Code of Ethics and corruption prevention: 71%.

Lobbying activities declared annually and available on the French High Authority for Transparency in Public Affairs ("HATVP") platform.

Promote and embed trust and transparency as core part of the business relationship

- Breach of customers' personal data

References:

6.2.2.5 A. *Legal and regulatory*

6.2.2.1 E. *Information Technology system and data: continuity and integrity*

- Data Privacy Protection programme compliant with EU and US regulations;
- Data protection governance network at corporate and local levels;
- Preventive and alert internal processes;
- Group-wide employees and specific business population trainings on data protection awareness and cybersecurity;
- Signature of data processing agreements with major IT contracts service providers; and
- Information systems security strategy.

Percentage of employees trained on IT security awareness: 100*.

(1) European Directive n° 2014/95/UE as regards disclosure of non-financial information.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Risks

- Threats or attacks at sites References:

6.2.2.4 A. *Terrorism and major security incident*

2.2.3.7 *Health and Safety, security and environmental risks and pollution*

Summary of associated policies and actions plans

- Dedicated Group organisation for security and crisis management;
- Global security governance, policies and guidelines implemented at all locations;
- Crisis response plan, training and exercises;
- Frequent interactions with police authorities, regional authorities and intelligence agencies;
- Training of shopping centre management and security teams, as well as all URW employees; and
- Raising awareness of tenants on security framework and evacuation plans.

Associated main performance indicators (2021 results)

Percentage of employees trained on security: 53%¹.

Health and Safety, Security and Well-being of people in properties

- Failure to provide a safe and healthy environment for stakeholders (employees, tenants, contractors and visitors/occupants) according to Health and Safety procedures and legislation

References:

6.2.2.4 B. *Health and Safety (H&S) (including pandemic and natural disasters)*

2.2.3.7 *Health and Safety, security and environmental risks and pollution*

2.2.2.1 *Environmental Management Systems (EMS) -Health and Safety on work sites*

Operations:

- Dedicated Group organisation for Health and Safety risk management, supplemented by procedures that comply with local regulations at local level;
- Maintenance and inspection conducted for all relevant equipment subject to regulation;
- Annual third-party audits of Health and Safety risks conducted at asset level on the European portfolio and associated action plans;
- Routine property tours to identify hazardous conditions and implement corrective actions in the US; and
- Strong sanitation and hygiene standards implemented at all of the Group's venues to answer to the global COVID-19 pandemic, in partnership with an external certification partner.

Developments:

- Worksites monitored by a Health and Safety Coordinator; and
- Contractual requirement for construction contractors overseen by the construction management contractor to make the necessary provisions for site safety and comply with the relevant Health and Safety legislation.

Number of sanctions for non-compliance related to building Health and Safety and monetary value of associated fines; and Percentage of assets in operation that obtained an A or B annual score in their Health and Safety and Environmental third-party risk assessment.

Lead the industry in health, safety and security to reduce incident levels

(1) The coverage of this figure excludes Viparis employees: Viparis employees have not followed this training in 2021 due to the impact of the COVID-19 crisis on the Convention Et Exhibition activity.

40 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Summary of associated policies and actions plans
Associated main performance indicators (2021 results)

Health and Safety, Security and Well-being of people in properties (continued)

• Non-resilience of assets facing physical phenomena (acute and chronic climate events)

References:

3 *Climate risk management and adaptation to climate change*

4 *B. Health and Safety (including pandemic and natural disasters)*

2.2.2.2 Environmental certifications of buildings under development

2.2.3.2 Environmental certifications of buildings during the operation phase

6.3 Transferring risk to insurers

Group climate change risk assessment covering all standing assets and the development pipeline, in line with Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, covering both transitional and physical risks;
Global map of future risks of climate change for

the Group portfolio, to design relevant climate change adaptation plans;

Target for development projects and standing assets in the portfolio to integrate long-term climate risks;

Periodic assessment of assets most exposed to natural disasters and of their prevention/ protection plans;

Adequate insurance cover for natural disasters for assets in Europe, the UK and the US; Annual emergency preparedness drills for all assets in a natural catastrophe zone; Compliance with regulatory requirements in each region regarding flooding risks, water management, and drainage systems for exceptionally heavy rainfall; Due diligence process for acquisitions and new development projects also covers the risks associated with climate change; and Environmental certification policy for all assets in both development and operation phases: BREEAM, or LEED and BREEAM In-Use certifications schemes covering among others physical resilience and energy aspects.

- Coverage of BREEAM In-Use environmental certification of the Group's standing assets (shopping centres and offices) - in floor area;
- Percentage of retail and office assets in the standing portfolio that obtained an environmental certification in development phase (in number);
- Percentage of development projects that are in an environmental building certification process; and
- Conditions of asset insurance for natural disasters.

Enhance resilience of buildings facing climate change impacts

'Green/ sustainable value of assets and the Group

- Loss of access to green financing instruments and decrease in Environmental Social and Governance ("ESG") ratings

References:

2.1.4.2 Results of non-financial ratings and indices

2.1.5.4 Relations with investors and professional organisations

2.5. Green financing of the Group activities

Answering to the most recognised non-financial rating agencies, monitoring questionnaire evolutions and benchmarking of scores; Organisation of ESG roadshows and meetings with investors, and direct dialogue on sustainability issues with investors;

Formalised Use of Proceeds for Green Bond allocation, and formalised procedure for analysing, selecting and monitoring assets under the Green Bond instrument; and

Regular back-testing of asset eligibility to Green Bond criteria and monitoring of green loan KPIs' performance levels.

Reporting on Green Bonds allocation and amount of Green Bonds allocated (monetary value); and Scores of extra-financial ratings (CDP, GRESB, ISS ESG, MSCI, Sustainalytics, FTSE4Good, V.E).

Obtain access to green financing instruments

Improve and demonstrate the

environmental
quality of assets
(environmental
certifications,
carbon
footprint,
accessibility,
etc.)

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Summary of associated policies and actions plans
Associated performance indicators (2021 results)

Responsible supply chain

- Contracting with service providers, suppliers or subcontractors not complying with regulations or standards of their profession (e.g. fundamental human and labour rights) or having a negative CSR image/ performance

References:

2.3.3.3 Supply chain management

2.2.2 Design sustainable buildings - Sustainable construction

2.2.2.3 Construction materials -A responsible supply chain

- Controversies linked with tenant activity affecting the asset image

References:

2.3.4.2 Open dialogue with tenants and visitors

2.3.5 Promote responsible consumption

2 *Support local entrepreneurship*

3 *Green leases and tenant commitments*

Identification and quotation of Environmental, Social and Ethical risks inherent to all the Group purchasing categories (Group supply chain CSR risk mapping), to design tailored mitigation action plans;

Procedure for screening business partners; Group Code of Ethics applicable to all contractors; Whistleblowing procedure made accessible to all contractors; Onboarding process of main service providers on the Group's sustainability engagements; Group purchasing conditions and standard contracts including environmental and social terms, such as complying with International Labour Organization ("ILO") conventions and local labour laws in Europe; Group Considerate Construction Charter applicable for all development projects describing the Group's requirements and recommendations to optimise worksites' environmental quality; For development projects, compliance of providers to professional standards ensured through the tender process, the contract documents, and the monitoring of compliance by the operations supervisor, with sanctions in case of noncompliance, according to severity (formal notice, penalties or dismissal); and Policy to use 100% timber from certified, sustainably managed forests with FSC or PEFC certification in development, extension and renovation projects, for both works and building structure.

Strengthen communication with tenants and visitors (e.g. sustainability meetings with tenants, satisfaction surveys, CSR customer satisfaction surveys conducted and analysed in shopping centres to improve their sustainability perception, etc.);

Reflecting consumer trends in tenancing mix, and notably increasing sustainable and healthy alternatives in the shopping centres; Support entrepreneurship and local/innovative concepts;

Signing voluntary and contractual agreements on sustainability issues with tenants; and Initiatives led in collaboration with tenants to raise visitors' awareness of the environmental and social impact of consumption choices.

Direct information to all the Group's main service providers on its Better Places 2030 CSR strategy, to kick-start an onboarding process; and Number and percentage of development projects that implement a Considerate Construction Charter.

Percentage of Green leases signed among new leases and active leases.

Onboard stakeholders along the Group's value chain in its CSR strategy

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Summary of associated policies and actions plans
Associated main performance indicators (2021 results)

- Non-engagement of employees and employee turnover rate increase

References:

1 *Talent development and career management*

2 *Training*

2.4.1.4 *Compensation and benefits*

2.4.2 *Working Together*

1 *Employee commitments and CSR*

2 *Well-being*

3 *A. Recruitment, retention and succession plan*

Frequent employee consultations and engagement surveys to design and implement action plans to make URW a great place to work; Ambitious people-oriented policies on Work-life balance, Well-being, Diversity and Inclusion, and Sustainable work environment ("Work Greener"); Enhanced Group policy for flexibility at work (up to two days homeworking, flexi work and family-friendly policies); Structured and comprehensive benefits policy (stock-options and performance shares, Company Saving Plan, health plans) in line with market practice;

Monitoring continued attractiveness of compensation and benefit packages;

Global Talent Review process, including yearly

360° feedback for all employees;

Providing permanent learning and development opportunities (e.g. URW Academy learning platform, international mobility, cross-functional mobility);

Shared "Together at URW" corporate values embedding the Group's culture; "Be You at URW" corporate framework and regional networks embedding the Group's commitment to Diversity and Inclusion; and Roll-out of 'Your Well-Being' framework to all employees supporting healthy-culture, minds and bodies.

Turnover rate; Percentage of employees that were promoted; Percentage of employees who made a lateral career move;

Percentage of URW countries that implement employee Well-being and Work Greener programmes; and Employee engagement rate in the Group URW Volunteering programme.

Engage employees in the Group's strategy

- Lack of attractiveness for employees/loss of key competencies for the execution of the Group's strategy

References:

2 *Training*

2.4.1.1 *Talent development and career management*

3 *A. Recruitment, retention and succession plan*

Developing and supporting URW's "employer brand";

Highly successful International Graduate Programme ("IGP");

Global Talent Review process including yearly

360° feedback for all employees;

Global succession planning process;

Strong co-optation programme and partnering

with the best head-hunting firms to regularly map

best external talent;

Providing permanent learning and development opportunities (e.g. URW Academy learning platform, international mobility, cross-functional mobility); and

Leadership and management programmes.

- Average number of training hours per employee;
- Employee recruitment rate; and
- Percentage of employees that conducted an international mobility assignment.

Attract the best talent for the company

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Summary of associated policies and actions plans

Associated main performance indicators (2021 results)

- Lack of profile diversity (innovation, long-term management and decision making)

References:

2.4.2.2 Diversity and Inclusion

1 *Together at URW*

2 *Training*

2.4.1.4 Compensation and Benefits

3 *A. Recruitment, Human capital retention and succession plan*

Enhanced Diversity and Inclusion in URW top management, with a minimum 40% gender balance target by 2025;

URW's Equal Opportunity statement included in formalised HR policies relating to recruitment practices, compensation and benefits, talent review, and learning and development; Group 'Be You at URW' framework to embed the Group commitment to improve employee engagement on Diversity and Inclusion; 'Be You at URW' networks represented in all Regions, raising awareness of Diversity and Inclusion;

Shared 'Together at URW' corporate values supporting the ambition to become diversity change-makers;

Group-wide 'Supporting Inclusion at URW' unconscious bias training rolled out to employees in all regions;

Development of international Group culture

(e.g. international, mobility, cross-functional

mobility, IGP programme); and

Group Code of Ethics and whistleblowing

procedure with a zero-tolerance principle for

discrimination or harassment;

Promotion of a European Diversity Charter to fight

all forms of discrimination; and

Disability awareness training offered to employees in some regions.

Percentage of women in employee headcount; Proportion of senior management level positions held by women; and Percentage of conversion of apprenticeships to permanent contracts.

Diversify skills and competency profiles in the company

Local acceptability

- Slowing local economic development and affecting local jobs

References:

2.3.2 Promoting community resilience

1 *Socio-economic impact*

2 *Support local entrepreneurship*

2.3.4 Engaging with local stakeholders

Extensive public consultations held for all development and extension projects; Community resilience framework rolled out and action plans designed in all assets; Building long-term partnerships with local stakeholders (residents, public authorities, and associations);

Measurement and enhancement of the direct and indirect socio-economic impact of the Group's assets;

Supporting employment through the URW for Jobs programme, rolled out in all locations where the Group operates and through specific initiatives organised in partnership with local institutional employment agencies, industries, and schools; and Empowering entrepreneurship, supporting business creation and retail innovation (e.g. space provision, exposure to customers, long-term partnerships, financial support, participation to entrepreneurship networks, mentorship, etc.).

Percentage of assets with a Community Resilience Action Plan; Percentage of Flagship assets that support local entrepreneurship; Number of people that integrated a job or a qualifying training certification through the URW for Jobs programme; Total hosted jobs by the Group and its stakeholders (socio-economic footprint study);

Amount of local taxes and social contributions paid by the Group by region; and Percentage of Flagship assets that had a partnership with a charity or NGO for at least two years.

Create local jobs

Foster local economic development

Create social link

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Summary of associated policies and actions plans
Associated main performance indicators (2021 results)

Environmental pollution

- Water, soil and air pollution linked with the development and operation of assets

References:

2.2.3.7 Health and Safety, security and environmental risks and pollution

2.2.2.1 Environmental Management System (EMS) -Sustainable construction

- Not identifying/controlling existing pollution in development projects (remediation costs and legal responsibility)

References:

2.2.2.1 Environmental Management System (EMS) -Pollution and environmental risk management

2.2.2.1 Environmental Management System (EMS) -Pollution Prevention

Soil decontamination when relevant during works on development and existing sites; Group Considerate Construction Charter applicable to all new development, renovation and extension projects, with requirements to minimise pollution for the contractors working on site, the neighbouring area and the natural environment; Inspection and continuous maintenance and improvement of existing buildings and technical equipment liable to have an impact on the environment or on personal safety (including air and water quality, soil and air pollution); and Annual third-party audits of Health, Safety and Environmental risks conducted at asset level on the European portfolio and associated action plans.

Pre-acquisition due diligence process, including environmental risks and soil pollution; and Soil decontamination for works on development and existing sites.

Monetary value of fines for environmental breaches (operations) (€); Total number of nonmonetary sanctions for environmental breaches (operations); and Percentage of assets in operation that obtained an A or B annual score in their Health and Safety and Environmental third-party risk assessment.

Expenses in site controlling decontamination (€) and volumes of soil concerned (m³).

Contribute to optimising the exploitation of material flows In operations and developments

Energy and greenhouse gases

- Limited availability and increase in prices of fossil fuels

References:

2.2.3.4 Energy management

2 Carbon assessment -Focus on Scopes 1 and 2 emissions from the operation of buildings

3 Green leases and tenant commitments

2.2.3.1 Environmental Management System (EMS) -EMS for existing assets

2.2.2.1 Environmental Management System (EMS) -Energy and Carbon

2.2.2.3 Construction materials

Energy efficiency targets and energy management action plans in all standing assets, involving daily energy optimisation actions as well as investments in energy efficient equipment; Environmental management system to improve environmental performance of assets; Shift towards electricity supply from renewable energy sources for all assets; Development of on-site renewable energy production capacity;

Life cycle assessments of development projects to reduce the amount of materials used and their carbon footprint; and

Engaging with stakeholders to improve energy efficiency and source renewable energy: tenants and suppliers (e.g. Green leases, PPA contracts, and energy performance contracts with maintenance providers).

Energy intensity per area or use (KWh/sqm and KWh/sqm DOCC); and

Carbon intensity linked with energy consumption of standing assets (Scopes 1 & 2 emissions) per area or use (kgCO₂e/sqm and gCO₂e/ sqm DOCC).

Improve energy efficiency and develop renewable energy use

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Summary of associated policies and actions plans

Associated main performance indicators (2021 results)

Energy and greenhouse gases

(continued)

(continued)

- Increased regulation of building energy efficiency

References:

2.2.3.4 Energy management

2.2.3.3 Green leases and tenant commitments

2.2.3.1 Environmental Management System (EMS) -EMS for existing assets

2.2.2.1 Environmental Management System (EMS) -Energy and Carbon

2.3.3.3 Supply chain management

Energy efficiency targets and energy management action plans in all standing assets, involving daily energy optimisation actions as well as investments in energy efficient equipment; Environmental management system to improve environmental performance of assets; and Engaging with stakeholders to improve energy efficiency: tenants and service providers (e.g. Green leases, and energy performance contracts with maintenance providers).

Energy intensity per area or use (KWh/sqm and KWh/sqm DOCC);

Financial impact resulting from variations in energy consumption (€); and Percentage of Green leases signed among new leases and active leases.

Increase
operational
efficiency
through
improved
energy
efficiency

- Lack of resources or ownership for managing CSR risks and CSR strategy

References:

2.4.3 Inspiring our people

2.1.5 Governance of CSR

2.1.4.4 External assurance

2.2.2.2 Environmental certifications of buildings under development

2.2.3.2 Environmental certifications of buildings during the operation phase

CSR agenda defined and overviewed at the highest governance levels: Group CEO, Management Board (MB) and Group Executive Committee, and the Supervisory Board (SB); Integration of the CSR agenda in core business processes: due diligence process, environmental management system for both development projects and existing assets, CSR information integrated in asset budget reviews, CSR objectives set for all employees in the assessment process of individual performance, CSR training module rolled out to all employees;

Alignment of initiatives, action plans and targets with the CSR programme in all departments (leasing, HR, development, operations, etc.); Dedicated CSR team responsible for overseeing and supporting the implementation of the Group CSR strategy;

Specific Group CSR governance with committees involving top management and operational managers in all business lines; and Effective implementation verified through external audits and certification schemes.

Percentage of Group employees with annual CSR individual objectives.

Enhance the Group's reputation as a trusted and responsible partner and seize CSR opportunities

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.1.3 PRIORITIES OF THE GROUP CSR STRATEGY

2.1.3.1 BETTER PLACES 2030

Since 2007, URW has defined an ambitious CSR strategy. Between 2006 and 2015, URW had already achieved a cumulative reduction of 33.8% of its energy intensity and 65.1% of its carbon intensity. In 2016, the Group took up a new long-term challenge, with its Better Places 2030 programme. In doing so, the Group was the first listed real estate company to incorporate CSR in its entire value chain and address the wide scope of indirect carbon emissions resulting from construction works, transportation of visitors and employees, and energy consumption by tenants.

In 2019, the Group's CSR strategy, Better Places 2030, was extended to the new regions of the Group and to a broader scope of topics. While URW's agenda on fighting climate change remains central, Better

Places 2030 also onboarded new environmental and societal challenges like responsible consumption and the circular economy, but also critical social responsibilities on Diversity and Inclusion and employee well-being. Better Places 2030 relies on an efficient CSR governance structure allowing decision making at the appropriate level within the organisation and covering all geographies (presented in Section 2.1.5.2 Governance of CSR and of the Better Places 2030 programme), and CSR-related risks are included into the Group Risk Management Framework. Better Places 2030 builds on the conclusions of the materiality analysis, market trends to 2030 and the analysis of CSR risks. It addresses the main challenges facing commercial real estate: moving towards a low-carbon economy and sustainable mobility, fully integrating the Group's business activities within local communities, and empowering teams on sustainability and diversity.

Better Places 2030 rests on three pillars as outlined below:

ill In, In ETTELTOGETHER

CUT CARBON EMISSIONS ACROSS OUR VALUE CHAIN BY-50%
BE A CATALYST FOR GROWTH WITHIN THE COMMUNITIES IN WHICH WE OPERATE
EMPOWER OUR PEOPLE TO BECOME SUSTAINABILITY & DIVERSITY CHANGE-MAKERS

€20Mn

CARBON EMISSIONS ACROSS OUR VALUE CHAIN BY 2030''

(1) Baseline 2015.

OF SOCIAL VALUE GENERATED BY URW COMMUNITY-ORIENTED PROGRAMMES IN 2021
GROUP EMPLOYEES WITH YEARLY INDIVIDUAL CSR OBJECTIVES FROM 2020 ONWARDS

In order to lead this transformation, Better Places 2030 is structured in a detailed and actionable set of sub-targets, detailed in the CSR section of URW's website. The 2021 performance results linked with these targets are presented in Section 2.1.4.1 Summary of the Group's CSR performance. Better Places 2030 and its associated performance has been recognised by key non-financial rating agencies, which rank the Group among the most sustainable companies in commercial real estate (see Section 2.1.4.2 Results of non-financial ratings and indices).

(1) See Better Places 2030 Brochure at the following link: <<https://www.urw.com/en/csr/csr-documents>>.

UnivcrsalRcgistration0ocument2021 / UNIBAIL-RODAMCO-WESTFIELD 47

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Better Places 2030 contributes to the United Nations Sustainable Development Goals as outlined below:

CONTRIBUTION OF BETTER PLACES 2030 TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Ambitions

Design sustainable buildings

Minimise the environmental impact through innovative design and construction

9
fimmnuufs< txmismcm

44 uisiunBifcfns 11 inocowii'dms

BETTER SPACES

Cut carbon emissions across our value chain by -50%
Improve eco-efficiency

Collaborate with our tenants and contractors for efficient resource use

Develop connectivity and sustainable mobility

Ensure access to public transport and sustainable mobility

7
n0RIAABIIU QIUJMRGr



/*

UQHIRASIBUCOJa

44 susmmbkotk 11 Mficowuunis

Integrate nature and biodiversity

Contribute to greener cities by protecting biodiversity

44 susiunflitaiii 11 iwcouMiirdms

Expand local economies

Foster sustainable local economic development

8

DI = NI VIOBK V.D ICIHOUUGRUWIH

BETTER COMMUNITIES

Be a catalyst for growth within the communities in which we operate

Engage with local stakeholders

Support local partners

BETTER TOGETHER

Empower our people to become sustainability and diversity change-makers

Promote responsible consumption

Promote healthier and more responsible consumption

Bring together

Promote Diversity and Inclusion throughout the organisation

Empower

Develop and train talent

Inspire

Make CSR core part of our corporate culture

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.1.3.2 BETTER EVENTS 2030 - VIPARIS CSR STRATEGY

Viparis is a real estate services and services company owned jointly with the Chamber of Commerce and Industry of Paris Île de France ("CCIP") and which is fully

Viparis is a real estate venues and services company owned jointly with the Chamber of Commerce and Industry of Paris Ile-de-France (CCIR), and which is fully consolidated by URW. This activity is exclusively located in France and operates the Group's convention and exhibition venues (See Section 1.4 Business overview).

With an average of 11 million visitors annually, 800 events and 12¹ sites, Viparis integrates sustainable development in its values and strategy. This commitment is acknowledged in its ISO 20121 certification, the leading international standard for the events sector, which has been enforced at all its sites since 2014. In 2017, in line with the Better Places 2030 programme, Viparis decided to step up its CSR policy by launching its 'Better Events Viparis 2030' strategic plan. This CSR policy has been revised in 2021, outlining Viparis' major issues and commitments for the coming years and revolves around three pillars referring to the pillars of sustainability:

1. Better for the Environment: With a target of reducing both its carbon and ecological footprints, Viparis aims to build and operate sustainable buildings which respect nature and its resources and supports the accessibility of its sites via sustainable transport means and optimised logistics solutions;
2. Better Heritage: Viparis ensures that each event leaves a positive legacy by offering an increasing number of sustainable services as it joins forces with local and like-minded partners; and
3. Better at Heart: Viparis is committed to cultivating and valuing its employees, but also to embracing diversity. Viparis' CSR initiative also engages all employees.

With this ambition, Viparis aims, as an industry leader, to play a key role in transforming industry practices to achieve greater sustainability. These commitments allow Viparis to participate in the UN's Sustainable Development Goals and to do its part on its own scale. The Viparis CSR policy is set out in a dedicated document, available on Viparis' website's sustainable development section: www.viparis.com <<http://www.viparis.com>>.

(1) Carrousel du Louvre and the CNIT are mixed-use assets with both Convention & Exhibition and Retail areas, which reporting figures have all been reported under the retail category; and there are two marketing sites (La Serre and Paris Convention Centre) which are part of the Pans Porte de Versailles asset and included in its reported data (see Section 2.6.1 Unibail-Rodamco-Westfield's reporting methodology).

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.1.4 SUMMARY OF THE GROUP'S CSR ACHIEVEMENTS

2.1.4.1 SUMMARY OF THE GROUP'S CSR PERFORMANCE

- BETTER PLACES 2030

This section only includes the main targets of Better Places 2030. The sub-targets tied to the operational rollout and their associated progress are described in the next sections (2.2 Better Spaces, 2.3 Better Communities and 2.4 Better Together).

Performance Progress

OOO Achieved OOO 1" Progress OOO Not achieved

PERFORMANCE

Cut carbon emissions across our value chain by-50% by 2030.

OOO

2015 2021 2030 Target

tCO₂e - % variation vs. baseline

PERFORMANCE

Reduce emissions from construction by -35% by 2030.

OOO

-35%

553
EU US

2015 Baseline 2021 2030 Target

kgCO₂e/sqm-% variation vs. baseline

100% development projects to integrate a circular economy design solution by 2025.

OOO

The requirement for the integration of circular economy design solutions in the development projects has been added in the Group Sustainability Brief in 2020 and will be closely monitored through a dedicated assessment tool.

100% development projects to include long-term climate risks, while minimising resource use and maintaining user comfort by 2025.

OOO

The requirement for the study of climate risks faced by development projects has been added in the Group sustainability brief in 2020 and will be closely monitored through a dedicated assessment tool.

Reduce emissions from operations by -80% by 2030.

000

2015 Baseline 2021 2030 Target

kgCO₂eq/sqm¹ - % variation vs baseline

Improve the energy efficiency of our assets by 30% by 2030.

000

2015 Baseline 2020 2021 2030 Target

kWh/sqm-% variation vs. baseline

Multiply the installed capacity of on-site renewable energy five-fold by 2025.

000

1.37

2015 Baseline 2021 2025 Target MW-Capacity multiplier vs baseline

(1) Total operated area.

50 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Performance Progress

000 Achieved 000 1"Progress 000

Notachieved

PERFORMANCE

100% of our assets to include a climate change risk plan by 2022.

000

Based on the Group risk assessment of long-term climate change risks delivered in 2019, the Group will work on adaptation plans for its standing assets

Based on the Group risk assessment of long-term climate change risks delivered in 2019, the Group will work on adaptation plans for its standing assets
Aim to send zero waste to landfill by 2025.

OOC

2020 2021 2025 Target
Metric tonnes - % of total waste

Reduce emissions from transport by -40% by 2030.

OOO

2015 Baseline 2021 2030 Target kgCO₂e/visit - % variation vs baseline
50% of visitors to access Group assets by sustainable means of transport by 2030.

OOO

2021 2030 Target
% of visitors

100% development projects significantly connected to public transport solutions by 2025.

OOO

2021 2025 Target
% of projects

Develop a Group Biodiversity Strategy by 2022.

OOO

The Group Biodiversity Strategy has been developed in 2020 with, in addition to the two existing commitments, a new one on having 100% new development projects to achieve a biodiversity net gain by 2022.

100% standing assets with high biodiversity stakes to implement a biodiversity action plan by 2022.

In 2020, the new Group Biodiversity Strategy brought details and operational guidance for this commitment on both high biodiversity stakes assets and action plans.
100% development projects to implement a biodiversity action plan by 2022.

In 2020, the new Group Biodiversity Strategy brought details and operational guidance for this commitment. Biodiversity-related themes are also monitored in the new development project assessment tool.

OOO

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Performance Progress OOO Achieved

OOO In progress OOO Notachieved

HITTEtRCOMMUNITIES

PERFORMANCE

€20 Mn of social value generated through community oriented programmes in 2021.

OOO

2020 2021 2021 Target

Million euros

PERFORMANCE

100% of Flagship assets to support local entrepreneurship through commercial partnerships and regional networks from 2020 onwards.

OOO

1,000 people to integrate a job or a qualifying training certification through the URW for Jobs programme from 2020 onwards.

OOO

2019 2020^F 202F 2021 Target 2021-Number of people

100% of Flagship assets to support at least one local charity or NGO-sponsored long-term project (>two years) by 2022.

OOO

Collaborate with tenants to increase transparency of brands on health and sustainability, and to expand healthy and sustainable alternatives in 100% of Flagship assets by 2025.

OOO

The Group pursued the integration of sustainable brands (brands integrating sustainability as heart of their processes and products) in its portfolio to enrich its alternative sustainable offer. In parallel, concrete discussions with retailers were undertaken on their sustainability policies, for the Group to engage and support their efforts when relevant.

100% of Flagship assets support and promote at least one sustainable consumption initiative by 2022.

OOO

- 1) Despite strong engagement towards local entrepreneurs and small businesses throughout the year to help them maintain their activities or grow, the activity restrictions in several countries prevented the Group from achieving its target.
- 2) Several shopping centres did not conduct URW for Jobs in 2020 and 2021 due to the COVID-19 pandemic (closures and cancelled job events in line with governmental health and safety restrictions).

52 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

Performance Progress

OOO Achieved OOO In progress OOO

Not achieved

IKTTERTOGETHER

100% of Group employees with yearly individual CSR objectives from 2020 onwards.

OOO

PERFORMANCE

Achieve a 60/40 gender balance by 2025 in senior management roles.

OOO

Improve employee engagement on Diversity and Inclusion.

OOO

A new Group Employee Pulse Survey was rolled out, with 64% of respondents strongly stating that URW is committed to Diversity and Inclusion. The survey will be rolled out each year.

Develop and roll-out Group-wide leadership and management programmes integrating CSR by 2022.

OOO

In 2021, dedicated Climate Change Training was delivered for Executive Committee members, and a CSR-driven project was integrated into URW's High Potential programme for future leaders.

100% of Group employees to have participated in CSR training by 2022.

OOO

100% of Group employees take part in the URW Volunteering Programme annually from 2020 onwards.

000

100% of our countries to implement Work Greener and employee Well-being programmes from 2020 onwards.

000

- 1) 156 of employees were unable to set a CSR objective in time before the end of the performance assessment period.
- 2) The COVID-19 crisis and associated closures and lockdown periods prevented the Group from reaching its objective. At the end of 2021, the Group's employees contributed more than 7,096 volunteering hours. With teams working remotely, the assets demonstrated new ways to support their communities, fighting and preventing the spread of the virus, strengthening local cohesion and protecting the most vulnerable.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

- BETTER EVENTS 2030

BETTER FOR THE ENVIRONMENT

PERFORMANCE

Reduction of GHG emissions.

Signatory of the Net Zero Carbon Events

Pledge.

Build and operate sustainable buildings.

25% reduction in energy intensity in 2025 compared with 2014™.

-15% reduction of the off-production energy.

2014 2019 2020 2021

kWh-% variation vs. baseline

Definition of the off-production energy consumption for all our venues.

Build and operate sustainable buildings.

-35% in the carbon footprint for the construction of new development projects in 2030 compared with 2016.

Baseline: Pavilion 6 at Paris Expo Porte de Versailles 3,076 kgCO₂eq/sqm⁽²¹⁾.

Hall 3 Paris LeBourget: -70% compared with baseline according to an early-stage life-cycle analysis.

An environmental programme policy for development projects is being drafted.

Respect nature and its resources.

Reduce and valorize waste (70% recycling rate in 2030 on the perimeter managed by Viparis).

Rate of material Rate of global

waste recovery waste recovery

2021-% of waste⁰¹

2,500 power boxes transformed into pots through a partnership with an SSE company

Respect nature and its resources.

Fight against food waste.

100% of catering partners and food outlet concessionaires with a solution to redistribute consumable food products and biowaste management included in their contract.

Implementation of caterers' biowaste management by Viparis at the Palais des Congrès de Paris
Respect nature and its resources.

Re-introduce biodiversity.

% of sites with a biodiversity issue which apply the Viparis Biodiversity Charter.

Support green mobility.

Reduction of logistic carbon footprint.

Off-site logistics implemented at The Palais des Congrès de Paris allowing grouped shipments and cleaner transport between the off-site storage facility and the venue.

One partnership with a client in order to store equipment for building stands on-site, so avoiding the need to dispatch more than 500 HGVs for the two annual events.
Support green mobility.

Reduction of visitors' mobility carbon footprint with 80% of visitors arriving via sustainable transport means.

- 1) The energy consumption KPI is more relevant considering the 2021 level of activity induced by the health crisis distorting the energy intensity ratio indicator.
- 2) Floor area.
- 3) Rate not very representative considering the 2021 context, due to the low tonnage treated (799 T in 2021 versus 2,339 T in 2019), preventing sufficient higher volume (massification) to optimize the transfer to the treatment centers. Excluding Le Bourget venue.
- 4) The figure is not available due to the absence of visitor surveys in 2021.

54 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

BETTER AT HEART

PERFORMANCE

Offer sustainable services.

Support our clients
in improving CSR aspects of their events through the organisation of CSR meetings.

New sustainable offers under development.

Enrich the
employee experience.

96% of new employees followed a CSR training

Participation of employees to the World CleanUp Day action and to a Christmas challenge with a social impact (a donation to Emmaus Solidarity) 130 employees engaged
through the Christmas challenge.

HdDQVH Viparis certified for the
rr/ third consecutive year:
IrtUmeeA Happy Trainees

Work with

WORK WITH
responsible partners.

Implementation of new CSR questionnaires and launch of the supplier evaluation campaign integrating both Ecovadis and internal solutions.

100% of tenders managed by the purchasing team with CSR criteria in 2021.

Create an environment encouraging the development of each individual's talent. Workshops were held in 2021 in order to define future actions.

Involve local stakeholders.

partnerships with associations in 2021 by providing spaces.

New generation of start-ups at the French Event Booster.

Two venues hosted vaccination centres during the 2021 COVID-19 pandemic.

Embrace diversity.

Promote gender equality.

Welcome
intergenerational
experience.

Develop inclusion of people with disabilities.

French gender equality index. 95/100 in 2021.

Signatory of the Charter of the Circle of Women in Real Estate.

100% of new employees under 30 years old mentored through an internal mentoring system

Organisation of a conference with an handisport athlete on "Resilience and disability".

A disability agreement under negotiation with public authorities in order to promote employment, disability awareness campaign, adaptation of workstations, etc

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD 55

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.U.2 RESULTS OF NON-FINANCIAL RATINGS AND INDICES

URW again features in recognised extra-financial (ESG) performance indices. The Group's strong ESG ratings and assessments confirm and strengthen its position as an ESG leader in the industry in 2021.

- NON-FINANCIAL EVALUATIONS

The Group's ESG assessments by extra-financial rating agencies were updated in 2021:

- CDP: URW was highlighted as a global leader on corporate climate action by global environmental impact non-profit CDP:
 - Achieving a place on the CDP Climate Change A List (score on a scale of A to D) in 2021 for the fourth year in a row!

- Achieving a place on the CDP Climate Change A List (score on a scale of A to D-) in 2021 for the fourth year in a row;
- Being awarded a position in the Supplier Engagement Leaderboard recognising the Group as a global leader for engaging with its suppliers on climate change (more details in Section 2.3.3.3 Supply chain management);
- MCSI ESG ratings: In 2021, and for the eighth year in a row, URW obtained the highest rating of AAA (on a scale of AAA to CCC) in the MSCI ESG ratings assessment;
- ISS ESG Corporate rating: URW reconfirmed its B rating in September 2021 and received again the Prime status awarded to companies with an ESG performance above the sector-specific Prime threshold. URW also conserved its leader position in the 1st decile rank comparing its performance relatively to its industry peers;
- Sustainalytics: In May 2021, URW received an ESG Risk Rating of 4.7 and was assessed by Sustainalytics to be at Negligible risk of experiencing material financial impacts from ESG factors. URW's ESG Risk Rating by Sustainalytics places the Group at the 1st rank and in the 1st percentile of the Real Estate Industry group assessed by Sustainalytics, as well as at the 3rd rank in the global rated universe (13,000+ companies). URW's management score of ESG issues assessed by Sustainalytics is strong (81.9/100);
- V.E (formerly Vigeo Eiris): In 2021, URW was rated 68/100 for its global ESG performance, positioning the Group at an advanced performance level, and ranked 2nd in its sector (Financial Services - Real Estate);
- Standard Ethics: URW is rated EEE- 'Excellent' grade (on a scale of EEE to F) by Standard Ethics, an independent sustainability rating agency aiming to promote sustainability and governance standard principles from the European Union, the Organisation for Economic Co-operation and Development ("OECD") and the United Nations (rating issued in 2019); and
- GRESB (Global Real Estate Sustainability Benchmark): In 2020, the Group received a '5 Star' rating for the 10th year in a row, which recognises entities with the highest performance levels in the GRESB benchmark. URW ranked:
 - Second among all listed European retail real estate companies in the standing investment benchmark; and third among all listed retail real estate companies in the same benchmark;
 - First among all 605 European companies rated by GRESB for its Management score; and
 - Global Listed Development Sector Leader for Diversified - Office/ Retail portfolios among real estate companies worldwide in the development benchmark.

3

In 2021, the Group exceptionally paused its participation in the GRESB assessment due to the impact of the COVID-19 health crisis, affecting both the representativity and comparability of the 2020 data".

SUSTAINALYTICS -

RATED
MSCI

ESG RATINGS

CDP
A LIST
2021
CLIMATE

- NON-FINANCIAL INDICES

In 2021, URW again features in a number of renowned ESG indices, including:

- Euronext Vigeo indices: World 120, Europe 120, Eurozone 120 and France 20 (since 2013, reconfirmed in November 2021);
- The FTSE4Good Index series (since 2005, updated FTSE4Good Index Review in June 2021);
- The Solactive Europe Corporate Social Responsibility Index and the Solactive Global Corporate Social Responsibility Index (formerly the Ethibel Sustainability Index Excellence Europe and the Ethibel Sustainability Index Excellence Global of which URW is part since 2011);
- The list of 'Top 10 Performers' of the CAC 40* Governance index (since the creation of the index in 2017, renewed in September 2021); and
- ECPI* indices: ECPI World ESG Equity, ECPI Euro ESG Equity, ECPI EMU Ethical Equity, and ECPI Global ESG Gender Equality Index (reconfirmed as of December 2021).

EURONEXT **fcjl**

FTSE4Good

SOLACTIVE
German inrl.* Engineering

1) <<https://cdn.urw.com/-/media/Corporate-o-Sites/Unibail-Rodamco-Corporate/Nasdaq/2021-12-07URW-PR-CDP.ashx?revision=d68afbddd-686f-456a-a7f0-871974402ee2>>
2) <<https://www.urw.com/-/media/Corporate-o-Sites/Unibail-Rodamco-Corporate/Files/Homepage/CSR/CSR-Documents/EN/20210603-GRESB-URW-non->participation-in-56-UniversalRegistrationDocument2021/UNIBAIL-RODAMCO-WESTFIELD>>

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.1.4.3 ALIGNMENT WITH CSR REPORTING STANDARDS AND FRAMEWORKS

Since 2018, the Group issues its Non-financial statement (French Declaration de Performance extra-financiere, ("DPEF")), in compliance with the transposition into French law (via decree no. 2017-1265 of August 9, 2017) of the European directive of October 22, 2014, related to the disclosure of non-financial information.

URW's 2021 Non-financial statement consists mainly of the present Chapter 2 "Corporate Social Responsibility" of the Group's 2021 Universal Registration Document, completed with elements in Chapters 1 and 3 (business model and business ethics policies). Detailed components of the Non-financial statement as required by the regulation are presented in a correspondence table in Section 8.6.3 Cross-reference table of the management report.

In 2021, in compliance with the new European "Taxonomy" regulation, URW has published the share of its eligible activities. The European Taxonomy aims to establish a unified classification system for economic activities to determine whether these activities can be considered "environmentally sustainable" (or "green"). The eligible share of turnover, CAPEX and OPEX from URW activities are presented in Section 2.5.1 Taxonomy regulation.

Since 2018, the Group ensures its alignment with the new industry guidelines for reporting non-financial information, updated by the French National Council of shopping centres ("CNCC") the same year to ensure that the reporting done by commercial real estate companies complies with the new regulatory requirements on non-financial disclosure and is comparable from one company to another.

The 2021 URW Universal Registration Document also complies with the Best Practices Recommendations on Sustainability Reporting ("sBPR") established by the European Public Real Estate Association ("EPRA"). For the tenth time in a row, URW received the EPRA Gold Award in 2021 for completing its 2020 reporting in accordance with the EPRA Sustainability BPR.



Since 2013, URW follows the Global Reporting Initiative ("GRI") guidelines. The 2021 Universal Registration Document has been prepared in accordance with the GRI Standards: Core option.

The 2021 Group's non-financial statement is also in line with the recommendations of the TCFD. URW is an official supporter of the Financial Stability Board's ("FSB") TCFD since 2020, recognising the importance of increasing transparency of climate-related risks and opportunities, promoting more informed financial decision-making and building a more resilient financial system.

Cross-references tables of the Group's 2021 CSR reporting with EPRA and GRI indicators, as well as with the TCFD's core elements of climate-related financial disclosures, are available in the CSR section of the Group's website (<https://www.urw.com/en/csr/csr-documents> <<http://www.urw.com/en/csr/csr-documents>>). A correspondence table of the Group's reporting with the SASB real estate industry standard is also provided online in that same section, for information.

The Group's Better Places 2030 CSR strategy is furthermore aligned with the United Nations Sustainable Development Goals. Its contributions to the SDGs are detailed in Section 2.1.3 Priorities of the Group CSR Strategy.

2.1.4.4 EXTERNAL ASSURANCE

In compliance with the applicable regulation on the disclosure of non-financial information (see Section 2.1.4.3 Alignment with CSR reporting standards and frameworks), the data and key performance indicators of the Group's non-financial statement are audited by an independent third-party verifier; see the assurance report in Section 2.6.2 Independent third-party's report on consolidated non-financial statement.

In 2021, the audit included a comprehensive review of the data reported by a sample of nine assets, representative of the Group's portfolio: Westfield Mall of Scandinavia; Westfield Arkadia; Taby Centrum; Minto; Westfield Carre Senart; Westfield Velizy 2; Westfield Century City; Westfield Fashion square; and Westfield Stratford City (consistency review). The indicators were audited with a limited level of assurance. A list of the indicators audited can be found in the auditor's report (Section 2.6.2 Independent third-party's report on consolidated non-financial statement).

The third-party verifier was also commissioned to carry out an audit on the annual reporting for the Green Bonds issued by the Group. This audit consists of verifying the compliance of funded assets with the set of eligibility criteria, concerning both their development and operation phases, which are defined in the Green Bonds Use of Proceeds (see Section 2.5.3 Green Bonds). The detailed reporting and assurance report are disclosed in Section 2.5.3 Green Bonds.

2.1.5 GOVERNANCE OF CSR 2.1.5.1 ETHICS AND INTEGRITY

URW's corporate governance, ethical conduct and risk management policies provide the necessary stability and reliability required for sustainable growth and performance. As a signatory to the UN Global Compact since 2004, the goal of which is to promote CSR, the Group is committed to adopting, upholding and enacting within its sphere of influence the ten universally recognised principles relating to human rights, labour laws, environmental protection and anti-corruption. URW's governance structure is presented in Chapter 3 Corporate governance and compliance. URW's Code of Ethics and Anti-corruption programme are presented in Section 2.4.4

presented in Chapter 3 Corporate governance and remuneration. URW's Compliance policy, Code of Ethics and Anti-corruption programme are presented in Section 3.4.1 Ethics and Compliance within the URW Group.

TCFD

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 57

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

2.1.S.2 GOVERNANCE OF CSR AND OF THE BETTER PLACES 2030 PROGRAMME

Since January 7, 2021, the CSR governance has been updated, along with the new Group organisation, announced on the same date.

The CSR governance and the Better Places 2030 programme is built around two priorities:

- Monitoring CSR performance by ensuring that the objectives of the Better Places 2030 programme are fully integrated into the Group's business and decision-making processes; and
- Engaging all stakeholders and employees of the Group in order to collectively achieve the objectives of the Better Places 2030 programme.

As a key topic of Better Places 2030, climate change is fully integrated in the CSR governance described hereafter.

OVERVIEW OF URW CSR GOVERNANCE IN 2021

1? |^ ^ |? |?b

§ I
3 s

≥^

Starting in 2021, the CSR governance is structured around the following bodies:

The Supervisory Board (SB), including its two committees (the Audit Committee and the Governance, Nomination and Remuneration Committee) oversees the CSR programme as part of its regular business reviews and discusses the CSR strategy during its strategy sessions. In addition, the Audit Committee monitors CSR as part of the Group risk management approach, as a non-financial risk factor (see Section 6.1.2 Group Enterprise Risk Management Framework).

The Management Board (MB) and the Executive Committee (EC) act as the Group CSR Steering Committee by defining the strategy and key Group policies, and by monitoring the implementation of the CSR program. They report on progress and results to the Supervisory Board. The MB and EC are chaired by the CEO.

A dedicated CSR team is responsible for overseeing and supporting the implementation of the Group's CSR strategy across the organisation. This team develops tools and methodologies, and supports and trains Corporate and EU teams as well as the country/regional teams. It shares best practices and measures CSR performance to regularly report on results and progress achieved. The team is led by Clement Jeanmn, Group Director of CSR, and has been overseen by Astnd Panosyan⁽¹⁾, member of the Management Board and Group Chief Resources Officer (CRO) until 2021 year end. Since January 1st, 2022, the CSR team is overseen by Sylvain Montcouquiol⁽¹¹⁾, appointed as Chief Resources and Sustainability Officer (CRSO) and Member of the Management Board, replacing Astrid Panosyan in that position, who stays as a Senior Advisor on CSR matters. With this transition, the decision was to evolve the role of the CRSO to focus specifically on the Group's significant ambition related to CSR.

(1) Reports directly to the CEO.

2. Corporate Social Responsibility

2.1 Group Corporate Social Responsibility strategy

The CSR team leverages two key components of the Group organisation to deliver its mission:

- The Chief Operating Officers (COOs) of each region, in charge of coordinating the implementation of Better Places 2030 at regional level. COOs are allocated specific CSR objectives at country level on all the pillars of the Better Places 2030 programme. They rely on CSR local correspondents in each country to help following country CSR performance and coordinate with the Group CSR team; and
- Key transversal functions, in charge of providing relevant guidelines and functional support to regions and countries to implement areas of the CSR programme, like the Risk Management and Compliance team.

2.1.5.3 INTEGRATION WITHIN CORE PROCESSES

The CSR approach is fully embedded into the key processes of URW, in line with the Group's strategic priorities and operational concerns. Relevant management processes have been set up at each stage of the business cycle, along with appropriate key performance indicators. For example:

- The URW due diligence process for asset acquisitions includes a complete audit of technical, regulatory, environmental and Health and Safety risks, including soil contamination;
- The Group Enterprise Risk Management Framework ("ERM") includes climate change and CSR risks: identified among the main risk factors, they are integrated in the risk management programme overviewed by the Group Risk Committee, which reports regularly to the Management Board and Supervisory Board (see Section 6.1.2 Group Enterprise Risk Management Framework for more details);
- Development projects are regularly reviewed in light of Better Places 2030 targets;
- Managed assets have an environmental action plan, with annual performance reviews;
- The Internal Audit Department conducts regular assessments of the management and compliance processes in accordance with the rules set by URW within each business unit;
- HR processes ensure the promotion of Diversity and Inclusion and consider employee well-being as well as employee learning and development opportunities;
- The training path of new joiners as well as specific functions includes relevant CSR content;
- Individual objectives of Group employees include CSR objectives (see Section 2.4.3 Inspiring our people for more details);
- The Short-Term Incentive plan of the Management Board and Executive Committee as well as the Long-Term Incentive plan of all eligible Group employees specifically integrate CSR-related performance criteria (see Section 2.4.3.1 Employee commitments and CSR for more details); and
- Standing assets and development projects five-year business plans integrate CSR components to ensure alignment with Better Places 2030 targets.

2.1.5.4 RELATIONS WITH INVESTORS AND PROFESSIONAL ORGANISATIONS

• RELATIONS WITH INVESTORS

URW reports to investors on its ESG strategy and achievements via regular publications (annual results, periodical publications and news), answers to information requests, interaction with ESG rating and ranking providers, and through dedicated meetings. These meetings also enable URW to learn more on key areas of interest for investors on ESG topics. The Group's position in the various ESG indices and evaluations is outlined in Section 2.1.4.2 Results of non-financial ratings and indices.

• RELATIONS WITH PROFESSIONAL ORGANISATIONS

As one of the leading listed commercial real estate companies worldwide, URW has the responsibility to encourage the industry as a whole to adopt more sustainable practices. The Group is a member of the European Public Real Estate Association ("EPRA"), and its Sustainability Committee. The mission of the EPRA Sustainability Committee is to "support the publicly listed real estate sector, through the EPRA platform, in playing its part in the global transition to an environmentally, socially and economically sustainable economy". URW's CEO is a member of the EPRA Board of Directors. URW is also a member of the EPRA PropTech and Innovation, Investor Relations, Reporting & Accounting, as well as Regulatory & Taxation Committees. At Group level, URW is a founding member of the European Council of Shopping Places ("ECSP") since 2020 and a member of its Sustainability working group.

At regional or country level, the Group is a member of professional organisations such as, in France, the Council of shopping centres ("CNCC") and its sustainability group. URW is also a member of the French Association of Private Businesses ("AFEP"), and of the Sustainable Development Committee of the French federation of real estate companies (Federation des Societes Immobilières et Foncières ("FSIF")).

2. Corporate Social Responsibility

2.2 Better spaces

2.2 BETTER SPACES

2.2.1 ADDRESS CLIMATE CHANGE

2.2.1.1 CLIMATE CHANGE STRATEGY

As part of its CSR strategy, Better Places 2030, the Group commits to cutting carbon emissions across its value chain by -50% between 2015 and 2030. This strong commitment marked a first in the listed commercial property industry by covering, in addition to its Scopes 1 and 2 emissions, the Group's Scope 3 emissions, including:

- Greenhouse gas (GHG) emissions generated in the construction of its development projects;
- GHG emissions due to the private energy consumption of its tenants; and
- Emissions due to transport of building occupants and especially visitors to the Group's shopping centres.

In total, in 2015, the Scope 3 emissions represented 96.9% of the Group's emissions according to the market-based method (see Section 2.2.1.2 Carbon assessment).

The Group's carbon reduction target between 2015 and 2030 breaks down into the following three complementary objectives:

- Reduce emissions from construction by -35% by 2030;
- Reduce emissions from operations by -80% by 2030;
- Reduce emissions from transport by -40% by 2030.

The carbon reduction targets of the Group cover all its activities (except airports and exhibition centres), worldwide, including in the UK and the US.

In 2020, all the Group's reduction targets (except the one for construction, which has not been submitted) have been approved by the Science Based Targets initiative (SBTi) as consistent with levels required to meet the goals of the Paris Agreement:

- The targets covering GHG emissions from the Group's operations (Scopes 1 and 2) are consistent with reductions required to limit warming to 1.5T, the most ambitious goal of the Paris Agreement; and
- The targets for the emissions from the Group's value chain (Scope 3) meet the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practices.

Science-based targets are emissions reduction targets in line with what the latest climate science says is needed to meet the goals of the Paris Agreement: to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

WE'VE HAD OUR SCIENCE-BASED TARGET APPROVED

The Group also elevated its commitment to cutting carbon emissions across its value chain by -50% between 2015 and 2030, by switching to an absolute target that uses contraction of absolute emissions, instead of the "comparable value" approach used until 2019.

Achieving these objectives involves the active participation of all the Group's employees within their areas of responsibility and the contribution of the Group's stakeholders in driving change, mainly tenants, suppliers and service providers. It also relies on strong partnerships with large corporates and start-ups in order to accelerate the pace of transformation, particularly in the fields of low-carbon construction and new sustainable mobility solutions.

Changes in carbon performance with regard to the targets is presented in Section 2.1.4.1 Summary of the Group's CSR performance.

- REDUCE EMISSIONS FROM CONSTRUCTION BY -35% BY 2030

URW was the first company in commercial real estate to commit to significantly reducing its carbon emissions from construction on a broad scope. In concrete terms, reducing its carbon intensity by -35% between 2015 and 2030 means dropping from an average:

- In Europe (including the UK), of 850 kg CO₂ eq/sqm³ constructed in 2015 to 552.5 kg CO₂ eq/sqm on average by the end of 2030. The 2015 baseline has been built on the carbon intensity of greenfield/ brownfield projects under construction or delivered between 2012 and 2015: Trinity (France), Wroclavia (Poland), Aeroville (France), Majunga (France), Westfield Mall of Scandinavia (Sweden), 3 Pays (France) and Minto (Germany); and
- In the US, of 1,294 kg CO₂ eq/sqm constructed in 2015 to 841 kg CO₂ eq/sqm on average by the end of 2030. This baseline for the US has been calculated in 2019 following the carbon assessments conducted on the following projects: Westfield UTC, Westfield Valley Fair, Westfield Topanga and Westfield Valencia.

The main levers to achieve the Group's low-carbon target on construction are the following:

- A "lean building" approach from the design phase using fewer materials, through optimised design choices: structure, fixtures and fittings, facades, suspended ceilings, reduced number of parking spaces, etc.;
- Using new solutions for construction and choosing alternative and low-carbon materials, such as low-carbon concrete and cement, wood and recycled products, as well as selecting suppliers and products based on their location and place of manufacture, respectively; and
- Developing targeted partnerships with construction firms and manufacturers of building materials for the implementation of innovative solutions.

In order to secure the Better Places 2030 commitments regarding construction activities, the Group has created the CSR Guidelines for development projects, to guide the development teams from the very beginning of the design phase to the delivery of their development projects. The document is split into two parts:

- The Group Sustainability Brief, gathering all the specific requirements for development projects (brownfield, greenfield, refurbishments, renovations and extensions) to be in line with Better Places 2030; and

(1) Square metres constructed correspond to gross floor area (excluding gross floor area of car parks). 60
UnivrsalRegistration0ocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

- The ten Golden Rules for sustainable construction, which give the right mindset to the development teams to integrate CSR topics in their projects.

The CSR Guidelines for development projects, approved in 2019, have been rolled out in 2020 throughout the Group. The CSR performance of the development projects is closely monitored during key project reviews thanks to a dedicated assessment tool also created in 2020, based on the requirements of the Sustainability Brief. In 2021, assessments of the new development projects but also updates of the previous ones have been done by the development teams.

URW carbon performance with regard to the construction target is presented in Section 2.1.4.1 Summary of the Group's CSR performance.

- REDUCE EMISSIONS FROM OPERATIONS BY -80% BY 2030

When it comes to standing assets, the carbon footprint consists mainly of GHG emissions from energy consumed as part of the operation of the buildings. Achieving its ambitious target of reducing carbon emissions from operations by 80% between 2015 and 2030 draws on two levers simultaneously:

- Improving energy efficiency both in common and private areas of the Group's assets. The Group pursues the objective of improving the energy efficiency of its assets by 30% (in kWh/sqm) between 2015 and 2030. To reach this ambitious target, all of the Group's assets are to design and implement an energy efficiency action plan (see Section 2.2.3.4 Energy management); and
- Completing a fast transition to renewable energies. URW is committed to using 100% electricity from renewable energy sources ("green electricity") for the consumption of the common areas of its assets (including shared facilities) and push for an equivalent transition for the private electricity consumption of its tenants.

Achieving this target, which has been approved by the SBTi in 2020, requires strong involvement of tenants: in 2021, 81% of the carbon footprint from energy consumption of asset operations were from tenant areas. To accomplish this, the two levers of improving energy efficiency and transitioning to low-carbon energy sources are also implemented in the private areas of the assets, in cooperation with the tenants: specific green terms are added in lease contracts and sustainability committees are organised at asset level (see Section 2.2.3.3 Green leases and tenant commitments).

URW's carbon performance with regard to the operations target is presented in Section 2.1.4.1 Summary of the Group's CSR performance.

- REDUCE EMISSIONS FROM TRANSPORT BY -40% BY 2030

The Group's GHG emissions from the transportation of visitors or occupants are significantly higher than emissions from the operation of the buildings themselves. They represent over two thirds of the Group's total carbon footprint (see Section 2.2.1.2 Carbon assessment). URW is committed to improving sustainable mobility and has set itself an ambitious target, that has been approved by the Science Based Targets initiative in 2020, to cut its carbon footprint from visitor transport by -40% between 2015 and 2030.

This reduction target is supported by the availability and promotion of sustainable mobility solutions for users of standing assets and the requirement for greenfield/brownfield projects under development to have good public transport connections. Overall, the Group targets a maximum car modal share (excluding electric vehicles) of 50% for both its standing assets and development projects (see Section 2.2.4 Develop connectivity and sustainable mobility).

URW's carbon performance with regard to the transport target is presented in Section 2.1.4.1 Summary of the Group's CSR performance.

• REDUCE SCOPES 1 AND 2 EMISSIONS BY -65% BY 2030

As part of its work with the SBTi in 2020, the Group has also set a target covering GHG emissions from the operations under the Group's direct control (Scopes 1 and 2). In addition to its existing Better Places 2030 carbon reduction targets, the Group commits to reduce absolute emissions from Scopes 1 and 2 by -65% between 2015 and 2030.

This new target has been approved by the SBTi, in connection with the target to reduce absolute Scopes 1, 2 and 3 GHG emissions by -50% by 2030 from a 2015 base year, with a 1.5°C pathway alignment, the most ambitious goal of the Paris Agreement (minimum 4.2% linear annual reduction from 2015 to 2030).

The levers identified to reach the Group's carbon reduction target from operations (reduce emissions from operations by -80% by 2030) will actively

The levers identified to reach the Group's carbon reduction target from operations (reduce emissions from operations by -80% by 2030) will actively participate in the achievement of this new target.

URW's carbon performance with regard to the Scopes 1 and 2 target is presented in Section 2.2.1.2 Carbon assessment.

● **REDUCE EMISSIONS FROM EVENTS BY -50% BY 2030 (VIPARIS)**

In line with its CSR strategy, Better Events 2030, Viparis took a new commitment during the COP 26 in Glasgow in 2021 by signing the Net Zero Carbon Events initiative. Through this initiative, launched by the Joint Meetings Industry Council, all stakeholders in the events industry commit to halve their GHG emissions by 2030 and to achieve net zero GHG emissions by 2050.

In line with the Paris Climate agreements, this commitment enhances Viparis' ambition to reduce its carbon footprint with four engagements:

- By the end of 2023, to define a trajectory to achieve an intermediate target of -50% reduction in global GHG emissions by 2030, before reaching net zero emissions by 2050, according to the methodology to be defined in future workshops under the initiative;
- Work with the entire value chain (partners, suppliers and customers) to achieve these targets;
- Measure and track GHG emissions in line with industry best practice; and
- Report on progress at least every two years.

Viparis' CSR strategy Better Events 2030, is presented in Section 2.1.3.2 Better Events 2030 - Viparis CSR strategy.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

2.2.1.2 CARBON ASSESSMENT

- METHODOLOGY

The method used for quantifying Group emissions is in line with the ISO 14064-1 standard, the GHG protocol guidelines and the Bilan Carbone" methodology of ADEME (Agence de l'Environnement et de la Maîtrise de l'Energie, or French Environment and Energy Management Agency), and is subject to specific methodological guidelines (see Section 2.6.1 Unibail-Rodamco-Westfield's reporting methodology).

The sources of emissions included in the Group's total carbon footprint are broken down per Scope and influence level in the table hereafter.

SCOPES 1 AND 2

Scope 1

Scope 2

The Group calculates its carbon footprint on an extended Scope 3 basis, which is outlined in this table, measuring the major indirect emissions across its entire value chain. To reflect the Group's business activities in the most accurate manner, including the interactions between the company and its stakeholders, Scope 3 has been further broken down into two categories:

- Scope 3 managed: URW's operational control; and
- Scope 3 related: Responsibility of stakeholders that URW can influence but does not control directly.

SCOPE 3

Scope 3 managed
URW's operational control

Scope 3 related

Stakeholders' responsibilities

Emissions from energy production not included in Scopes 1 and 2 (extraction, production and transport of fuel, electricity, hot and cold steam): transport and upstream distribution of energy consumed by common areas

Purchased products and services: expenses for daily operation of sites, such as cleaning, maintenance, security, waste management, energy and fluid provision, marketing expenses (OPEX), office supplies (headquarters)

Capital equipment: IT equipment on site, company vehicles

Waste: on-site waste management

Employee commuting: URW employees' transportation from home to work Business travel: URW employees' business travel

by plane, train and taxi Investments: Expenses related to development projects

Visitor and customer transport: upstream and downstream travel of visitors, customers and/or occupants to the Group's shopping centres and offices

Downstream leased assets: electricity consumption of private areas (production, transportation and distribution)

The following items are excluded from the Group carbon footprint, either, because they do not apply to the Group's business, or because the Group cannot influence them significantly: direct emissions from processes excluding energy; biomass emissions (soil and forests); upstream transport of goods (emissions included for Viparis only); upstream leased assets; downstream transport of goods; use of sold products; end of life of sold products; downstream franchised assets; and other indirect emissions.

- RESULTS: GROUP CARBON FOOTPRINT EXCLUDING VIPARIS

GHG emissions are preferably expressed according to the "Market-Based" method (suppliers' emissions factors) in order to highlight the efforts made in selecting the Group's energy suppliers.

However, to take into account the expectations of various stakeholders, results are also expressed according to the "Location-Based" approach (countries' emissions factors) in this section. Further in the document, all results related to GHG emissions are presented according to the "Market-Based" method, unless explicitly stated otherwise.

The carbon footprint for 2015 is the baseline for tracking the carbon-related objectives of the Better Places 2030 strategy. The 2015 Group carbon footprint baseline and the Group carbon footprint evolution in 2020 and 2021 are presented hereafter. Measured results for 2021 continue to reflect the impact of the COVID-19 health crisis, which resulted in restrictions affecting mostly the beginning of the year and an average closure period for the Group's assets of 62 days.

2. Corporate Social Responsibility

2.2 Better spaces

2015,2020 AND 2021 GROUP CARBON FOOTPRINT FOLLOWING "MARKET-BASED" AND "LOCATION-BASED" METHODS

Carbon footprint (TCO.eq)

"Market-Based" method "Location-Based" method

2015 Scope 1

2015 Scope 2

Sub-total 2015 - Scopes 1 and 2

2015 - Scope 3

TOTAL 2015 (baseline)

2020 - Scope 1

2020 - Scope 2

Sub-total 2020 - Scopes 1 and 2

Sub-total 2020 - Scopes 1 and 2

2020 - Scope 3

TOTAL 2020"

2021 - Scope 1 2021 - Scope 2

Sub-total 2021 - Scopes 1 and 2

2021 - Scope 3

Of which Scope 3 managed

Of which Scope 3 related

TOTAL 2021

2021/2015 CHANGE (%)

(1) 2020 data was updated in 2021 to take into account minor calculation gaps and updates in the Scope 3 calculation methodology (see Section 2.6.1.5 Continuous improvement of definitions and data quality improvement).

GROUP CARBON FOOTPRINT EVOLUTION-MARKET BASED (TCO₂EQ) 5,153,717

4,991,509

2,757,123

2,434,525 ^{-3%}

2021
2020

-5%

2015

Q Scopes 1 and 2 | Scope 3

BREAKDOWN OF THE 2021 GROUP CARBON FOOTPRINT BY ACTIVITY (TCO₂EQ/%)

244,273

85,398 171,928 3% 6%

77%

13 Managed energy (including Scope 3 indirect energy emissions) | Tenants'energy | Construction
| Shopping centres'visitors transportation | Others

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

- RESULTS: VIPARIS CARBON FOOTPRINT

The carbon footprint of Viparis is presented below on Scopes 1, 2 and 3 following the "Market-Based" and "Location-Based"

methods. 2021 VIPARIS CARBON FOOTPRINT FOLLOWING "MARKET-BASED" AND "LOCATION-BASED"

METHODS

	Carbon footprint (TCO ₂ eq)	
	"Market-Based" method	"Location-Based" method
2021 - Scope 1	480 480	
2021 - Scope 2	1,294	" 1,379
2021 - Scope 3	86,065	86,065
TOTAL 2021	87,839	87,924

BREAKDOWN OF THE 2021 VIPARIS CARBON FOOTPRINT BY ACTIVITY (TCO₂EQ/ %)

E3 Managed energy (including Scope 3 indirect energy emissions) U
 Tenants'energy H Construction
 I Convention centres' visitors transportation □ Others

2. Corporate Social Responsibility

2.2 Better spaces

As part of its proactive policy on efficient building operation, capitalising on its long-standing commitments in this field and in line with its Better Places 2030 strategy, in which the Group targets to improve the energy efficiency of its standing assets by 30% between 2015 and 2030, the Group is monitoring GHG emissions from the energy consumption of the operations of its owned and managed buildings (common areas and common equipment). This contributes to the Group target of reducing GHG emissions from its operations by 80% between 2015 and 2030.

To manage the carbon performance of its operational activities, the Group has set indicators to measure the intensity of GHG emissions per areas (sqm) for each of its operated shopping centres and offices, and per areas occupied per days of occupancy (sqm DOCC) for its operated convention and exhibition venues. This makes it possible to analyse a building's overall carbon efficiency on a comparable basis, depending on its purpose and scope.

**GHG EMISSIONS FROM ENERGY CONSUMPTION OF STANDING ASSETS (SCOPES 1 AND 2)
 (TONNES OF CO₂ EQ)<»**

GHG emissions (CO₂, CH₄, N₂O, etc.) converted into CO₂ equivalent ("CO₂eq") generated by the energy purchased and managed by the site manager over the year (Scope 1: natural gas, Scope 2: electricity, district heating and cooling networks).

		Conventions
Retail	Office	Exhibition

2021 total
of which direct emissions - Scope 1
of which indirect emissions - Scope 2
2020 Like-for-like
2021 Like-for-like
2021/2020 CHANGE (%)

The Group policy regarding renewable electricity purchase enables it to reduce its operations' carbon footprint year on year. It also allows the Group to encourage producers to invest in the development of clean technologies by increasing market demand for these energy sources.

CARBON INTENSITY LINKED TO THE ENERGY CONSUMPTION OF STANDING ASSETS (SCOPES 1 AND 2) BY AREA FOR SHOPPING CENTRES AND OFFICES (kgCO₂EQ/SQM/YEAR), AND BY USAGE FOR CONVENTION & EXHIBITION VENUES (gCO₂EQ/SQM DOCC⁽²⁾/YEAR)

Retail (kgCO₂eq/sqm)
Office (kgCO₂eq/sqm)
Convention & Exhibition (SCO²/sqm DOCC)

2021 TOTAL
2020 Like-for-like
2021 Like-for-like
2021/2020 CHANGE (%)

Other than GHG emissions from the energy consumption of its buildings, the main item of the Group's direct GHG emissions related to the operation of its buildings is from the leak of refrigerants from cooling appliances maintained by the property managers of sites owned and managed by the Group.

GHG EMISSIONS GENERATED BY LEAKS OF REFRIGERANT FLUIDS (TONNES OF CO₂EQ)

Total (all assets)

2021 GHG emissions linked with refrigerants leaks

- 1) These emissions are expressed based on emission factors for each source of energy using the "Market-Based" method of the GHG protocol, according to which these factors depend on the type of energy consumed (electricity, natural gas, etc.), the country, the supplier and the nature of the energy product (energy from fossil fuels or renewable sources). These are specific factors associated with the contractual commitments between the supplier and property manager which do not necessarily reflect emissions from energy delivered by the grid but valorise and focus on the production and purchase of energy that is certified as generated from renewable sources.
- 2) Areas occupied per days of occupancy.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 65

2. Corporate Social Responsibility

2.2 Better spaces

In 2021, the carbon intensity linked to the energy consumption (Scopes 1 and 2) of the Group's shopping centre portfolio (CO₂ eq/sqm) increased by 4% compared with 2020 on a like-for-like basis. This was mainly due to the reopening of the shopping centres (with an average closure period for the Group's assets of 62 days in 2021 compared to 93 days in 2020). Nevertheless, this increase was limited thanks to:

- A continued improvement in the energy efficiency level of the owned and managed shopping centres portfolio between 2020 and 2021: despite a 4% increase of the energy consumption, there was only a 1% increase in energy intensity on a like-for-like basis between 2021 and 2020;
- The accomplished transition towards electricity between renewable sources under the Better Places 2030 programme, which largely contributed to this reduction: in 2021,

shopping centres, offices and convention and exhibition venues in Europe are 100% powered by electricity from renewable sources. In the US, in 2021, shopping centres are now 100% powered by electricity from renewable sources (see Section 2.2.3.4 Energy management).

2.2.1.3 CLIMATE RISK MANAGEMENT AND ADAPTATION TO CLIMATE CHANGE

The Group's Risk Management Framework is presented in Chapter 6 "Risk factors and internal control". CSR risks were analysed at Group level (see Section 2.1.2.2 CSR risks and opportunities); this section presents a detailed analysis of the climate change risks for the Group.

On top of addressing climate change mitigation (see Section 2.2.1.1 Climate change strategy), Better Places 2030 also addresses climate change adaptation through the resilience of its assets to climate change. The Group targets for 100% of its development projects to include long-term climate risks, while minimising resource use and maintaining user comfort by 2025, and for 100% of its standing assets to include a climate change risk plan by 2022.

The effects of climate change on URW's portfolio will vary depending on the region and the asset. The scale and severity of changes will determine the extent of the impact, as will factors such as age, location, construction methods, asset operational efficiency, local infrastructure quality and capacity.

In 2019, the Group commissioned a climate change risk assessment study covering all standing assets as well as the development pipeline. In line with TCFD (Task Force on Climate-Related Financial Disclosures) recommendations, this study covered both transitional (policy and legal, technology, market) and physical risks (chronic ones: precipitation, temperature, drought and sea level rise) and was based upon IPCC (Intergovernmental Panel on Climate Change) scenarios RCP4.5 and RCP8.5, with different time horizons: Short term 2030, Medium term 2050 and Long term 2100. The methodology for physical risks was based on assessing each existing asset with exposure, sensitivity and adaptive capacity grades to end up with a final physical vulnerability score. The methodology for transition risks was based on local surveys and data collection from specific asset locations.

The climate change risk assessment enabled URW to have a clear global view on the future risks of climate change for its portfolio, which will help the Group to design relevant climate change adaptation plans for standing assets in 2022, as the Group committed in Better Places 2030. In addition, URW performed its first CREM study (Carbon Risk Real Estate Monitor) in 2020 to analyse stranding risks across its portfolio. The analysis was done on the European portfolio, only for shopping centres and offices; the United States and exhibition centres are not yet available in the tool. Results are encouraging, as with the 2019 portfolio, less than 5% of assets (in gross floor area) are considered as stranded assets in 2030 and less than 30% in 2050 (using the "Market-Based" method and common-areas energy consumptions). It must be noted that this is a purely theoretical approach that does not integrate any further reduction measures that are planned in the next ten to 30 years and that was based on 2019 energy consumptions.

Furthermore, and on a shorter time horizon, the Group complies with regulatory requirements in each region with regard to flooding risks, water management, and drainage systems for exceptionally heavy rainfall.

Regarding development projects, specific requirements including the realisation of a study on adaptation to climate change covering physical risks, comfort and energy efficiency topics are already integrated in the Sustainability Brief (see Section 2.2.2.1 Environmental Management System (EMS)).

URW's due diligence process for acquisitions and greenfield/brownfield development projects covers the analysis of risks and opportunities related to financial and operational issues. For example, the process includes a complete audit of technical, regulatory, environmental and health and safety performance. The potential financial impact of identified risks is taken into account during the due diligence phase. Issues covered include risks associated with climate change, soil pollution, protection of wetlands, asbestos, legionella and electromagnetic radiation.

2.2.2 DESIGN SUSTAINABLE BUILDINGS

2.2.2.1 ENVIRONMENTAL MANAGEMENT SYSTEM

The Group's environmental strategy relies on an Environmental Management System ("EMS") aiming at reducing the environmental impacts of its

The Group's environmental strategy relies on an Environmental Management System ("EMS"), aiming at reducing the environmental impacts of its assets from initial design through to daily operation. "

GROUP ENVIRONMENTAL MANagementsystem

DEVELOPMENT PROJECTS

	Construction
	Considerate Construction Charter
	Letting
Green lease & commissioning	
Review	
Environmental review	
Track performance	
Quarterly report	
	Project review
CSR guidelines for development projects	
Sourcing investment	
	Sustainable checklist
Policy & targets	
Action plan	
Environmental action plan	

The Group has defined and monitors several indicators to manage the environmental performance of its standing assets and development projects, in line with the objectives of its CSR strategy. Some of them are incorporated into five-year budget review processes for standing assets and development projects to ensure alignment between CSR objectives and business decisions.

- EMS FOR DEVELOPMENT PROJECTS

The EMS ensures that all development projects, whatever their size or type, are designed in the most sustainable way in the long term and in accordance with the Group CSR strategy in order to minimise their environmental impact. For each project, the EMS covers all four stages of the development process and involves several departments, notably Development, Security, Technical, Operations, Leasing and on site shopping centre Management teams:

Acquisition audit: Sustainability and risks related to climate change are analysed and evaluated during the Group's due diligence process; Project reviews: At key milestones during the design of the project, the latter is assessed using the Group's Sustainability Brief to ensure compliance with the Group CSR strategy;

Construction: The project contractor agrees to abide by the Group's Considerate Construction Charter, which is designed to limit the social and environmental effects of the construction process; and Commissioning: A commissioning process is followed to ensure that buildings' technical installations perform efficiently (settings and operating instructions), and that maintenance suppliers in charge of operations and running technical installations as well as shopping centre Management teams are properly trained.

2. Corporate Social Responsibility

2.2 Better spaces

As part of the EMS, a Group-wide community of "CSR champions" in the development teams was created in 2019 to ensure best practice sharing across countries. The community is led by the Group corporate CSR team (see Section 2.1.5.2 Governance of CSR and of the Better Places 2030 programme). In 2021, the community shared experiences and good practices regarding the CSR performance of their development projects, reviewed and validated the Group's new guidelines (CSR Guidelines for development projects), hosted external speakers (architect and technical consultants) and presented to the others the best environmental innovations they implemented in their respective projects. The animation around CSR objectives is key in progress towards the 2030 objectives.

- PROJECT DESIGN AND REVIEW STAGE

In 2019, the Sustainability Brief was developed in collaboration with the Development teams to operationally translate the Better Places 2030 objectives for development projects. The Sustainability Brief applies to new developments and extension & renovation projects Group-wide. It sets minimum requirements applicable to all projects and additional specific requirements for large projects". Requirements for all projects include, among others:

- Zero waste to landfill for future operation;
- 100% of timber with FSC (Forest Stewardship Council) or PEFC certification (Programme for the Endorsement of Forest Certification) for both works and the building itself; and
- Divert demolition, strip-out and construction waste from landfill with at least a 70% waste recovery rate (target raised since 2019).

Requirements for large projects include, among others:

- Minimum environmental certification level to obtain: BREEAM "Excellent" for projects in Europe or LEED Gold in the US;
- Passive and/or renewable energy solutions to be studied (technical-economic study) in order to cover a minimum 10% reduction in conventional energy consumption or carbon reduction on the project;
- Undertake a feasibility assessment of bio-sourced materials for structural elements;
- Undertake a long-term climate risks analysis, while minimising resource use and maintaining user comfort; and
- Integrate at least two circular economy "concepts" from the Group's Circular Economy Framework, based on a technical- economic study.

During key milestones in the design phase of the project, CSR reviews are made:

- To ensure that all the minimum requirements of the Sustainability Brief are included in the project brief; and
- To study variants to improve the environmental performance of the project in line with Better Places 2030 objectives.

A specific assessment tool has been created in 2020 to ensure that specific requirements are handled by project teams at the project phase. The Sustainability Brief and the assessment tool have been updated in 2021 to take into account the feedbacks received by the Group's employees and CSR champions.

Circular economy

As part of its Better Places 2030 strategy, the Group commits to having 100% of its development projects to integrate a circular economy design solution by 2025.

In answer to this commitment, a specific requirement to "integrate at least two circular economy "concepts" from the Group Circular Economy Framework, based on a technical-economic study" has been added to the Group's Sustainability Brief in 2020, and is now closely monitored during project reviews among other topics.

In 2020, the Group launched its Circular Economy Framework to guide the Development teams in the incorporation of circular economy design solutions in their projects. This practical framework allows the teams to better understand and apply the right circular economy solution for their projects. The development project Michelet (France) is considered as a pilot for the Group to test its Circular Economy Framework. This project has undertaken a resource audit prior to its refurbishment to identify the materials that could be reused on site or off site, and some of them have been sold online for a second life. Thanks to the reuse of materials in the Michelet project, 30 tonnes of equivalent CO₂ emissions and 21 tonnes of waste were saved. The adaptability and flexibility of the Triangle project (Paris region) will allow the tower to change its use from office to residential or hotel in order to match with future needs. In 2021, several initiatives led in France on existing shopping centres allowed the reuse or recycle of tenants' furniture after their departure. This has been the case in Westfield Euralille, Westfield Carre Senart and Westfield La Part-Dieu.

Energy and carbon

URW was the first commercial real estate company to commit to wide-scale reduction of its carbon footprint, including development projects. As part of its Better Places 2030 strategy, from 2017, the Group systematised the assessment of the carbon footprint of its large development projects from the design phase via a dynamic approach, based on a Life Cycle Assessment (LCA) combined with the thermal simulations that have historically been performed on the projects. This is also fully incorporated in the Group's Sustainability Brief as a requirement for large projects to perform a LCA at early design stage and update it until delivery. Due to the lack of specific worldwide guidelines, with the assistance of an independent expert, the Group created a customised methodology and tools to assess the carbon footprint of its development projects, which was based on existing standards and adapted to correspond to the specific attributes of the shopping centres and offices developed by the Group.

(1) Europe retail: Total investment cost (TIC) > £50 Mn or GLA > 10,000 sqm; US retail: TIC > \$100 Mn or GLA > 20,000 sqm; Others: TIC > \$/£40 Mn. 68 UmvcrsalRegistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

Since 2017, the Group's Development teams have been trained in using this methodology and applying these targets to ensure that the carbon performance of projects is fully taken into account at design stage.

In this respect, 75% of development projects¹ had conducted an LCA analysis in the concept design stage or the feasibility phase (equivalent RIBA stage 2) as at 2021 year end.

This comprehensive approach to assessing projects throughout different project stages (construction and operation) supports the policy of reducing the carbon footprint of the Group's projects and helps in making the best construction, technical and energy choices through a multi-criteria approach (capital expenditures, costs, carbon emissions in construction and in operation, aesthetics and sustainability).

As an illustration, the Triangle project (France) fully embodies the Group's ambitious environmental performance goals, guaranteed by "Exceptional" HO_E, "Excellent" minimum BREEAM, and Effnergie certifications and labels. In 2021, a specific study was conducted, to analyse the full carbon impact of the project, considering both the construction and operational phases. This approach is going to be progressively generalised within the Group to highlight and limit the future impact of transport during the operational phase, at the earliest stages of development projects.

Water and waste

The Group's development projects are built in line with the Sustainability Brief, the Considerate Construction Charter and the BREEAM and LEED certifications water and waste management requirements.

In particular, these recommendations include:

- Good practice and clear technical steps on how to achieve water efficiency right from the design stage, in particular, in the choice of equipment installed (toilets, urinals, fire extinguishers, sprinkler systems, cooling systems, etc.);
- Integration of zero waste to landfill requirements for future operations, mandatory by 2025 as per Better Places 2030; and
- A feasibility study at an early stage for on site treatment of waste needs to be undertaken (e.g. through composting).

Pollution and environmental risk management

The Group complies with all applicable environmental legislation across all its activities. The Group's acquisitions and developments are covered by the policy of risk management and subject to health & safety and environmental risk analysis.

As such, the Group's acquisition process incorporates an assessment of technical, regulatory, health & safety and environmental risks, including soil pollution, wetland protection and climate change, as part of its pre-acquisition due diligence. For greenfield/brownfield projects, the Group complies with all applicable regulation regarding health, safety and environmental matters. An assessment of the environmental impact of each project is carried out at a very early stage.

There is no provision for environmental risk in the Group's accounting in 2021.

- SUSTAINABLE CONSTRUCTION

Since 2011, the Group's Considerate Construction Charter is applied to all greenfield/brownfield construction, renovation and extension projects in continental Europe. It describes the Group's requirements and recommendations intended to optimise its worksites' environmental quality while minimising pollution for the contractors working on site, the neighbouring area and the natural environment. The application of the charter to all construction contractors has been a specific requirement of the Sustainability Brief since 2020, and is therefore enforced throughout the Group.

The Considerate Construction Charter includes the following requirements:

- Using 100% of timber for development, extension and renovation projects from certified, sustainably managed forests with FSC or PEFC certification, including for works;
- Providing information to people living nearby and limiting traffic disruptions;
- Training and informing employees of construction companies;
- Ensuring proper management of risk and hazardous product handling;
- Ensuring at least 70% of waste recycling (material recovery) by weight, and clear traceability of all waste managed;
- Managing and limiting noise and visual pollution, as well as the risk of soil, water and air pollution; and
- Monitoring resources in order to reduce resource consumption.

NUMBER AND SHARE OF DEVELOPMENT PROJECTS THAT IMPLEMENT A CONSIDERATE CONSTRUCTION CHARTER

2021

Number of development projects that implement a Considerate Construction Charter 12 Share of development projects that implement a Considerate Construction Charter
100%

(1) Committed development projects as at January 1, 2021 over Compliance Book area and investment cost thresholds.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 69

2. Corporate Social Responsibility

2.2 Better spaces

Pollution prevention

Moreover, the Group ensures that the action plans and preventative measures are implemented by contractors during construction.

SOIL POLLUTION AND SITE REMEDIATION

Annual (for current year) monetary expenses for soil decontamination/site remediation and volumes that have been detoxified.

2021

Monetary expenses in soil decontamination (k€) Volumes concerned (m³)

506 18,354

Health and safety on work sites

The construction contractors overseen by the Construction Management Contractor are contractually required to make the necessary provisions for site safety and comply with the relevant Health and Safety legislation.

The Management Contractor's teams develop the technical requirements provided to contractors within the tendering process. These include specific safety requirements, as well as the applicable Health and Safety standard a successful bidder must comply with. Tender submissions that do not comply with the technical requirements and the applicable Health and Safety standards are disqualified from the tendering process.

During the construction phase, site health, safety and security is continuously monitored by the Management Contractor's teams.

Health and Safety Coordinators are appointed in various countries where the Group is active. They are employed by the Construction Manager, with a principal function to coordinate health and safety matters between the various stakeholders.

2.2.2.2 ENVIRONMENTAL CERTIFICATIONS OF BUILDINGS UNDER DEVELOPMENT

URW, as part of its strategy for development projects set up in the Sustainability Brief, targets an environmental certification for all of its large new greenfield/brownfield construction, refurbishment and extension projects: BREEAM in Europe and LEED in the US. URW aims to achieve a minimum level of "Excellent" (BREEAM) or "Gold" (LEED) for its large development projects.

Other environmental certifications are obtained, when relevant to the real estate leasing or investment markets, such as HQE certification in France (High Environmental Quality, the French standard certification scheme for sustainable constructions) or DGNB [Deutsche Gesellschaft für Nachhaltiges Bauen] in Germany for the Offices portfolio.

In 2021, the Group confirmed its leading position in terms of environmental certification by obtaining a BREEAM design stage certificate for La-Part-Dieu extension and renovation project with a level of "Excellent" and a BREEAM post construction stage certificate for the Trinity office tower, with a level of "Excellent" as well.

In addition to securing the "Excellent"/"Gold" level under BREEAM/ LEED respectively, all large projects need to undertake a technical and economic feasibility study to reach the BREEAM "Outstanding" or LEED "Platinum" level, as applicable, as mentioned in the Sustainability Brief.

SHARE OF DEVELOPMENT PROJECTS THAT ARE IN AN ENVIRONMENTAL BUILDING CERTIFICATION PROCESS

Among committed projects

2021

Share of development projects that are in an environmental building certification process 67%

Share of development projects that are in an environmental building certification process 6/50

NUMBER OF DEVELOPMENT PROJECTS THAT OBTAINED A DESIGN STAGE ENVIRONMENTAL CERTIFICATE

Among committed projects

2021

Number of development projects that obtained a design stage BREEAM/LEED certificate 5 Share of development projects that obtained a design stage BREEAM/LEED certificate 42%

70 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

2.2.2.3 CONSTRUCTION MATERIALS

- REDUCING CARBON IMPACT OF CONSTRUCTION MATERIALS

As part of its pioneering commitment to reducing its construction carbon footprint by -35% between 2015 and 2030, the Group focusses on the choice and use of the materials for its development projects. Specifically, it involves:

- Adopting a "lean material construction" approach right from the design phase (structure, facade, false ceilings, fixtures and fittings, etc.);
- Using new solutions and optimised low-carbon materials (low-carbon cement and concrete, bio-sourced materials, recycled materials, etc.);
- Asking subcontractors to put forward alternative solutions with low-carbon content; and
- Adopting a purchasing policy that includes criteria for the carbon content of products and construction materials (requiring environmental and Health and Safety certification - Environmental Product Declarations).

In 2019, the Group also developed guidelines on low-carbon interior design to help from the very beginning the interior architect design teams to choose the best material options for interior design of shopping centres based on their carbon performance.

The Group's priority is to work towards reducing the carbon impact of the most significant items, beginning with the structure and foundations of the building. The Group studies the use of low-carbon cements for all current development projects.

On the mixed-use project Ateliers Gaité, URW is working closely with Hoffman Green Cement Technologies to incorporate an innovative cement which has a carbon footprint reduction of more than 75% compared with traditional cement. The project also includes a residential property using timber construction and using bio-sourced materials to reduce indirect construction-related emissions.

The Group also works on reducing indirect (Scope 3) carbon emissions generated by construction activities: the project Westfield Hamburg focused on reducing the use of trucks during the construction phase. For this purpose, a concrete mixing plant was installed on site and ships were used to evacuate 20% of the excavated soil.

Circular economy solutions can also lead to carbon savings, through material reuse for example (see Section Circular Economy in 2.2.2.1 Environmental Management System (EMS)).

- A RESPONSIBLE SUPPLY CHAIN

URW is committed to ensuring responsibility in its upstream supply chain (development activities).

The Sustainability Brief and the Considerate Construction Charter specify that 100% of timber used in development, extension and renovation projects must be from certified, sustainably managed forests with FSC or PEFC certification. Besides, as part of the certification process (prerequisite for BREEAM and optional for LEED), the sourcing of wood used during construction is verified and validated. The Group

aims to obtain "post-construction" final certification according to the BREEAM or LEED standards for as many projects as possible.

The Sustainability Brief requirements are specified in tender documents for construction projects and all contractors are asked to abide by its terms. Also, in all its European contracts, the Group requires from the contractors to do their best efforts to reduce the carbon footprint of the project and the design project managers are asked to pay closer attention to this contractual requirement.

2.2.2.4 COMFORT, HEALTH, WELL-BEING AND PRODUCTIVITY FOR USERS OF BUILDINGS

Comfort and well-being issues are a determining factor in the Group's technical and architectural choices for development, refurbishment and extension projects (e.g. facades, glass roofs, interior finishes, heating, ventilation and air-conditioning equipment, lighting, occupant control methods, etc.). The Group's technical specifications for new developments, renovation and extension projects provide clear steps on how to achieve comfortable and safe spaces, based on thermal, visual and acoustic, and interior air quality.

In new development projects, facades are designed to achieve a balance between thermal performance rating (insulation value, solar factor), carbon performance and visual comfort (daylight illumination, glare control).

The acoustics of spaces are also designed to provide the best solutions to reduce technical equipment noise levels, to reduce noise levels passing through facades, and to improve interior sound absorption and insulation between premises. Interior surfaces are selected on the basis of their volatile organic compound emissions thresholds, as set by BREEAM or LEED certifications, which require the use of construction products that abide by the best practices in each country, (for example, A and A+ labelling in France). These recommendations also appear in the specifications for developing stores in shopping centres.

Moreover, during the design phase of new large development projects, comfort and well-being are evaluated using dynamic thermal simulation to ensure best levels of comfort during operation. In order to assess the climate change resilience of projects, the same simulations are also done using future climate change scenarios. Projects must be adapted (or explain how they can easily adapt) to the expected levels of comfort.

The Group works in close cooperation with tenants to provide comfortable and safe spaces. Green leases and Sustainable Development Committees set up with tenants raise awareness of issues amongst the various stakeholders, and set out tenants' responsibilities for the final fitting-out of the spaces provided by the landlord.

2. Corporate Social Responsibility

2.2 Better spaces

2.2.3 IMPROVE ECO-EFFICIENCY

2.2.3.1 ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

- EMS FOR EXISTING ASSETS

The EMS is implemented across the whole owned and managed portfolio. This pragmatic and dynamic EMS, based on an environmental continuous improvement approach (ISO 14001), ensures that the Group is able to meet its annual and long-term targets and supports URW's continuous improvement for each area covered by the Group's CSR policy. This includes climate change and resource use. It completes the development projects' EMS, as part of the overall policy of managing the environmental quality of the Group's assets throughout their life cycle (see Section 2.2.2.1 Environmental Management System (EMS) -EMS for development projects).

The EMS system is based on four steps of the environmental performance management process: target setting, establishing an environmental action plan, measuring results and reviewing the performance:

- Group policy and targets: Targets are set each year for every owned and managed asset in line with the Group's long-term targets and with the specific characteristics of each individual site;
- Environmental action plan: An action plan covering key topics such as energy, GHG emissions, water, waste, transport and stakeholders is implemented and challenged for each managed site. On a daily basis, asset technical managers ensure the environmental performance and

monitoring of operations and implement the rollout of the asset environmental action plans. Additional external technical reviews commissioned by technical teams may also be conducted at asset level when a specific expertise is required, for example, waste or energy audits;

- Quarterly report and Registration Document: Performance is measured and assessed on a quarterly basis at the site, region and Group levels. A corrective action plan is implemented in case of deviation; and
- Review: At asset level, the Group conducts internal environmental performance reviews. These reviews are conducted at least on an annual basis by the teams in charge of environmental sustainability at platform levels and with the Group CSR team. Achievements against targets are reviewed on these occasions.

The Group sets itself ambitious targets in terms of asset certification under the BREEAM In-Use standard (see Section 2.2.3.2 Environmental certifications of buildings during the operation phase). This international standard was applied to the Group's assets in 2011 to promote the quality of their environmental management and related performances for visitors, tenants and local communities.

Additionally, two of the Group's shopping centres in the UK, Westfield Stratford City and Westfield London, have been certified under the ISO 14001 environmental management standard since 2013 and 2015, respectively.

Regarding convention and exhibition venues, the Viparis subsidiary is ISO20121 certified, recognising its Social and Environmental Responsibility management system, specific to events businesses. Viparis' ISO 20121 certification, obtained for the first time in 2014 for all of its sites and all of its business activities, illustrates the Group's trailblazing and proactive CSR commitment: Viparis became one of the first global players in the events industry to win this stringent certification, which constitutes a distinctive competitive advantage, ensuring transparent and improved business practices. In January 2021, Viparis' ISO 20121 certification was renewed by Bureau Veritas for another three years.

2. Corporate Social Responsibility

2.2 Better spaces

2.2.3.2 ENVIRONMENTAL CERTIFICATIONS OF BUILDINGS DURING THE OPERATION PHASE

URW aims to obtain operational environmental building certifications for 100% of its owned and managed shopping centres and offices worldwide, and maintain the high level of the certifications obtained.

Following the best industry standards, the Group started in 2021 to certify its assets (certification renewals and new certifications) under the latest version of the BREEAM In

-Use framework: this "version 6" comes with improved features for driving environmental performance and occupant health and well-being, with added emphasis on resilience to climate change, social value and circular economy principles.

During the year 2021 and until February 2022 (to account for the seven certificates received with delay from the BRE), the Group had 52 assets BREEAM In-Use certified for Building Management (Part 2). Among those 52 assets certified, 50 shopping centres and two office buildings, accounting for a total certified area of over 4 million sqm. This represents a share of 72% of the Group's standing portfolio in number of assets (retail and office assets), and a coverage of 78% in surface area.

- RETAIL

Among those certified assets, 17 shopping centres obtained a BREEAM In-Use re-certification in Europe (assets certified in 2018 for which the certificate has been renewed three years later).

In the US, the Group started to roll out the BREEAM In-Use certification (version 6) in its shopping centres in 2020, with two shopping centres certified: Westfield Century City (Good), Westfield Valley Fair (Good). Two new shopping centres obtained their BREEAM In-Use certification in 2021: Westfield Garden State Plaza (Very Good), Westfield UTC (Very Good), leading to a total of four US assets certified at 2021 year end.

Among the total of 52 certified assets, 50 are owned and managed shopping centres certified under BREEAM In-Use, of which 12 were rated "Outstanding" for Building Management (Part 2).

Certified shopping centres account for over 4 million sqm consolidated GLA and correspond to 72% of the Group owned and managed shopping centres portfolio in number of buildings, and to a 78% BREEAM In-Use certification coverage in surface area. In detail, 96% of the Group's continental European shopping centres and 15% of the Group's US shopping centres are certified, in number of buildings.

In terms of European comparison, 89% of the BREEAM In-Use certificates awarded to the Group's shopping centres in Europe achieved the "Excellent" or "Outstanding" level for Building Management (Part 2), compared with an average of just 28%¹⁾ for the European Retail Real Estate market²⁾. This confirms the superior environmental performance of the Group's assets despite the diversity of the portfolio in terms of size, age and location.

1) In 2020.

2) Source: BRE Global "BREEAM In-Use" data - Retail assets certified under Part 2 under BRE Global (International), ITG (Spain), NGBC (Netherlands) a TUV (Austria 6 Germany), as at December 31, 2020 - 600 retail assets certified under BREEAM In-Use International 2015 (Part 2).

2. Corporate Social Responsibility

2.2 Better spaces

COVERAGE OF BREEAM IN-USE ENVIRONMENTAL CERTIFICATION OF THE GROUP'S STANDING ASSETS IN NUMBER OF ASSETS AND FLOOR AREA - SHOPPING CENTRES

ASSETS IN NUMBER OF ASSETS AND FLOOR AREA - SHOPPING CENTRES

Number of assets certified Surface area certified (sqmGLA)

Total certified Retail assets

of which "Outstanding" (Part 2)

of which "Excellent" (Part 2)

COVERAGE OF ENVIRONMENTAL CERTIFICATIONS IN OPERATION AND DEVELOPMENT WITHIN THE TOTAL GROUP STANDING SHOPPING CENTRE CERTIFICATIONS BY LEVEL (IN NUMBER OF ASSETS) IN COMPARISON WITH THE EUROPEAN RETAIL REAL ESTATE SECTOR™

D Assets both certified in development (BREEAM, OGNB or LEED) and operation (BREEAM In-Use⁹¹) ■ □ European Real Estate sector (including the UK)
H URW (Europe)

I Assets certified in operation only (BREEAM In-Use¹¹¹) ■ Assets certified in development only (BREEAM, DGNB or LEED) I Non-certified assets

- OFFICES

As at December 31, 2021, 67% of the owned and managed Office portfolio was certified.

COVERAGE OF BREEAM IN-USE ENVIRONMENTAL CERTIFICATION OF THE GROUP'S STANDING ASSETS IN NUMBER OF ASSETS AND FLOOR AREA-OFFICES

2021

Total certified Office assets

of which "Excellent" or above (Part 2)

Number of assets certified	Surface area certified (sqm)	Certification coverage % (in number)	Surface area % (in sqm)
----------------------------	------------------------------	--------------------------------------	-------------------------

1) Building Management (Part 2).
2) Source: BRE Global "BREEAM In-Use" data - Retail assets certified under Part 2 under BRE Global (International), ITG (Spain), NGBC (Netherlands) a TUV (Austria a Germany), as at December 31, 2020 - 600 retail assets certified under BREEAM In-Use International 2015 (Part 2).

2. Corporate Social Responsibility

2.2 Better spaces

COVERAGE OF ENVIRONMENTAL CERTIFICATIONS IN OPERATION AND DEVELOPMENT WITHIN THE TOTAL GROUP STANDING OFFICE PORTFOLIO (IN NUMBER) (%)

0%

□ Assets both certified in development (BREEAM, DGNB or LEED) and operation (BREEAM In-Use¹¹¹)
I Assets certified in operation only (BREEAM In-Use¹¹¹)
■ Assets certified in development only (BREEAM, DGNB or LEED)
I Non certified assets

- CONVENTION AND EXHIBITION VENUES

Regarding convention and exhibition venues, apart from the current ISO 20121 certification of all the Group's convention and exhibition assets in activity (see Section 2.2.3.1 Environmental Management System (EMS)), in 2021 le Palais des Congres de Paris obtained a BREEAM In-Use recertification (Asset Performance - Part 1 - and Building Management - Part 2 - both rated "Excellent").

2.2.3.3 GREEN LEASES AND TENANT COMMITMENTS

Since 2009, the Group has been committed to an active policy of promoting "Green leases". Green leases aim at improving tenants' CSR performance during the operation phase through a set of requirements, including fit-out, operation and reporting requirements.

This approach, based on dialogue, information, and sharing of best practices, encourages the tenants to play a role in the environmental performance of the assets which they occupy. As well as contributing to lower common and private service charges through decreasing energy and utilities consumption and improving waste management, this change in behaviours is helping the Group and its stakeholders to prepare for increased constraints on resource management (regulation, availability, etc.).

In that respect, since 2010 and ahead of all existing regulations, all new leases and renewals signed with Retail and Office tenants have had environmental clauses. These first versions of Green leases cover those aspects that are most relevant to improve tenants' environmental behaviours and performances, such as commitment to sharing energy consumption data, technical specifications for fitting-out tenant spaces (especially maximum power for private lighting), and various measures to save energy and water and sort waste.

As part of the Better Places 2030 commitments, this environmental appendix on leases was strengthened in 2017 to reflect the Group's new ambitions in terms of environmental performance and contributions to the community. Indeed, meeting the Group's reduction target of its carbon footprint from operations requires strong involvement of tenants, given the scale of their electricity use (see Section 2.2.1.2 Carbon assessment). To accomplish this, the two Group levers of improving energy efficiency and transitioning to renewable energy sources are also implemented in the private areas of the assets, in cooperation with the tenants. Clauses have been added to the first version of Green leases and include, in particular, the obligation to install LED lighting solutions for any new fit-out works performed in private tenant spaces and the obligation to sign a supply contract guaranteeing that electricity is procured from renewable sources. To support the Group's engagement with its communities, a clause has also been added to invite the tenants to participate in initiatives organised by the Group to promote local employment. This constitutes the second version of the Group's Green lease ("Green Lease Version 2").

Following the acquisition of Westfield in June 2018, the Group has been working on Green lease templates applicable to the US and the UK. In 2021, these Green lease templates have been rolled out in the UK, and will be rolled out in the US in 2022 (initial timeline has been postponed due to the global COVID-19 pandemic).

The tables hereafter show the penetration rates of the latest applicable Green lease version across the Group assets, both for standing assets and pipeline projects. In shopping centres, the penetration rate of Green leases signed in 2021 is 55% Group-wide, which breaks down into a penetration rate of up to 82% in continental Europe and of 19% in the US and in the UK. Regarding offices, Version 2 Green leases were implemented since the start of 2018 and reached a penetration rate of 74% of leases signed in 2021.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 75

2. Corporate Social Responsibility

2.2 Better spaces

2021 NUMBER AND PERCENTAGE OF GREEN LEASES AMONG IN-YEAR SIGNED LEASES AND ACTIVE LEASES (SHOPPING CENTRES AND OFFICES)

Retail Office

Number of Green teases signed during the year

56 of Green leases signed among leases signed during the year

56 of Green leases among total active leases at year end

Total	Continental Europe	US and UK Total
1,684	1,442	242 14
5556	8256	1956 7456
4156	53%	14% 41%

In continental Europe, to support tenant adoption of energy efficient lighting technologies and electricity from renewable sources, Memorandums of Understanding covering LED and green electricity topics have been signed until 2019, these topics now being covered by the Green Lease Version 2.

Tenants are also being onboarded on the topic of responsible resource consumption through the organisation of periodic on site Sustainability Committees, during which environmental performances of an asset are presented and discussed with the tenants, in order to raise awareness and encourage behavioural changes as well as the implementation of operational improvements.

2.2.3.4 ENERGY MANAGEMENT

The Group targets, in its Better Places 2030 strategy, to improve the energy efficiency of its shopping centres by 30% (KWh/sqm) by 2030, compared with a 2015 baseline. As part of its Better Events strategy for Viparis, the Group targets to reduce the energy intensity of its convention and exhibition venues by 25% (kWh/sqm DOCC) by 2025 and to reduce the baseload energy intensity of its convention and exhibition venues by 15% by 2025, compared with 2014 levels.

As part of its operational management process of environmental performance, the Group measures improvements in its energy efficiency by asset type against these targets: progress and results are disclosed in Section 2.1.4.1 Summary of the Group's CSR performance.

To reach its ambitious targets in terms of energy efficiency, the Group has formalised a dedicated Energy Management Policy, whereby assets are required to define their energy management action plan, setting the operational path towards reaching the objective, with levers identified at asset level to improve energy efficiency, their associated budget, and their gradual implementation schedule. This policy also underlines energy optimisation best practices and sets the approach to define renewable energies action plans as well as sets requirements on green electricity purchasing.

In Europe, starting in 2021, the energy action plans are built directly into a new custom tool for monitoring and reporting, called "Operational Data Portal". This new process has allowed the Group to easily benchmark and compare energy actions proposed by the Group's regions and to allocate resources efficiently on the most impactful actions to reduce the energy impact. Based on the reporting in "Operational Data Portal", the actions implemented in 2021 are estimated to annually save approximately 12 GWh across European assets.

In the US, an Energy Management Policy has been adopted in 2020 with the same content as in Europe. Comprehensive energy efficiency action plans at asset level will be rolled out in 2022 (postponed due to COVID-19), in order to identify appropriate levers to achieve the Group's energy efficiency objectives.

- ENERGY CONSUMPTION

Energy efficiency is embedded in all existing processes relating to the technical management of each asset, by gradually ensuring:

- Daily optimisation of the operation and supervision of technical equipment;
- Technical improvements of equipment's efficiency through nonrecurring annual maintenance works; and
- Intrinsic building structural works, synchronised with the Group's long-term value creation strategy (large works).

A GRADUAL AND PRAGMATIC APPROACH TO ENERGY SAVINGS

OPERATION

Optimisation

REFURBISHMENT

Improvement of technical equipment

LARGE WORKS

Improvement of buildings

Energy savings

Energy savings

20-40%

Costs/Capital expenditure

x€10K

Running hours Free cooling Natural ventilation Natural daylight Sub-metering

x€100K

LED

New HVAC systems Building Management System Cooling towers replacement Vertical transportations

x €1,000 K

Building insulation

Fagade

New glazing

New HVAC systems

Renewable energies

Optimisation

In order to get the best return on energy efficiency solutions, the Group sets daily energy optimisation as its priority. Actions to optimise operations in order to improve energy efficiency are being undertaken in all the assets owned and managed by the Group, thanks to the strong commitment of the Group's on site teams, tenants and maintenance suppliers.

Standard practices include: daily monitoring of each asset's energy consumption; identification of factors that affect energy consumption; optimisation of the running hours for each piece of equipment; seasonal action plans to adjust temperatures in line with weather conditions; strong focus on behavioural changes (for example turning out lights and using natural ventilation); and regular checks to ensure that technical equipment is working properly.

As an example, shopping centre night audits of tenant and common area energy-use were conducted in 2021 by operational teams in Europe to identify potential energy savings during the night shift and rationalise the functioning of energy-consumptive equipment to a minimum when the assets are closed to the public. Optimisation of energy consumption was also permitted with daily energy management, combined with the implementation of an additional submetering structure. Indeed, submeters allow a greater responsiveness to misuse or over-consumption and makes it possible for URW to prevent these situations by interacting with its tenants and thus-support them in their energy efficiency. In 2021, the Group deployed the submetering technology in all Spanish assets and in French shopping centres such as at the CNIT, Lyon Confluence, Westfield Forum des Halles, and Westfield Les 4 Temps. Based on the reporting in the "Operational Data Portal", the actions leading to a thorough energy management implemented in 2021 are estimated to have saved approximately 2.3 GWh (20% of the total estimated annual energy optimisation planned for all 2021 energy-related actions implemented in Europe).

In 2021, five assets (CNIT, Lyon Confluence, So Ouest, Carrousel du Louvre and Westfield Forum des Halles) owned and managed by the Group in Europe had an Energy Performance Contract (EPC). In December 2021, a tender for an EPC for the Spanish portfolio has been awarded. These EPCs are contractual agreements between URW and the energy contractor, with the scope of energy supply, maintenance and energy management under which the latter commits to improve the energy efficiency of an asset. These contracts, underpinned by bonus-malus incentive clauses, encourage the supplier to contribute to the Group objective of reducing on site energy consumption and manage the associated costs.

The Group implements automatised energy monitoring systems to improve the daily management of its energy consumption. In 2021 the US started the rollout of a real-time energy monitoring platform to better streamline operations by providing real-time insights, alerts, and analytics that actively reduce of consumption. This system is currently active at five US assets (Westfield Oakridge, Westfield Old Orchard, Westfield Plaza Bonita, Westfield South Shore, and Westfield Valencia Town Center) with the remainder of the US portfolio planned for 2022. In Europe, the Group partnered with the start-up Deepki in 2018 to roll out energy consumption monitoring in its shopping centres and convention and exhibition venues. In 2021, Deepki was rolled out in Sweden, Denmark, Germany, Czech Republic and Spain (in addition to France and The Netherlands since 2020), covering a total of seven European countries at 2021-year end. This proved to be a helpful tool to control energy and fluid consumption at the level of each shopping centre and each country, thanks to dashboards based on the data collected. The data from submeters are also integrated in the Deepki tool.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

Improvement of technical equipment

With regard to technical equipment, the Group is systematically outfitting its assets with Building Management Systems, which are regularly upgraded, so on site teams can easily monitor and manage energy performance. Energy efficiency is also a crucial factor when it comes to replacing technical equipment, especially in the context of regular maintenance works related to lighting, heating, cooling and ventilation: low-consumption energy-effective alternatives are systematically considered in the multi-annual planning process.

When refurbishing old equipment, the Group's assets are to comply with minimal energy efficiency standards, such as replacing fixed speed units with variable speed units, implementing sensor-regulated equipment and introducing systems with energy recovery or limiting energy losses, such as shifting to LED light bulbs.

The renovation of systems such as cooling towers, chillers, pumping systems or ventilations filters on kitchen extract units lead to a higher energy-effectiveness. In Europe, based on the reporting in the "Operational Data Portal", the actions for renovating systems implemented in 2021 are estimated to have saved approximately 2.6 GWh (22% of the total estimated annual energy optimisation planned for all 2021 energy-related actions implemented in Europe).

As part of its Better Places 2030 strategy, URW aims to systematically implement LED lighting solutions in the common areas of its owned and managed shopping centres. At the end of the year 2021, 64% of the Group's shopping centres were equipped with full LED lighting in their common areas.

The Group implements LED lighting technology across its standing portfolio (common and private areas) through two levers:

- The planning and rollout of LED refurbishment projects through the identification of specific budgets lines in the Group assets' five-year budget plans supporting the gradual replacement of existing light sources with LED equipment; and
- The onboarding of retailers in the Group's LED installation programme, through green leases provisions requiring the setup of LED lighting when refurbishing or opening stores (see Section 2.2.3.3 Green leases and tenant commitments).

In Europe, based on the reporting in the "Operational Data Portal", the actions for lighting optimisation implemented in 2021 are estimated to have saved approximately 3.9 GWh (33% of the total estimated annual energy optimisation planned for all 2021 energy-related actions implemented in Europe). This lighting optimisation concerns areas such as malls, facades, car parks or back-of-house spaces. The largest LED lighting projects have been developed in Westfield Stratford City, in the UK, where the 2021 lighting upgrade of the back-of-house spaces and of the car parks have made an estimated saving of 2.27 MWh. In Europe (including the UK), as of December 31, 2021, 77% of lighting fixtures in common areas of the Group shopping centres are based on LED technology, compared with 96% in the US.

Improvement of buildings

The main improvements in the core building efficiency (e.g. thermal insulation, light shafts, etc.) are synchronised with major extension and renovation development projects, for which the Group targets an environmental certification of the highest level (see Section 2.2.2 Design sustainable buildings).

Results

In 2021, shopping centres owned and managed by the Group achieved a 1% increase in energy intensity (kWh/sqm) on a like-for-like basis, compared with 2020. Regarding the office assets, the energy intensity increased by 10%. Convention and exhibition venues also reduced their energy intensity by 42% over the same period.

The 2015 to 2021 evolution results against strategic targets are disclosed in Section 2.1.4.1 Summary of the Group's CSR performance.

This increase in energy intensity is closely linked to the reopening of our shopping centres with an average closure period for the Group's shopping centres of 62 days in 2021 compared to 93 days in 2020.

ENERGY CONSUMPTION (MWh)

Final energy consumed by the assets in common areas and by common equipment, and provided to tenants for heating and/or cooling. Individual tenant energy consumption is not included. Energy consumption includes both energy purchased from the grid (produced off site) and energy produced on site and self-consumed by the Group's assets.

Convention & Exhibition

2021 TOTAL

of which natural gas (Scope 1)

of which electricity (Scope 2)

of which district heating & cooling (Scope 2)

of which on-site production (%)

of which off-site purchase (%)

LIKE-FOR-LIKE EVOLUTION IN ENERGY CONSUMPTION (MWh AND %)

Conventions Exhibition

2021 Like-for-like (MWh)

of which natural gas (Scope 1) of which electricity (Scope 2)

of which district heating & cooling (Scope 2)

557,862

71,277

334,627 151,958

28,386

f,204

19,176

8,007

2020 Like-for-like (MWh)

of which natural gas (Scope 1) of which electricity (Scope 2)

of which district heating & cooling (Scope 2)

538,853

57,744

350,550 130,560

40,754

5,984

28,030 6,740

2021/2020 CHANGE (%)

of which natural gas (Scope 1)

of which electricity (Scope 2)

of which district heating & cooling (Scope 2)

FINANCIAL IMPACT RESULTING FROM VARIATIONS IN ENERGY CONSUMPTION (€)

Total cost saved due to the reduction of energy consumption, estimated on a like-for-like basis.

Retail

2021/2020 change in energy consumption (MWh) 19,009 Estimated financial savings 2021/2020 (€) 628,000

ENERGY EFFICIENCY OF STANDING ASSETS, PER AREA FOR SHOPPING CENTRES AND OFFICES (kWh/SQM) AND PER USAGE FOR CONVENTION & EXHIBITION VENUES (kWh/SQM DOCC)

Energy efficiency is calculated on the scope of final energy purchased from the grid. Energy self-consumed from on site production is excluded.

	Retail (kWh/sqm)	Office (kWh/sqm)	Conventions Exhibition (kWh/sqmDOCC)
2021 TOTAL	132	103	3.06
2020 Like-for-like	129	93.3	5.32
2021 Like-for-like	130	103	3.06
2021/2020 CHANGE (%)	1%	10%	-42%

- ENERGY MIX

URW works at reducing the environmental impact of the energy it consumes by purchasing renewable energy from suppliers and generating low-carbon or renewable energy on site. As such, the Group targets, as part of its Better Places 2030 strategy, to:

- Multiply its installed capacity of on site renewable energy fivefold by 2025, compared to 2015 (see results in Section 2.1.4.1 Summary of the Group's CSR performance); and
- Source 100% electricity from renewable sources for its owned and managed assets.

Purchasing of renewable energy

In this context, the Group has accelerated its transition towards sourcing electricity derived from renewable sources ("green electricity"). In Europe, the Group started to sign green electricity contracts with energy suppliers since 2009, and 100% of assets (shopping centres, offices, and convention and exhibition centres) have been running entirely on green electricity since 2018. This green electricity is covered by mechanisms of Guarantee of Origin as defined by the 2009/28/ EC European Directive. In the US, URW has committed to rolling out an equivalent green electricity certificate mechanism for its portfolio and reached full coverage in 2021, with 100% of the US annual electricity consumption covered by Renewable Energy Certificates. As such, the Group reached its objective of sourcing 100% of its portfolio's electricity consumption from renewable sources in 2021.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 79

2. Corporate Social Responsibility

2.2 Better spaces

The Group also purchases renewable electricity directly from renewable energy production plants in the form of Power Purchase Agreements (PPA). A PPA (15-years contract with a 132 kW system) covers the supply of Westfield Culver City (US). The Group also started a larger PPA in 2020, covering approximately 40% of the French portfolio's annual electricity consumption (50 000 MWh). The electricity generated under this PPA comes from wind turbines.

Beyond the purchase of certified green electricity, the energy mix of the Group's assets is a key focus. For example, the Group chooses district systems rather than natural gas to heat its buildings wherever possible. In Minto (Germany) and Spain, the natural gas suppliers of the Group's shopping centres are committed to compensate the GHG emissions linked to this energy supply to the Group.

The Group's policy of purchasing renewable energy from its suppliers offers two key benefits. First, it reduces the carbon intensity of the Group's operations. Second, it encourages producers to invest in "green" power-generation technologies by contributing to build market demand for renewable energies.

The Group is committed to extend this measure to shopping centre tenants as well, through a contractual requirement to source green electricity in private areas (see Section 2.2.3.3 Green leases and tenant commitments).

Production of renewable energy

For many years now, the Group has been rolling out a solar photovoltaic installation programme across its portfolio to generate electricity on site. The installed capacity of the Group's systems has continued to increase. In 2021, new solar panels were installed across Europe in Austria and Sweden. The largest photovoltaic system on the roof of a shopping centre in all of Europe is being built in Shopping City Slid (Austria): the construction works started in 2020, with the installation of 1 MWp; in 2021 1.2 MWp has been installed and the project will finish by mid-2022, when the installation will achieve a total output of around 2.72 MWp. In Nacka Forum Shopping Centre (Sweden) a 347 KWp photovoltaic plant was installed in 2021, generating an estimated saving of energy purchased from the grid of 300 MWh.

In total, there are eight solar panel installations across seven US assets, 18 across the Group's Europe assets (in France, Spain, Austria, Sweden, Poland and The Netherlands), and a wind turbine installed in Westfield Carre Senart Shopping Centre (France). In France, Aeroville shopping centre also uses geothermal energy to meet its heating and cooling needs. A solid pipeline of future projects is maintained throughout the Group, such as photovoltaic self-consumption plants.

The total installed renewable energy capacity of the Group's assets in 2021 is 15.69 MW.

The renewable electricity produced by the Group is either self-consumed to meet an asset's energy needs, or sold to the grid. The total on site production of renewable electricity at the Group's assets and breakdown between energy sold and self-consumed is as follows:

Retail
Office

2021 RENEWABLE ELECTRICITY PRODUCED ON SITE (MWh), WITH BREAKDOWN BETWEEN SALES AND SELF-CONSUMPTION (%)

Conventions Exhibition
10,172
95%
5%

Total renewable electricity produced on-site (MWh) of which self-consumed (%) of which sold(%)

Results

2021 ENERGY MIX AND ITS EVOLUTION (ALL OWNED AND MANAGED ASSETS)

%
100
% 100

Retail

I Energy from non-renewable sources | Energy from renewable sources
2020 (MWh)

H Non-renewable energy
 Renewable energy self-produced and consumed on-site B Renewable energy purchased

2. Corporate Social Responsibility

2.2 Better spaces

The Group's energy mix varies from country to country and is mainly influenced by the Group's voluntary low-carbon energy production and renewable energy purchasing policy, which increased the share of renewable energy in the final energy mix consumed by the assets owned and managed by the Group to reach 71% in 2021.

SHARE OF TOTAL ENERGY CONSUMPTION DERIVED FROM RENEWABLE SOURCES PER ENERGY SOURCE: ELECTRICITY, DISTRICT HEATING AND COOLING, AND DIRECT ENERGY CONSUMPTION (%)

Convention & Exhibition

2021 Total electricity consumption (MWh)

of which green electricity (%)

2021 Total district heating & cooling consumption (MWh) of which renewable energy (%)

2021 Total direct energy consumption (MWh)

of which renewable energy (%)

2.2.3.5 WATER MANAGEMENT

The non-financial risk assessment pointed out that water is not a key environmental issue for URW. Indeed, the assets of the Group's portfolio are not considered as being significant water consumers. Moreover, the exposure of the Group's portfolio to the water scarcity risk has been reassessed in 2019, based on asset location and climate scenarios and is deemed very low.

Nevertheless, to keep improving the Group's sustainability performance and water management, reducing water consumption is an operational target at all sites as part of the Group's resource efficiency policy and is closely tracked and managed at asset and Group levels. Based on environmental best practice, the Group is taking active steps to limit water consumption, reduce water waste and maintain water quality.

Water consumption at the Group's assets is mostly driven by their number of visitors. Special efforts are made to install water-efficient equipment, optimise operating practices, and ensure that leaks are detected and repaired rapidly. For example, a real-time monitoring system of water consumption called "Smartvatten" was implemented in 2020 in Zoetermeer shopping centre (The Netherlands). In 2021, this water leakage detection system was deployed in three other assets in Europe: Citymall Almere, Amstelveen (The Netherlands) and Westfield Mall of Scandinavia (Sweden). In 2021, the US continued the rollout of a real-time water monitoring platform to better streamline operations by providing real-time insights, alerts, and analytics that actively drive the reduction of consumption. This system is currently active at 14 US assets. As a result, a number of leaks from pipes, valves and sanitary equipment were identified and repaired and significant water and cost savings were achieved.

To optimise water use and leverage-associated cost savings, the Group also prioritises the use of non-drinkable or reused water over drinkable water wherever possible. In 2021, 18 shopping centres collected 317,385 m³ of rainwater and groundwater or of greywater on site, which were used for cleaning and for watering green spaces. Projects are also planned in the environmental actions plans of some of the Group's assets

to increase water reuse, using underground water for cooling towers or extending roof rainwater harvesting systems for landscape areas with additional water tanks. For example, in 2021 Westfield Mission Valley (US) led a project on underground water reuse to displace approximately 8,300 m³ of water from local utility and to save about 5,700 m³ per year in total water consumption with higher efficiency operations. Westfield Century City's Facilities Department also identified opportunities to decrease water consumption by redirecting the property's groundwater discharge to the cistern and cooling towers in order to reduce the overall water usage and associated cost. This project was completed in 2021 and the centre is now redirecting an average of 246 m³ per month (this value will vary based on outside temperature and time of year). Closed-circuit systems are being favoured to reuse water during the testing of sprinkler equipment. Also, shopping centres across the Group collect and reuse water from regulatory sprinkler tests. In 2021, the amount of grey water reused on site for a second purpose totalled 57,904 m³.

At existing assets, the Group relies on a close cooperation with tenants to reduce water consumption. Green leases (see Section 2.2.3.3 Green leases and tenant commitments) and tenants' on site Sustainability Committees are used to help raise awareness among tenants about water use and to get them on board with water management.

In terms of preventing environmental pollution, run-off water collected from car parks is treated before being disposed of through municipal wastewater networks.

In 2021, water consumption at owned and managed shopping centres increased by 5% compared with 2020 on a like-for-like basis. This evolution is mainly due to the activity recovery following the impact of the COVID-19 health crisis on 2020 consumption due to asset closures. The continued distribution of hydroalcoholic gel in common areas also contributes to limiting water consumption.

In 2021, water intensity in Litres/visit at owned and managed shopping centres improved by 12% compared with 2020 on a like-for-like basis.

2. Corporate Social Responsibility

2.2 Better spaces

WATER CONSUMPTION (M³) BROKEN DOWN BY SOURCE (%)

Water purchased from the district network (municipal water) and water withdrawals from other sources for use in common and private areas of standing assets.

Office Conventions Exhibition^{1*}

2021 TOTAL WATER CONSUMPTION

of which municipal water (%)

of which rainwater (%)

160,141

100% 0%

of which groundwater (%)

of which surface water (%)

of which wastewater from another organisation (grey water) (%)

2020 Like-for-like

2021 Like-for-like

2021/2020 CHANGE (56)

a) Westfield World Trade Center shopping centre and Espace Grande Arche convention centre are excluded from water consumption data in 2021.

b) The decrease in water consumption of offices between 2020 and 2021 is mainly due to the disposal of some parts of Les Village de l'Arche offices in 2021.

WATER INTENSITY OF STANDING ASSETS PER USAGE FOR SHOPPING CENTRES (LITRE/VISIT/YEAR), FOR OFFICES (LITRE/OCCUPANT/YEAR), AND FOR CONVENTION AND EXHIBITION VENUES (LITRE/SQM DOCC^{fA}/YEAR)

Retail⁶¹ (Litre/visit)

Offices (Litre/occupant)
Convention & Exhibition⁵¹ (Litre/sqm DOCC)

2021 TOTAL

2020 Like-for-like

2021 Like-for-like

2021/2020 CHANGE (%)

a) Areas occupied per days of occupancy.

b) Westfield World Trade Center shopping centre and Espace Grande Arche convention centre are excluded from water consumption data in 2021.

2.2.3.6 WASTE MANAGEMENT

The Group has set itself the target of sending no waste to landfill by 2025 in its Better Places 2030 strategy (see progress in Section 2.1.4.1 Summary of the Group's CSR performance). URW's waste management approach is consequently designed to maximise recycling and minimise disposal to landfill.

The total volume of waste generated in a building, whatever its use, is mostly dependent on the level of activity of the tenants, i.e. sales for shopping centres and occupancy for office buildings. This means that the Group has a limited impact on the total volume of waste generated on site. Nevertheless, the Group is committed to waste management efficiency measures, such as increasing waste sorting, and raising awareness among tenants, as well as incentivising them to reduce the amount of waste disposed, and implementing innovative waste management solutions.

- IMPROVING WASTE SORTING IN COLLABORATION WITH TENANTS AND WASTE SERVICE PROVIDERS

Suitable waste segregation facilities are in place in all assets and most assets are equipped with specific sorting facilities and treatment solutions for organic waste, which represents a significant share of the total amount of waste generated by the Group.

Tenants are regularly informed and made aware of local on site waste management policies and processes and of the importance of sorting waste. This is via, for example,

tenants' on-site Sustainability Committees, and the development of site-level waste sorting guidelines reminding tenants of what to do with different types of waste. Both supplier purchasing contracts and tenant Green leases establish the minimum requirements to be met for waste sorting and recycling. Waste management service providers must monitor and submit a monthly progress report, with details of tonnages collected by type of waste and recycling percentages achieved. Furthermore, they are asked to regularly submit a waste management improvement plan or propose available opportunities, such as upgrades in material recovery facilities, or modified equipment when the tenant mix changes to site management teams, to ensure the efficient management of each location's waste streams. Shopping centre technical managers meet with waste management service providers on a frequent basis to monitor progress and performance.. The waste solution providers' remits, however, extend beyond just management and reporting, also focusing heavily on tenant engagement and communications.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

Tenant education includes delivering tenant-level waste sorting guidelines to the retailers' teams, updating and adding signage on waste bins, sharing best practices, highlighting the importance of properly sorting material, and outlining the legal requirements associated with the waste management programme. For example, in the UK, educational sessions with retailers are held regularly via the waste contractor's "Green Academy" programme. In the US, assets with organic-waste food-service programmes are provided additional assistance for the set up and ongoing management of diverting pre-consumer food waste. All the Group's shopping centres also hold yearly meetings with their stakeholders (tenants and waste treatment providers), with a detailed account of the site's waste management outcomes. In the US, additional education is provided to tenants on an ongoing basis when and where there are opportunities to improve performance.

Tenants are also being incentivised through the implementation of individual invoicing of waste charges. An increasing number of shopping centres are equipped with an advanced waste management system, which consists of weighing the waste of each tenant separately in order to invoice them on the actual tonnage they generate. This encourages better waste sorting, enabling tenants to reduce the tonnage of residual waste for which the final disposal is more expensive. This system contributes efficiently to improving the asset's recycling rate.

- DEVELOPING INNOVATIVE WASTE MANAGEMENT SOLUTIONS

On-site innovative waste treatment solutions are also installed in several of the Group's assets to increase the amount of valorised waste and reduce waste management costs, such as eco-digesters turning organic waste into inert greywater which can then be flushed into a standard drain, composters producing fertiliser for green spaces out of organic waste, and a plastic waste-to-plastic filament conversion facility associated with a 3D-printer to recycle plastic waste into new objects like plastic cups in Metropole Zlicin (Czech Republic).

To continually increase its waste recycling rate, and as part of its innovation programme, the Group has developed corporate partnerships with different start-ups to identify and create new recovery streams for waste destined for disposal. In 2021, Westfield La Part-Dieu shopping centre (France) collaborated with the company "Les Alchimistes" to better reuse and valorise waste, and improve waste sorting, while Westfield Rosny 2 shopping centre (France) continued its partnership initiated in 2017 with the start-up Phenix. These partnerships aim at operationally integrating circular economy principles in waste management.

The Group has also built and nurtured a sustainable partnership with the start-up Too Good To Go since 2018. The solution helps retailers prevent wastage of unsold food at the end of the day, by putting them in touch with consumers through an application offering baskets of unsold products at a discount price. After the success of an initial pilot project launched at the Westfield Euralille shopping centre (France), the Group launched the large-scale roll-out of this partnership across all of its French shopping centres in early 2019. Then, in 2020, the Group expanded the partnership across all of Europe, and in 2021 in the US. In 2021, 242,000 meals were saved across URW's portfolio thanks to this initiative, despite the disturbances of Food and Beverage activities linked to the COVID-19 crisis. In October 2021, Westfield Montgomery (US) also initiated a food scraps programme with The Montgomery County Department of Environmental Protection (DEP). This partnership helps to divert food waste from landfill and to convert it to compost and other post-consumer processes (fertiliser). Within the last three months of 2021, the programme diverted 9.77 tonnes of scraps from the shopping centre. This partnership is planned to be extended to other shopping centres in the region in the coming years.

As part of its Better Events 2030 strategy, Viparis has created a new dynamic in the events industry by focusing on the circular economy and initiating joint discussions with various stakeholders such as event operators, event organisers, standholders and cleaning services. This led to three tests at three different-sized exhibitions at the Paris Nord Villepinte convention site. The initial results of these tests were encouraging, with up to 65% of waste sorting for one of the exhibitions tested. In addition to waste flow management and figures, issues relating to waste valorisation streams and eco-design were discussed. This circular economy work will give rise to new common goals among the stakeholders of the French Union of the event industry (Union Francaise des Metiers de t'Evenement, "UNIMEV"). A "Green Growth Commitment" (French ECV), will be signed between the industry stakeholders and four Ministries of the French Government to find practical solutions to tackle the waste issue and reach concrete recycling objectives. In addition, following a technical and economic study of event's waste management initiated in 2020 by UNIMEV, in partnership with the eco-organisation Valdelia, a more exhaustive study was launched in November 2021, also piloted by UNIMEV, to complete its results.

- RESULTS

In 2021, 31% of the waste generated by the Group's owned and managed shopping centres was sent to landfill, of which 8% valorised with energy recovery. A total of 43% of waste was recycled (including reuse, material and bio-waste recycling). In total, 71% of waste was valorised in 2021, through recycling or energy recovery. Already 33 of the Group's shopping centres have achieved zero waste to landfill in 2021.

The increase in total waste generated by the Group in 2021 compared to 2020 is directly linked to the activity recovery following the 2020 closures due to the COVID-19 health crisis.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 83

2. Corporate Social Responsibility

2.2 Better spaces

TOTAL WASTE GENERATED (METRIC TONNES), AND BREAKDOWN BY DISPOSAL ROUTES (%)

Total waste¹ collected on site, generated from shopping centre operations (common areas and tenants) and associated waste treatment streams.

		Retail
2021 TOTAL WASTE (METRIC TONNES)	95,473	
of which recycled waste (%)	43%	
of which recovered waste: waste-to-energy (%)	28%	
of which not recovered (%)	29%	
2020 Like-for-like (metric tonnes)	80,988	
2020 of which recycled waste (%)	45%	
2020 of which recovered waste: waste-to-energy (%)	31%	
2020 of which not recovered (%)	24%	
2021 Like-for-like (metric tonnes)	95,473	
2021 of which recycled waste (%)	43%	
2021 of which recovered waste: waste-to-energy (%)	28%	
2021 of which not recovered (%)	29%	
2021 / 2020 CHANGE (%)	18%	

2.2.3.7 HEALTH AND SAFETY, SECURITY AND ENVIRONMENTAL RISKS, AND POLLUTION

The prevention of health, safety and security risks for people (employees, customers, tenants, suppliers, subcontractors and local communities) and of environmental risks linked with the operation of its assets forms an integral part of the Group's risk management policy. The Group complies with all applicable legislation in this regard and often exceeds minimum standards required by laws to ensure a higher standard of health, safety and security at its assets.

The Health, Safety and Environment ("HSE") and security management systems enable the Group to monitor and assess its performance regarding risk prevention on a day-to-day basis, and maintain a strong risk management culture embedded within operating and management teams.

- HEALTH, SAFETY AND ENVIRONMENT RISK MANAGEMENT

The Group has drawn up an appropriate HSE risk management policy which includes rules and guiding principles at Group level, supplemented at a local level by procedures that comply with local regulations. The main areas covered by the Group's HSE risk management policy are air and water quality, asbestos, air pollution, Legionnaires' disease, technical and safety installations, and fire extinguishing and alarm systems. In the context of the COVID-19 global health crisis, the Group has reinforced these risk management topics with a focus on pandemic risk since 2020, implementing strong sanitation and hygiene standards at all of its venues.

This Group policy includes, in particular, an annual review of HSE risks at standing assets for both European and US platforms by the Group Risk Committee, and the inspection and continuous improvement of these buildings and their technical equipment liable to have an impact on the environment or on personal safety. Technical documentation on regulatory maintenance and testing is also kept up-to-date and made available at each site. Policy monitoring is conducted by on site teams and checked every year by external auditors or internal management.

URW has worked with Bureau Veritas, one of the world's most distinguished leaders in testing, inspection, and certification services, since 2012 to attest to the implementation of very strict standards regarding health and safety within its assets. In Europe, an independent third-party audit was thus carried out in 2021, as it is every year, to assess HSE risks for building visitors and occupants at all the Group's assets (shopping centres, offices, and convention and exhibition centres)¹ in all countries in which the Group operates, based on a framework that incorporates both external regulations and Group policies. This audit awards the site one of four overall scores which reflect the extent to which HSE risks are being controlled:

- A. Satisfactory risk management and control;
- B. Satisfactory risk management and control, with improvements still needed for certain indicators;
- C. Records of areas of non-compliance requiring the implementation of corrective actions; or
- D. Unsatisfactory risk management and control.

- 1) Waste for which URW has the legal management responsibility. The Group's waste management responsibilities and reporting scopes are guided by specific national requirements. At some assets, local authorities are responsible for waste management: in this case the Group does not control the final destination of the waste produced at these assets. The disposal of hazardous waste falls outside the Group's legal responsibility as it is managed directly by the maintenance contractors who are responsible for it, using the appropriate disposal route. Offices & Others and Convention and exhibition business units are excluded from the scope of waste indicators. At Convention and exhibition venues (business operated by the Viparis subsidiary), waste is indeed managed by exhibition planners. At Offices, waste collection services, whether ensured by a private company or the local authority, are shared with other buildings and owners. Therefore, separate data tracking for the Group is not available.
- 2) Except for Espace Grande Arche convention centre which property management mandate is no longer handled by URW.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

A personalised action plan, monitored on a daily basis by operational teams, is systematically updated following each assessment in order to improve the quality of risk control as part of a process of continuous improvement. If a "D" rating is given, a second assessment is carried out in the month following the audit to check that all corrective actions identified have been implemented.

The Group's target is to obtain at least a "B" ranking for all its European owned and managed assets for the assessment of these risks. In 2021, 72% assets were audited Group-wide: 98% in Europe and none in the US. 100% of audited sites obtained an "A" or "B" rating level, no asset obtained a "C" rating. No "D" rating has been given for the last ten years.

ANNUAL HEALTH, SAFETY, AND ENVIRONMENTAL RISK MANAGEMENT ASSESSMENT

		Conventions	
		Group total	Retail
2021 HSE EXTERNAL ASSESSMENT COVERAGE (%)	7256	69%	100% 88%
% of which audited sites obtaining an "A" or "B" annual score	100%	100%	100% 100%

Internal reviews are also being held Group-wide, at asset level, to ensure the enforcement of HSE regulations and procedures, identifying actions that have been rolled out, new action plans to be implemented and associated budget. For example, in order to reduce its exposure to the risk of Legionnaires' disease, the Group is progressively replacing "open" cooling towers with systems permanently eradicating this risk on the sites in question.

One of the keystones of the Group's risk prevention approach is staff training. As such, local teams get the necessary HSE training under the supervision of regional technical teams according to their needs, and all new employees of relevant departments attend an introductory course to review HSE policies, encompassing risk control policies and tools. On site teams are trained in first aid techniques and maintain close relationships with local emergency services (fire brigade, paramedics and police) as well as with the relevant administrative departments. For more details, see Section 6.2.2.4 Security, Health and Safety risks - B. Health and Safety (H&S) (including pandemic and natural disasters).

Since 2020, the Group reinforced its HSE practices through the implementation of a third-party label in partnership with Bureau Veritas to certify its shopping centre practices are based on the latest recommendations of health authorities: the Group's guide to Hygiene, Safety and Environment practices has been updated with a team of experts and

epidemiologists. As a result of this work, 100% of the Group's European shopping centres have been granted the "Safe & Healthy Places" label in 2021. This is issued by Bureau Veritas to attest to the excellence of their hygiene, safety and environmental practices in compliance with the latest safety recommendations.

In addition to the certification of European centres, Bureau Veritas conducted a review and audit of URW's COVID-19-related Health and Safety practices, policies and procedures in the US: all of URW's US shopping centres except for Westfield World Trade Centre, for which hygiene aspects are managed by the jurisdictional authority, participated in the programme and renewed in 2021 their certification with the industry-leading hygiene and safety excellence label, SafeGuard™. The Bureau Veritas' SafeGuard™ "Hygiene Excellence and Safety Certification" designates a facility that has met stringent requirements to minimise the on site risk of virus spread and is adhering to best-in-class hygiene and safety protocols.

The progressive reopening of shopping centres following the COVID-19 crisis has also been accompanied with the creation of a charter emphasising common efforts between URW and its retailers and service providers to ensure health and safety in the assets and inform visitors of operational measures. Co-signed by all these stakeholders, this charter demonstrates the collective readiness to welcome visitors in the best possible way, around the following commitments:

- To ensure customers and partners are well informed;
- To ensure everyone is protected;
- To ensure compliance with the most strict hygiene rules; and
- To ensure compliance with social distancing rules.

The full Working Together Charter is publicly available on the Group's website⁽¹⁾. For more information on the welcoming of visitors and the collaborative work with retailers, please refer to Section 2.3.4.2 Open dialogue with tenants and visitors.

Regarding convention and exhibition venues, Viparis has drawn up Health and Safety guidelines for event venues as a top priority for employees, event organisers, exhibitors, service providers and visitors alike. Every point of contact between Viparis and its stakeholders has been identified to define a fully comprehensive safety protocol, which Bureau Veritas has validated based on the latest recommendations of health authorities. In 2020, a specific Hygiene Security Environment label has been developed, entitled "SAFE V", encompassing general and venue-specific measures, as well as measures for employees, service providers and organisers, to complement national health protocols. The "SAFE V" label has been attributed to all convention and exhibition venues except for one, in compliance with this full audit grid developed by Viparis and Bureau Veritas. In 2021, all convention and exhibition venues maintained these high level safety protocols and kept following the latest recommendations of health authorities, which became even more robust.

(1) <<https://www.urw.com/en/press/press-news/2020/our-commitment-to-you>>

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

COMPLIANCE WITH HEALTH AND SAFETY REGULATION

Penalties for non-compliance related to building Health and Safety.

2021 Number of sanctions for non-compliance related to building Health and Safety

2021 Monetary value of associated fines (€) 960

COMPLIANCE WITH ENVIRONMENTAL REGULATION

Penalties for non-compliance with environmental legislation and regulations.

2021 Monetary value of fines for environmental breaches (€) 889 2021 Total number of non-monetary sanctions for environmental breaches 0

- SECURITY AND CRISIS MANAGEMENT

Mastering the security risk is key for the Group's portfolio, comprising public places welcoming a high number of visitors. In 2019, a complete department was created to cover terrorism threat, criminal activities and cyber-protection of the assets.

Monitored and managed through a Group Security Committee, the Security policy and strategy are overseen at Management Board level for the whole portfolio. A regional Security Action Plan, challenged by corporate teams, assesses the security threats and directs the security measures to align them with local specificities. A security audit is performed to check the minimum required protection level is achieved and to monitor the continuous enhancement of the Group's assets. All Group employees have also been invited to complete a complementary e-learning session on the Group Security Policy.

In addition to the prevention of security-related situations, the Group finalised in 2019 the implementation of the Crisis Management Framework and the related crisis training organisation (see 6.2.2.4 Security, Health and Safety risks - A. Terrorism and major security incident).

Finally, the critical risk of terrorist attacks faced by several countries has prompted the Group to develop a resolute, responsible policy for providing protection and preventing the risk of attacks, with the chief aim being to reassure the tenants' and service providers' employees who work at sites managed by the Group as well as providing a safe environment for customers and visitors. These plans, worked out in close cooperation with local authorities and the enforcement authorities, combine surveillance and detection equipment, heightened security measures, information sharing and the training of tenants' staff in order to increase the vigilance of all site personnel and to react effectively in case of a threat.

URW's Crisis Management Framework ensures consistently high standards of preparedness and response to emergency incidents across all of its regions, with comprehensive policies, procedures and training programmes in place.

2. Corporate Social Responsibility

2.2 Better spaces

2.2.4 DEVELOP CONNECTIVITY AND SUSTAINABLE MOBILITY

As part of its Better Places 2030 programme, URW aims at ensuring access to public transport and sustainable mobility to the visitors of its assets. The Group is committed to reduce by -40% its Scope 3 carbon emissions linked with visitor transportation from a 2015 baseline (see Section 2.2.1 Address climate change) and to achieve the target of having 50% of visitors accessing Group assets by sustainable means of transport by 2030. This engagement cascades down through the Group's development pipeline, in which the Group aims at 100% development projects significantly connected to public transport solutions by 2025. See Section 2.1.4.1 Summary of the Group's CSR performance for a summary of the Group results against these strategic targets.

By making these commitments, the Group is setting a long-term view on the evolution of mobility trends by working both on asset attractiveness and actively encouraging new sustainable transport solutions and behaviours.

In 2021, an internal Mobility Community was launched in Europe to better share good practices, feedbacks, ideas and projects with all countries. One expert has been appointed per country to take part in this community and work groups are organised on specific topics: how to further promote green modes of transport, how to adapt the mobility strategy of the assets in low emission zones, how to manage delivery drivers in the car parks, etc.

2.2.4.1 CONNECTIVITY TO TRANSPORTATION

The Group is focusing on assets that are well connected to public transport networks and are located within major cities. The Group's selection, investment and development processes look at connected projects and sustainable mobility solutions that have a strong positive impact on the surrounding territories. Indicators such as number of electric vehicle charging spaces, bicycle spaces, connection to public transport and projected car

modal share are being assessed for each project in the Group pipeline. In particular, the Group has set minimal requirements regarding these mobility indicators for all its development projects in its Sustainability Brief for development projects. These requirements are to be reviewed at each key milestone of a project's development.

At 2021 year end, 100% of the Group's development projects are connected to significant public transport solutions.

For standing assets, URW is committed to systematically providing its visitors, retailers and employees with an extended offer of sustainable transportation, such as short-distance carpooling, car-sharing solutions, charging stations for electric vehicles, adapted bicycle infrastructures and innovative autonomous electric transportation when available. A number of the Group's shopping centres are continuously working on improving on-site bicycle facilities, in the frame of the "Come by Bike" project. This involves increasing the size of bicycle parks, installing electric bicycle chargers, repair tools and pumps, creating dedicated lanes, etc.

Assets are also working in close conjunction with local authorities to improve their connectivity with public transport services. For example, in 2020, the bus network was reshaped and expanded around Ruhr Park shopping centre (Germany) and a new multi-modal connection hub was delivered by the office building of Versailles Chantiers (France).

As a result, 37% of visitors travelled by sustainable means of transport (public transport, bicycle, on foot and electric vehicles) to the Group's shopping centres in 2021.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD
87

2. Corporate Social Responsibility

2.2 Better spaces

BREAKDOWN OF GROUP SHOPPING CENTRES' VISITS BY TRANSPORT MEANS AND BY REGION (%)

Europe

US

TABLE 11

Total Retail

- Public transport
- Electric cars | Other cars
- Bicycle | On foot

Two wheels

- MOBILITY ACTION PLANS

In order to improve every aspect of its customers' mobility experience (time taken, cost, environmental impact, etc.) and to reach the ambitious mobility targets of its Better Places 2030 strategy, the Group has developed an internal tool: the Mobility Action Plan ("MOBAP"). This 360° tool starts with a diagnosis of transport methods offered by a shopping centre and used by its visitors, and leads to the design of an action plan with a two-fold objective:

1. Improve the centre's mobility experience; and
2. Deploy "soft" transport solutions to reduce the carbon footprint of visitors.

Some short-/medium-term actions that can be directly implemented are identified as part of MOBAPs, such as adding dynamic signage on shopping centre approaches to improve traffic management, as well as more long-term measures involving relations and partnerships with local authorities, such as developing shopping centres connectivity with planned bicycle lanes or public transport.

In 2021, the MOBAP update and follow-up process was digitalised in Europe and is now fully implemented in the "Operational Data Portal" tool. This makes it easier to monitor the progress of mobility actions at asset and corporate levels, allocate the right resources to their implementation, and enables to share mobility project ideas and practical details across assets.

Since its introduction in 2017, this MOBAPs tool was widely rolled out across the European assets: in 2021, 94% of the shopping centres owned and managed by the Group in Europe have completed and/or updated a MOBAP. Furthermore, each site has implemented one or more green mobility actions (better welcoming of cyclists, adding EV charging stations, improving the connection with public transport, etc.). In the US, the COVID-19 crisis hampered the complete rollout initially planned in 2021. As at year end 2021, 65% of the shopping centres owned and managed by the Group had successfully implemented their own MOBAP.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

2.2.4.2 INNOVATIVE SUSTAINABLE TRANSPORT SOLUTIONS

- PROMOTION OF ELECTRIC TRANSPORT

As part of its commitment to foster sustainable mobility, the Group is encouraging the use of electric vehicles by installing charging stations at its assets.

In 2018, the Group launched a three-year plan to introduce electric vehicle (EV) semi-fast charging stations in its European shopping centres. In 2021, European shopping centres are equipped with more than 1,000 charging spaces, including 100 fast-charging spaces. The Group plans to deploy even more chargers in the years to come. In France and in the UK, site-specific studies have been launched to assess the potential of each site and to plan a roadmap for future rollouts. Local partnerships have also been established, with car-sharing operators who can take advantage of the Group's EV charging stations to recharge their fleets at night. The Group has also initiated exchanges with B2B charging services operators who contracted with car-sharing, logistics, company and taxi fleets to continue to electrify the car parks beyond the use of the customers.

In the US, a partnership with the EV charging operator Electrify America is underway and recharging stations are installed at six URW assets:

Westfield Century City, Westfield Galleria at Roseville, Westfield Old Orchard, Westfield Culver City, Westfield Valley Fair, and Westfield Santa Anita. To date, 45 charging stations are installed and 68 more are planned in 2022. The primary benefits are that Electrify America has the capacity to charge all electric vehicles (including Tesla). Additionally, Electrify America has signed partnerships with a number of EV manufacturers (such as Audi, Porsche, Ford, Fisker, Rivian, Harley-Davidson and Lucid) to

Additionally, Electrify America has signed partnerships with a number of EV manufacturers (such as Audi, Porsche, Ford, Volvo, BYD, Hertz, Nissan and Lucid) to provide special rates or bundle costs of charging (with Electrify America only) into the vehicle purchase price.

Discussions are continuously ongoing regarding fast-charging installations with different providers. In particular, some local partnerships with Tesla led to the installation of their specific fast charging solution called "Tesla Superchargers" in some assets throughout the Group. For example, these chargers are already available in Westfield Parly 2 (France), Westfield Velizy 2 (France), Westfield London (England), Pasing Arcaden (Germany) Westfield Culver City (US), Westfield Galleria at Roseville (US), Westfield Oakridge (US). In France a framework agreement was discussed in 2021 with Izivia to implement fast chargers in shopping centres in 2022.

As a result, EV charging is well embedded in the Group's asset operations: in 2021, 88% of the Group's assets were equipped with EV charging facilities in Europe, and 71% in the US.

PROPORTION OF STANDING ASSETS EQUIPPED WITH CHARGING FACILITIES FOR ELECTRIC VEHICLES

Charging facilities for electric vehicles include EV charging areas (semi-fast or fast), stations and car park spaces that are accessible to all visitors (operators allowing for interoperability).

	Group total	Retail	Convention & Office Exhibition
2021 Share of assets equipped with charging facilities for electric vehicles	83%	90%	67% 25%
2021 associated number of car park spaces with EV charging points	1,503	1,458	20 25

- LOGISTICS SOLUTIONS FOR RETAILERS

Even though it is considered outside its Scope 3 GHG emissions, URW is aiming to reduce the impact of deliveries to retailers in urban centres by developing pooled logistics, optimising the load factor of delivery vehicles, reducing the number of round trips and using low emission vehicles. i

During the public enquiry for the GaTte Montparnasse project, the Group was involved in devising solutions to reduce the impact of traffic related to future deliveries to the centre and the hotel. To this end, the Group worked in 2020 on the creation of an urban logistic area of over 500 sqm integrated in the project. This infrastructure should eventually mutualise all the deliveries of the site and cover 10% of the "last mile" deliveries in the neighbourhood, done by cargo bike.

The operator, which is under contracting, should commit to use "green" vehicles and respect the "Certibruit" Charter of the city of Paris on noise limitation. Moreover, its digitalised management of delivery flows should enable it to lower traffic congestion created by delivery vehicles around the site.

Discussions are also in progress for the installation of a hydrogen production and distribution station at the Porte de Versailles convention site in Paris. This station would supply taxi fleets but also, in the long term, be the source of fuel for the site's logistics vehicles and handling equipment.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 89

2. Corporate Social Responsibility

2.2 Better spaces

2.2.5 PROTECT AND IMPROVE BIODIVERSITY

As part of its Better Places 2030 strategy, the Group developed its Group biodiversity strategy in 2020 in collaboration with a specialised consulting firm. As part of this process, 21 key internal stakeholders from different departments of the Group were individually interviewed in order to collect information on biodiversity and their expectations for the new Group strategy. A complete study of the impacts and dependencies of the Group against biodiversity was also led in order to focus the Group strategy on appropriate actions. As a consequence, the Group biodiversity strategy lays now in the three following commitments:

- 100% new development projects to achieve a biodiversity net gain by 2022;
- 100% development projects to implement a biodiversity action plan by 2022; and
- 100% standing assets with high biodiversity stakes to implement a biodiversity action plan by 2022.

Each commitment is detailed in the following sections:

Each commitment is detailed in the following sections.

In 2021, URW's commitments for biodiversity have been recognised as "SMART" by the Act4nature international multi-stakeholders steering committee. This committee gathers the 14 partner organisations of Act4nature international (business networks, environmental NGOs and scientific bodies), the member companies of the French Association of Companies for the Environment (EpE) and the committed members of the funding networks.

- 100% NEW DEVELOPMENT PROJECTS TO ACHIEVE A BIODIVERSITY NET GAIN BY 2022

The preliminary studies of the Group biodiversity strategy showed that one of the main drivers of biodiversity loss, according to the 2019 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services ("IPBES") report, is the change in land use. It also showed that real estate companies play a major role in this driver due to the artificialisation, degradation and fragmentation of land operated in greenfield projects. In the context of its biodiversity strategy, URW decided to commit to fighting these impacts by aiming to achieve a biodiversity net gain between the state of the site before and after the construction in all large projects".

In order to reach this target, all concerned projects starting in 2022 will have to use the methodology "Biodiversity Metric 2.0", created by the Department for Environment, Food and Rural Affairs in the UK (DEFRA). This methodology was created to "calculate a biodiversity baseline and to forecast biodiversity losses and gains (on site or off site) resulting from development or land management changes", DEFRA claims. The Group will also make its best efforts to apply this target for its ongoing projects where it is possible.

The Biodiversity Metric 2.0 uses simple calculations to model the biodiversity state of the site, taking into account each habitat location, size and ecological condition, as well as their connections with other nearby green spaces. For each habitat of a site, the user needs to enter the value of each parameter before and after the project. As a result, the tool provides an amount of "Biodiversity Units" present on site before and after modification. This methodology has been used by several real-estate companies in the past, it is recognised as reliable and was chosen by the Group for its scientific relevance and its scalability to all the countries of the Group.

With its biodiversity net gain target, URW commits to reach more Biodiversity Units at project delivery than there were before the transformation of the site. In case of loss of Biodiversity Units, the Group will have the possibility to finance compensation projects creating enough Biodiversity Units off site to raise the project's balance to a biodiversity net gain.

In 2021, the first calculation using the "Biodiversity Metric 2.0" was performed on the Lightwell renovation project located in La Defense, France. The results were a gain in biodiversity thanks to the creation of 1,000 sqm of green terraces. In addition of the calculation, an evaluation under the "BiodiverCity"© French label was done.

- 100% DEVELOPMENT PROJECTS TO IMPLEMENT A BIODIVERSITY ACTION PLAN BY 2022

In addition to the biodiversity net gain target, all large development projects need to implement a biodiversity action plan by 2022. This action plan should be made by a qualified ecologist after the assessment of the characteristics of the local biodiversity. The purpose of this document is to first avoid and reduce all impacts of the project on the local nature, and second to implement on each project a list of Group recommendations like the use of environmentally certified aggregates for the concrete or bird-friendly designs for the facades.

The new commitments and recommendations for the integration of biodiversity in development projects were integrated in the Group's design process through the Sustainability Brief (see Section Project design and review stage in 2.2.2 Design sustainable buildings).

Some projects also do an Environmental Impact Assessment, which includes an environmental/biodiversity component, as it is a prerequisite for obtaining a building permit and commercial planning permission in some countries like France. A public consultation may also be carried out as part of this process.

Biodiversity is also addressed by the development projects through the "Land Use and Ecology" section in the BREEAM certification. For example, the project Westfield Mall of Scandinavia (Sweden) inaugurated in 2015 achieved 70% of the credits of that section, just like Westfield Carre Senart, while Westfield Chodov reached 90% of the credits.

(1) Europe retail: Total investment cost (TIC) > €50 Mn or GLA > 10,000 sqm; US retail: TIC > \$100 Mn or GLA > 20,000 sqm; Others: TIC>\$/€40 Mn. 90
Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.2 Better spaces

Some outstanding initiatives for biodiversity can also be noted in the projects of the Group's pipeline such as a biological trail devoted to education purposes outside of Garbera extension (Spain) or the creation of 3.5 hectares of green landscapes in the project Mall of Europe (Belgium).

- 100% STANDING ASSETS WITH HIGH BIODIVERSITY STAKES TO IMPLEMENT A BIODIVERSITY ACTION PLAN BY 2022

The Group applies a pragmatic approach on biodiversity to its standing assets. Even though the very dense urban locations of most assets severely limit the potential to enhance biodiversity, the Group's sites are committed to retaining and improving local biodiversity. This translates in the new biodiversity strategy in the implementation by 2022 of biodiversity action plans in all High Biodiversity Stake (HBS) assets. Assets are considered HBS if located within 1.5 km from a protected area. These areas are composed of all the IUCN (management categories I to VI) and Bird Life International (Key Biodiversity Areas) protection areas. As it is required for the creation of the biodiversity action plans of development projects, these standing assets have to appoint a qualified ecologist to assess the on site biodiversity and propose an adapted action plan to preserve and improve the state of local nature.

A list of recommendations has also been written by the Group as part of the biodiversity strategy and suggests actions like turning off building enhancement lights outside opening hours or creating urban meadows in the assets green spaces.

In addition to the biodiversity action plan, all HBS assets are encouraged to raise awareness about biodiversity towards tenants and visitors.

When possible, URW also focuses on creating "green" spaces, such as green roofs, green walls and green parking lots. For example, the two UK centres, Westfield London and Westfield Stratford City, exhibit over 1,500 sqm of living walls containing close to 50,000 individual plants of over 20 varying species. Westfield London planted 73 mature and semi-mature trees across the estate, as well as 27,000 mixed bulbs across the external shrub land. Westfield Stratford City installed 15 insect hotels to promote diverse ecology of the plant beds, and also erected internal plant displays to improve the inside air quality and add to the environment for the general public. In The Netherlands, Westfield Mall of the Netherlands and Zoetermeer have also installed green walls. Westfield Mall of the Netherlands wall contains around 25,000 plants, 12 birdhouses and ten bat boxes to promote biodiversity.

In 2021, in the shopping centre Westfield Velizy 2 in France, 1,600 oak and wild fruit trees were planted, in the context of its partnership with the French National Forestry Office (ONF), thanks to the mobilisation of the centre's customers, tenants, the centre team itself, and elected officials from the Jouy-en-Josas and Velizy-Villacoublay nearby town halls.

The Group also works across its shopping centres to raise awareness among its stakeholders about the importance of biodiversity. For example, in 2021, in the Wroclavia shopping centre, a specific campaign was dedicated to biodiversity learning, starting with the organisation of an educational exhibition "Wild animals in the city". At the same time, Wroclavia sponsored virtual classes for primary school students that were led by Zoo experts about "Wild animals in the city" (what to do to support a wildlife in the city). 229 students from five primary schools located in Wroclaw participated in these classes. Additionally, Wroclavia supported bees that live in the Wroclaw Zoo by symbolic adoption.

The Group's BREEAM In-Use certification policy (see Section 2.2.3.2 Environmental certifications of buildings during the operation phase) ensures that biodiversity issues are well addressed and promoted to achieve high standards. Once a project has been built and delivered, the Group's operating management team, particularly the on site teams that manage each asset, are responsible for maintaining and monitoring biodiversity. The CSR team monitors the application of the Group's biodiversity policy and provides operating teams with the necessary support.

As part of its CSR strategy, Better Events 2030, Viparis carried out concrete actions in 2020 to preserve and reintroduce biodiversity, such as greening the terrace of Palais des Congres d'Issy-les-Moulineaux, eco-grazing at the Paris Nord Villepinte exhibition centre, installing composters at the Hotel Solomon de Rothschild and the Palais des Congres d'Issy-les-Moulineaux, and banning the use of phytosanitary products for the maintenance of green spaces at all of its sites. In 2021, Viparis has complemented these actions with the set up two nesting boxes for titmice in the Jardin aux Biches garden of the Hotel Salomon de Rothschild.

This choice was made to fight ecologically against the box tree borer, which the titmice feed on.

- URBAN FARMING AT URW

In keeping with its commitment to turn its assets into better places, the Group has begun research and development into urban agriculture and beekeeping projects at a number of its assets. Other than the benefits incurred from diversifying surface usage and influencing food consumption trends, this type of project also has a positive impact on promoting biodiversity in cities.

In 2019, the urban farm that had opened in 2018 on the roof of So Ouest in Levallois-Perret (France), was extended by 300 m². This project, developed in partnership with the start-up Sous Les Fraises, revolves around vertically cultivating fruit, vegetables and flowers, as well as welcoming small groups for educational workshops, generating a positive impact on the environment and the local communities. In 2019, the Group also opened its first urban farm in partnership with the start-up Peas & Love on an outdoor terrace space in Westfield Parly 2 shopping centre (France), which offers cultivated plots of land for rent to the local residents, who can come on a regular basis to collect the fruit and vegetables yielded and enjoy thematic workshops. Since 2020, this urban farm proposes a new online service called "Le marche Peas & Love" where any client can buy local food, including crops from the farm.

2. Corporate Social Responsibility

2.2 Better spaces

In June 2020, the Group opened "Nature Urbaine", the biggest urban farm in Europe (14,000 sqm) on the roof of Pavilion 6 in Paris Expo Porte de Versailles convention venue (France), in partnership with Agripolis and Cultures en Ville. On this farm, more than 20 market gardeners produce during the season over 1,000 fruit and vegetables per day, of 20 different species, using no pesticides, with the ambition to become a global model of sustainable production, increasing environmental and economic resilience of the cities of tomorrow. Additional services are offered with this urban farm space to the neighbouring communities: vegetable garden plots for rent offered to residents, educational visits and discovery workshops around urban farming.

These three projects have been contributing to the city of Paris target to revegetate 100 hectares in Paris by 2020, including 1/3 surfaces dedicated to urban farming, formalised in an engagement Charter "Objectif 100 hectares" which URW and Viparis have signed in 2016.

Since September 2021, Westfield La Part-Dieu's rooftop has become home to urban saffron farming. More than 45,000 organic bulbs were planted on two terraces with a total of 980 square metres of cultivation space. The first harvest took place in October, and the saffron has been dried and bagged by the workers of a centre providing care through employment (French ESAT labelled institution), or transformed and used in syrup. Distributed in short circuits, the saffron has been sold during workshops organised by the "Bien Elevee" urban agricultural house, but also within the centre during occasional sales to the general public and to the restaurant owners of the shopping centre Westfield la Part-Dieu.

Moreover, a number of the Group's shopping centres host beehives on their premises and produce their own honey. One such example is the shopping centre Westfield Shopping City Sud in Austria which hosts ten beehives on its roofs with over 500,000 bees producing 120 kilograms of honey each year. Another is Westfield Arkadia in Poland, which uses beehives installed on the roof of the shopping centre to organise sensibilisation workshops with children about the importance of pollinators for the environment.

2. Corporate Social Responsibility

2.3 Better Communities

2.3 BETTER COMMUNITIES

URW acts as a catalyst for growth within the communities in which it operates.

The Group's economic success is based on a strong relationship with its stakeholders: tenants, customers, investors, local communities, suppliers and contractors, as well as employees. These strong relationships are critical to develop and operate assets meeting stakeholders' expectations in all respects. URW is also aware of the leading economic importance of its real estate properties: in addition to being an urban planner, providing public facilities and building unique, iconic and well connected places, URW plays a key role in the local ecosystem:

- Economic driver: offering direct employment through construction and operational spending, indirect employment by tenants' sales and activities, suppliers' activities and local taxes; and
- *Social integrator: services offered to visitors, charities, employment promotion initiatives, partnerships with local communities and non-profits, places for unique experiences (events, entertainment, shopping, etc.).*

The COVID-19 crisis emphasised the importance of this social and economic mission. The Group's assets demonstrated new ways to support their communities, fighting and preventing the spread of the virus, strengthening local cohesion, and protecting the most vulnerable (see Section 2.3.4.1 Supporting the community).

In 2021, as part of the Better Places 2030 strategy, URW made a new commitment to generate €20 Mn of social value through its community-oriented programmes by the end of the year. This new commitment builds on the 2020 achievement of having 100% of its owned and managed assets with a Community Resilience Action Plan. These action plans have been updated in 2021 and are now part of the Group's processes. They aim to enhance the resilience of communities in which the Group operates thanks to a structured "glocal" approach, ensuring the implementation of the most relevant strategies according to the needs of local areas. The new target allows URW to measure and focus on the impact generated and marks a step ahead in our support to the local communities.

As part of this overarching commitment, the Group also pursued its engagements to:

- Foster local economic development: 100% of the Group Flagship assets support local entrepreneurship through commercial partnership and regional networks; and
- Support local partners:
 - The URW for Jobs programme aims to facilitate the recruitment of people cut off from the job market. Through this programme, the Group committed to have 1,000 people per year getting a job or joining a certifying training programme by 2020 and beyond;
 - Local partners are also supported through locally tailored initiatives or events. Since 2018, almost all of the Group's assets organise at least one event each year with a non-profit organisation. To reinforce these partnerships, the Group commits to have 100% of its Flagship assets support at least one charity or NGO-sponsored long-term project by 2022.

URW also leverages the high number of visitors it hosts each year. This attractiveness gives URW a unique opportunity to support more responsible consumption patterns and the development of desirable sustainable consumption alternatives. Therefore, the Group committed to support and promote at least one sustainable consumption initiative in all its Flagship assets by 2022 and collaborate with tenants to increase transparency of brands on health and sustainability, while expanding healthy and sustainable alternatives in 100% of its Flagship assets by 2025.

A summary of the results achieved against these Group strategic targets is presented in the 2021 performance dashboard (see Section 2.1.4.1 Summary of the Group's CSR performance).

1 GENERATING SOCIAL VALUE

In 2021, URW worked on a framework to account for the social value generated by the community-related programmes of the Group. It then released a target to achieve €20 Mn of social value through its community-oriented programmes by the end of the year as a way to encourage actions with positive social impact and demonstrate the value of its programmes. As the Group is convinced by the value of locally rooted partnerships and actions, most of the community-oriented programmes are decided and managed at asset level. Our social value target and results reflect the strong positive social impact generated by URW.

The development of the framework was made in early 2021 based on the reporting of all community-oriented activities led in the course of 2020. We collaborated with external experts to develop a methodology and a tool to translate social impact into financial value in line with the principles of Social Value International. This work was based on:

- The identification of the 20 main social outcomes linked with our projects.

- The identification of the 20 main social outcomes linked with our projects;
- The definition of the corresponding valuation methodology; and
- The definition of attribution factors and efficacy rates.

In 2021, the Group achieved €21.0 Mn of social value generated, demonstrating the high level of integration and support to the local communities. The results of the first two years of application are presented in Section 2.1.4.1 Summary of the Group's CSR performance.

2 PROMOTING COMMUNITY RESILIENCE

"Community resilience" is the ability for a community to uphold a favourable socio-economic climate, anticipating incidents and unplanned events, as well as contributing to generate positive impact on the local area. It is based on building strong and long-term local relationships to understand challenges faced by the communities the assets belong to, and coordinate common answers. By generating social capital and reducing risks in and from the community, resilience is a part of the business performance and essential for the long-term growth of the assets in their local areas.

The Community Resilience Action Plan is the yearly action plan arising from the long-term social strategy designed at asset level to contribute to the long-term development of the community and, thus, the asset itself.

UnivcrsalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.3 Better Communities

In 2021, most of the Group's owned and managed shopping centres have updated their Community Resilience Action Plan. Within the same framework, each asset management team updated the in-depth analysis of the key issues faced by the local community. They identified key stakeholders to work or partner with on these issues, and exchanged with them on their vision and strategies to tackle local community issues. The output of this analysis was formalised for each asset into a long-term strategy and translated into short-term co-constructed projects specifically tailored to the community's strengths and vulnerabilities.

In addition to reinforcing the dialogue with local stakeholders, this process enables the Group and each asset to improve the monitoring of its local involvement and enhance its positive impact for the communities. Each Community Resilience Action Plan was reviewed and validated in formal meetings involving relevant members of the Country Management Team, to align and empower all internal teams for a successful implementation. The consolidation of the Community Resilience Action Plans of the entire portfolio highlighted commonalities on which a Group-wide approach will be designed. It also brought to light local innovative practices, which will be extended for a greater impact.

Concrete examples of existing community resilience projects:

- Both Westfield London and Westfield Stratford City created the "Future You" project to address youth disenfranchisement and work with key partners in the local community to make positive change specifically targeting 12 to 18-year-olds. The teams worked with Newham Council Youth Engagement team to identify local organisations that could contribute, with an objective to support mental, emotional and physical well-being. Based on the demand from local organisations, three key themes were selected: sports & wellbeing, creative arts, and education & career goals. It practically takes form of a selection of free workshops and sessions for 12 to 18-year-olds, helping to develop young minds with useful financial advice, university support, sport sessions and art workshops. It engaged over 900 beneficiaries in the course of October 2021 and received great feedback from both the local community and community partners.
- At Westfield Chodov, in the Czech Republic, the centre pursued the 6bejvak project with several non-profit organisations and the TV station OCKO. The project provided a dedicated space for children and young people to engage in several activities and games, under supervision. This space compensates the lack of infrastructure in the local areas, thus avoiding youth disenfranchisement. It supports a long-term partnership with two social agencies, Proxima Sociale and YMCA, which provide advice to young people at a contact point in the centre, while communicating regularly with the shopping centre management teams to monitor more efficiently the issues of young children in the community.

URW is convinced that the locally tailored and co-constructed approach of the Community Resilience Action Plans will benefit communities and its assets. From 2020 onwards, Community Resilience Action Plans will be updated on a yearly basis.

2.3.3 EXPAND LOCAL ECONOMIES

Be it at a local or global level, having a clear understanding of the economic and social impacts of its activities is key for the Group.

URW assesses the social and economic impact of each development project, which includes both the temporary impacts of the construction phase, as well as the long-term contribution of the asset's operations to the prosperity of local communities. Throughout the development, the Group not only generates construction-related jobs, but also contributes to the development of transportation infrastructure and public realm, dynamising the communities in which it operates. Once completed, projects serve as catalysers of local employment (directly and indirectly), economic activity and tax income. The Group's developments play a key role in revitalising and regenerating areas, attracting additional investment and projects, and unlocking their growth potential. The assessment and enhancement of the socioeconomic impact of development projects

supports a constructive dialogue and collaboration with the local authorities.

Once assets are in operation, the consideration of the socio-economic impact is fully integrated as part of the decision-making procedures; social and economic criteria are systematically considered and addressed when entering in relationships with stakeholders, particularly with the supply chain during the purchasing process. On top of this, the Group and its assets design and implement relevant community programmes to be a catalyst for growth within the communities in which it operates.

2.3.3.1 SOCIO-ECONOMIC IMPACT

- BOOSTING OUR SOCIO-ECONOMIC FOOTPRINT

The Group started to work on quantifying the socio-economic footprint of its French assets in 2013. It worked on a Group-wide study in 2018 which encompassed all shopping centres in continental Europe. Performed by external experts, it enabled the Group to measure economic⁽¹⁾:

- Local impacts (ranging from the city to the region level): by estimating the total paid out salaries which are tied to activities of the shopping centres, the number of jobs created, as well as local taxes paid in relation to operational activities; and
- National impact: by estimating the Full Time Equivalents (FTEs) associated with all jobs provided by the shopping centres. This includes URW employees, tenant employees, and those of on-site service providers.

(1) For continental Europe, employment, salaries and tax contribution figures were estimated using economic modelling techniques, data provided by URW and assessment methods and simulation based on national statistical databases. Umbail-Rodamco-Westfield's total tax contribution was based on data provided by the Group. All results are expressed in terms of created or maintained jobs excluding "additional" effects; some jobs would have existed even in the absence of a shopping centre in the area.

2. Corporate Social Responsibility

2.3 Better Communities

The study found that 62,266 hosted jobs were created or maintained within the Group's shopping centres in continental Europe (including retail spaces within those shopping centres not owned by the Group). Tenants' employees accounted for 95.5% of the Group's footprint in terms of direct employment in continental Europe, with suppliers and subcontractors accounting for 4% and on-site URW employees for 0.5%.

In 2018, the Group published the results of the socio-economic footprint of its two assets located in London⁽¹⁾. During their ten years of operations, both Westfield London and Westfield Stratford City supported 25,000 jobs (FTE equivalent) in London, which account for approximately 12% of all jobs in two local boroughs: Hammersmith and Fulham, and Newham. In addition to encouraging local employment through several services to tenants, the study estimated that 24% of Westfield London employees were previously unemployed. Over ten years, both assets have attracted 590 million visitors and generated over £16.7 Bn in sales. Through the creation of mixed-use developments which feature the best in retail, dining and leisure alongside offices, hotels and residential, the Group's centres have acted as catalysts to further inward investment and have contributed to placemaking in key areas of London. The report outlines URW's contributions including:

- Over £200 Mn on improving infrastructure and connectivity;
- Over £13.6 Mn in education and training;
- URW centres now support 32,000 jobs in the capital with over 12,000 being created through developments in Stratford and Croydon;
- The two centres generate significant additional expenditures for the benefit of local businesses, including an estimated £18 Mn to £25 Mn annual spend by centre employees and an expected £16.5 Mn total spend by construction workers; and
- The 4,000 new London homes are expected to generate £58.5 Mn in annual residential spend in local areas.

In 2020, the results of a similar study conducted on the socio-economic impact of the Group's activity in the Paris region (ile-de-France)⁽²⁾ revealed that the Group's operations generated €9.5 Bn of direct economic benefits in the region in 2018 (€4.1 Bn from the retail activity of the Group's 14 shopping centres, €5.4 Bn from the Convention and exhibition activities). Over a ten-year period (2009 to 2018), the Group has invested an average of €310 Mn every year to develop ambitious projects to contribute to increase the region attractiveness and dynamism. The study also confirmed the Group's major economic role in supporting employment. Overall, in the Paris region, the activities of the Group support, directly or indirectly, over 60,000 jobs, of which 1,000 being directly provided by the Group. These jobs are of all levels and qualification, offering a wide range of opportunities:

- The retail activity accounts for 21,000 jobs supported. Retail jobs are by nature impossible to delocalise and offer opportunities for unqualified individuals; 78% of the sales staff in France have qualifications below baccalaureate level, or no qualifications at all;
- The offices activity supports approximately 12,000 jobs, attracting the best international talents to the region, a trend which is expected to continue given the size and quality of the Group's projects in major financial centres in the context of Brexit; and finally
- The biggest driver of employment is the Group's Convention and exhibition activity; 30,000 jobs are estimated to be supported by the events and tourism generated by Viparis' operations.

The results of these studies confirm the significant economic contribution of the Group, its retailers, and its suppliers in the economy of each region both at local and national levels.

The contribution of the Group's activities to the development of local areas are not restricted to these measures of socio-economic footprint. The ambition of the Group of being a catalyst for growth is translated in a wide range of additional initiatives towards the communities, ranging from entrepreneurship projects to training programmes (see following sections). These additional engagements demonstrate the Group's commitment to go beyond the positive impact induced of its activities, but to proactively create value for the communities in which it operates.

- 1) 10 years in the Making - the socio-economic impact of Unibail-Rodamco-Westfield centres in London, by Volterra, published in November 2018: https://www.urw.com/en/portfolio/standing-assets/standing-portfolio/shopping-centres/-/media/Corporate-o-Sites/Unibail-Rodamco-Corporate/Files/Homepage/Unibail-Rodamco/URW-10_Years_in_the_Making.ashx
 - 2) 10 ans d'impact positifs en lie de France - Unibail-Rodamco-Westfield au service de la transformation du territoire francilien, published in 2020: <https://cdn.urw.com/-/media/Corporate-o-Sites/Umbail-Rodamco-Corporate/Files/Homepage/PRESS-ROOM/Publication/20200817-URW-10-ans-d-impacts-positifs-en-ile-de-France.pdf>
- Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 95

2. Corporate Social Responsibility

2.3 Better Communities

- TAX FOOTPRINT

Tax transparency regimes

URW is a publicly traded Group dedicated to investing in commercial real estate across Europe and the US. Many countries have adopted laws on local tax transparency to encourage long-term investment in real estate. These regimes subject the Group to distribution obligations¹. Based on the tax transparency regimes, the profits made are taxed at the shareholder level directly, instead of at the level of the Group. URW promotes the concept of a global real estate investment regime that would allow for mutual recognition and a fair share of tax revenues between the countries where the properties are located, through withholding tax payments, and the countries where shareholders are located, through income tax payments.

URW also believes that the tax transparency regimes for real estate contribute to a responsible and sustainable approach to taxation by creating conditions for long-term investment and win-win partnerships between local communities and the real estate industry.

Following last year decision and the confirmed impact of the pandemic on the Group's 2021 revenues as well as the Group's commitment to deleverage, the Group suspends the payment of a dividend for its fiscal years 2021 and 2022. Once the Group has completed its deleveraging programme, it will resume paying a dividend.

The tax position of URW reflects the geographical location of its activities. The Group declares profits and pays taxes where its activities are carried out. This translates into payments to local or national tax authorities of corporate income tax, business taxes and taxes withheld on dividend payments².

Taxes and social security contributions paid locally

The Group's tax position mirrors the location of its investments. Considering its €54.5 Bn portfolio and the fact that holding real estate assets requires it to pay property taxes, URW pays significant amounts of taxes. Significant tax payments are also made to local authorities upon investment and divestment transactions, although this will vary as it depends on the number and size of transactions completed during a particular year. In addition, URW and its tenants in the Group's shopping centres employ many people locally who contribute significant amounts in taxes and social charges.

In 2021, on a proportionate basis, the subsidiaries of the URW Group paid €338 Mn of local taxes and social contributions. The below geographic breakdown does not

include income taxes, which are reported in note 8.2 in Section 5.2 Notes to the consolidated financial statements.

Combatting tax evasion

The business strategy of URW consists of creating value with its real estate portfolio over the long term. The tax policy of the Group is completely integrated into this long-term plan and is consistent with the normal course of its business operations.

In 2021, the Group operated in 11 different countries in continental Europe, the UK and the US. The Group does not use investment routes through non-cooperative countries or territories" to locate income in low tax jurisdictions. As a matter of principle, URW complies with the letter and the spirit of tax laws and regulations. Tax risks are followed and monitored by a team of internal and external tax experts, and discussed with an internal committee whose members include the Group Chief Executive Officer and the Group Chief Financial Officer, and the Group's auditors, Audit Committee and Supervisory Board.

URW complies with tax transparency regulations such as the European DAC 6 (Directive on Administrative Cooperation, as amended for the sixth time), the US FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard) and files its fiscal Country-By-Country-Report with the French tax authorities.

Further information on URW's approach to tax is available on our website at the following link: <<https://www.urw.com/en/investors/>taxation-information>.

2.3.3.2 SUPPORT LOCAL ENTREPRENEURSHIP

The Group wishes to enhance the economic vitality of its community by fostering local economy and is committed to have 100% of its Flagship assets support local entrepreneurship through commercial partnerships and regional networks from 2020 onwards. In 2021, 61% of the Group's Flagship assets managed to empower entrepreneurs to create businesses and grow. The support provided took different formats, depending on the operational means available to the asset.

- 1) See note 8 to the consolidated financial information in Chapter 5.2 Notes to the consolidated financial statements, Section 8.1.3. Tax regimes, for an overview on these regimes.
- 2) See note 8 to the consolidated financial information in Chapter 5.2 Notes to the consolidated financial statements, Section 8.2. Income tax expenses.
- 3) Non-cooperative countries or territories are usually defined as countries or territories refusing to adhere to international tax good governance standards.

96 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.3 Better Communities

The Group assets offer entrepreneurs visibility and exposure to customers through marketing operations or space provision (shopping centre unit, and temporary space in the common parts or during special events such as the Christmas market). The Group hosts several concept stores in its assets, promoting local young entrepreneurs or artisans.

Support to entrepreneurs is also conducted through the provision of financial support (long-term services partnerships, financial grants, etc.), or by engaging by being active in local entrepreneurship networks (financial support, mentoring, etc.). This is, for example, the case every year through the Westfield East Bank Creative Future Fund, part of the sponsorship programme of Westfield Stratford City. The US supported entrepreneurs at country or asset levels in the course of 2021, for example:

- Westfield Century City sponsored the Pick Pico Small Business Street Fair dedicated to support local small businesses, in partnership with the Westside Neighborhood Council; and
- Westfield Garden State Plaza partnered with the New Jersey Economic Development Authority to develop a programme to provide local small businesses/entrepreneurs the opportunity to lease space at below market rates to promote and grow their business.

In the Czech Republic, partnerships with local start-ups focusing on sustainable mobility like Hoppy.Go (car sharing), Rekola (shared bike) and, since 2021, with BeRider (shared electric scooters) have been launched to encourage the shift towards more sustainable modes of transport. Another example is Westfield Chodov shopping centre which started a partnership with the local start-up Beta Robotics to test a new innovation to tackle the pandemic issues with a new robotic air-cleaning solution and contributed to the development of the software as part of its continued partnership in 2021.

Besides local initiatives, several country-wide actions are initiated to empower entrepreneurs. Every year, URW organises the "Grand Prix Commerce URW" (Grand Prize Retail) to support retail innovation and business creation. The competition began in 2007 in France, and in Spain from 2019, and rewards bold innovative concepts with grants and the opportunity to develop in the Group's shopping centres. With its yearly Grand Prix Commerce URW, the Group has already helped accelerate the development of over 38 young, daring retail entrepreneurs, while identifying the innovative concepts that will enhance future retail. The 2021 edition awarded:

- The Grand Prize to Unbottled, a brand of French-made solid beauty hygiene products reinventing cosmetics in an eco-responsible way;
- The Shop Prize and Public Favourite to Delicatissimo, an urban food market that offers pop and offbeat street food universes prepared in a "live

- The Snop Prize and Public Favourite to Deliroutine, an urban food market that offers pop and one-of-a-kind street food universes, prepared in a "Live Kitchen" out of fresh and premium products; and
- The Pop-Up Prize to The Blond Cactus, a concept rooted in the circular and sustainable economy offering 100% customisable creations composed of dried flowers and self-sufficient plants combined with recycled or handmade decoration.

2.3.3.3 SUPPLY CHAIN MANAGEMENT

The CSR strategy of the Group encompasses a much wider footprint than the Group itself. Being a substantial buyer, URW is aware of the importance of driving industry standards and pushes for an evolution on the way it drives its suppliers and service providers toward more sustainable operations.

Given the size of its portfolio, the Group works with a large number of suppliers and contractors, and ensures it is not exposed to the risk of depending on only a few strategic suppliers. In 2020, the Group designed its Responsible Procurement Roadmap, followed by a mapping of CSR risks in its supply chain in 2021. URW became a signatory to the UN Global Compact in 2004, thus committing to adopting, upholding and enacting within its sphere of influence the ten universally recognised principles relating to human rights, labour laws, environmental protection and anti-corruption.

In addition to this, URW issued in June 2021 a Modern Slavery statement available at <https://modernslaveryregister.gov.au/>.

- PURCHASING MAPPING

Purchases at URW can be split into three categories:

- Corporate overheads, including office management, business travel, consultancy and audit fees, corporate communication and public relations costs, ICT and other administrative costs. This covers all Group staff and regional headquarters;
- Operating costs, services provided to properties for daily on-site operations, such as cleaning, maintenance, security, waste management, energy and fluid provision, and marketing expenses (OPEX paid by the property owner and mostly passed onto tenants as service charges); and
- Capitalised construction works invested in properties for three main purposes: new development or enhancement works, maintenance works or reletting works (CAPEX paid by the property owner); these include mainly purchases from constructors, fees for architects, designers and engineering firms, and insurance premiums.

The varied nature of procurements and the diverse locations of the Group's properties result in having most of the supply chain being local companies or subsidiaries that support the local economy. In addition, wherever possible, the purchasing policy favours local purchases in the catchment area of the Group's assets in order to contribute to employment and local economic development.

Purchases consist principally of OPEX and CAPEX for the operation and development of properties (overheads being a small part of the overall expenses). Operating expenses are spent locally. OPEX and CAPEX costs mostly comprise labour-intensive services and to that extent are purchases that cannot be relocated. Capitalised construction works are non-recurring expenses depending on development activity.

2. Corporate Social Responsibility

2.3 Better Communities

• MAPPING OF CSR RISKS IN THE SUPPLY CHAIN

URW is committed to protect human rights, health, safety and the environment in its value chain. To strengthen its approach to responsible procurement, URW established a mapping of CSR-related risks mapping in its supply chain in 2021. This mapping allows URW to understand and identify key risks related to sustainability in its upstream value chain and will allow the Group to define and implement action plans to manage these risks. The mapping has been designed with specialised external consultants and involved key representatives of functions with high procurement volumes (such as development teams or technical teams) as well as the Group compliance team. The mapping covers approximately ten key procurement categories under 11 risk categories (resources consumption, pollution, waste generation, climate change, biodiversity, illegal/forced work, discrimination/harassment, working time/salary, health and safety, data protection and corruption), with distinction between countries. This mapping includes mapping of the main existing risk management measures already in place within the Group.

• SUSTAINABLE PROCUREMENT

URW's procurement strategy is designed to comply with the following rules: fairness, focus on quality, long-term partnerships, reduced risk and the respect for applicable regulations. Moreover, the Group must honour the trust placed in it through property management contracts which aim to be transparent and cost-efficient.

In addition to the principles and rules detailed in the Group procedures and Compliance Book (and specifically in the Code of Ethics and the Anti-corruption programme), all purchases must comply with the applicable local laws and regulations, especially labour and environmental laws. These local laws and regulations notably include the respect of the UK and Australian Modern Slavery Act or anti-discrimination clauses in the US.

To secure the proper application of these rules, in the case of a tender process and over the term of a contract, the supplier can contact the URW Compliance Officer at any time to raise and submit a complaint, in accordance with the Group's whistleblowing procedure. The URW Corporate Internal Audit team carries out regular audits across the Group to validate the thorough application of the Group's procurement policy.

The CSR approach is fully integrated at each step of the supplier procurement and referencing process of URW in continental Europe.

CDP

SUPPLIER ENGAGEMENT LEADER

2021

In 2021, URW was again identified as a global leader for engaging with its suppliers on climate change, being awarded a position on the 2021 Supplier Engagement Leaderboard by global environmental impact non-profit Carbon Disclosure Project (CDP). URW was recognised to be among the top 6% of organisations assessed by the CDP.

Also, in 2014, the Group signed the "Responsible Procurement Charter" in France, an initiative led by the French authorities. This charter, structured around ten commitments, aims to promote best practices for more responsible purchases and a more balanced and cooperative relationship between large companies towards their providers.

In Sweden, since 2020, URW uses the Swedish property industry's Code of Conduct for suppliers, which is applied in its purchasing processes for its headquarters and standing assets to ensure a minimum level of sustainability and responsibility from its suppliers and their subcontractors. Suppliers must sign and comply with the Code of Conduct, which includes requirements related to the preservation of the environment, the working environment and social conditions, and business ethics and compliance. Furthermore, suppliers must answer a self-evaluation questionnaire in order to show how compliance with the Code of Conduct takes place and must be updated once a year. An equivalent approach is followed for construction activities.

More specifically on forced labour, understanding and awareness on this significant issue is critical. URW partnered with "Stronger Together" to develop a high-level training to fight the risk of forced labour. Stronger Together is a not-for-profit organisation, working with businesses to reduce forced labour, labour trafficking and other hidden third-party exploitation of workers. The training developed was delivered for the first time to a set of relevant URW directors in 2021.

Selection of suppliers

URW chooses its contractors with great care and ensures they comply with its procurement policy. The Group-wide Purchasing Procedure guarantees an optimised price for the best level of service while securing an equal treatment among providers/suppliers. It states that the suppliers of all goods and services must be selected fairly on the basis of objective, comparable criteria and, when relevant, according to procedures relating to invitations to tender.

Prospective business partners are screened in line with the "Know Your Partner" procedure of the Group. These due diligences aim to assess the partner exposure to corruption risk, and identifying past international labour law or human rights breaches.

Before a new service provider joins the approved list, a substantial amount of information is required, including an overview of its CSR strategy and practices. These environmental and social factors are of particular importance to the Group's information in its choice of suppliers and form part of the criteria considered in tender processes.

Each purchasing step is duly documented for traceability. In continental Europe, a web-based solution for purchasing management was launched in 2017, focusing on services procurement in the standing portfolio. It makes the procedures of URW more robust, facilitates new and direct collaboration between all stakeholders, ensures the transparency required for all purchasing decisions, helps operational teams to select providers, and facilitates the sharing of best practices and risks mitigation. This solution secures the administrative management for the whole purchasing cycle.

Inclusion of CSR criteria in contractual clauses

General Purchasing Conditions ("GPC") apply for all the countries in which URW operates, although they vary between continental Europe, the UK and the US, according to local requirements. A clause is also automatically included in these conditions, requiring suppliers to abide by the Group's Code of Ethics provisions, including complying with applicable laws and regulation, prevention of all forms of corruption and discrimination, respect for human dignity and for employees' work, preservation of the environment and reporting practices that are in breach of these principles using the contact procedure provided by the Group.

In continental Europe, for standing assets, service providers (particularly cleaning, multi-technical maintenance and security companies), are asked to sign the GPC attached to each contract. This includes a sustainability clause covering all environmental issues, notably improved energy efficiency, responsible waste management, and the use of environmentally-friendly products and materials, and which ensure the protection of social and labour rights, including a commitment to comply with the conventions of the International Labour Organisation ("ILO") and with local employment legislation.

In the UK, the Standard Service Agreement includes a commitment to comply with all relevant safety, labour and environment (including but not restricted to waste and water management) legislation, with the site environmental management accreditation (ISO 14001) and with best practices in these areas.

In the US, clauses require the suppliers not to engage in any direct or indirect form of human trafficking, slavery, forced or involuntary labour.

In France, two addenda to the GPC reinforce the existing sustainability provisions, specifying the efforts and results expected in terms of environmental and social performance: an "environmental clauses addendum" and a "professional integration clauses addendum". The latter, which was introduced in July 2018, commits service providers to fostering the professional integration of people remote from the job market. It requires service providers to commit and make major efforts in this field when providing services within the Group's assets. Specific targets are set in association with the Group, to adapt professional integration ambitions to the scope and business of each supplier, to secure genuine pathways leading to careers or qualifications and diversified recruitment channels. The ambitions are regularly reviewed. In this addendum, providers also agree to recruit most of their staff from communities located close to the place where the contract is being fulfilled, and to take part in the Group's URW for Jobs recruitment events (see Section 2.3.4 Engaging with local stakeholders). Finally, signatory providers agree to prepare and send to the Group a summary of the professional integration actions implemented, and results obtained in each of the Group assets in which they operate.

In continental Europe, for projects under construction, the contracts signed with suppliers state that the Group and the companies it controls are committed to reducing the carbon footprint of their projects, particularly during the development phase of the assets.

A clause indicates that the construction companies involved in the Group's projects must take the carbon impact into account when selecting construction techniques, materials and technical solutions. After each project review and at all project stages, an arbitration regarding the carbon footprint impact is to be taken for the proposed solution to be submitted to the Group. The principles and action plans used to select the most sustainable materials with a reduced carbon content are specified in Section 2.2.2.3 Construction materials.

Raising awareness among existing suppliers

To encourage existing suppliers and contractors to improve sustainable operating practices and use environmentally sustainable materials, the Group shared its CSR policy and related environmental and social targets with all its main service providers Group-wide through official communication letters. These included contents and ambitions of the Group CSR strategy and the announcement of further supplier engagement on CSR topics. The Group confirmed its willingness to work together with its supply chain in its Better Places 2030 journey.

As part of the Group's continental Europe "4 Star" label criteria, URW regularly conducts training in customer service skills for the security staff and cleaning suppliers at all shopping centres with the "4 Star" label. In France, maintenance suppliers are trained in the Group's Environmental and Health and Safety processes.

The Group has also introduced initiatives concerning incentives for energy savings and waste segregation performance (e.g. energy performance contracts - see Section 2.2.3.4 Energy management, and contractual targets of percentage waste to landfill - see Section 2.2.3.6 Waste management). These site-by-site practices challenge suppliers and serve as a basis to involve them in a process of continuous improvement for all managed assets.

Assessing the CSR performance of suppliers

In continental Europe, internal annual supplier assessment of compliance with environmental clauses, management modes and service quality are performed on key services (multi-technical, health and safety, mechanical transport, cleaning and waste management).

The supplier assessment process allows for the evaluation of supplier compliance with contractual requirements and to anticipate tender needs. Data collected through these assessments, once consolidated, are also shared with contractors through Steering Committees.

In 2020, Viparis launched an external evaluation campaign of its suppliers on CSR criteria in partnership with Ecovadis. This campaign has been continued in 2021. For suppliers outside the Ecovadis platform, Viparis has also updated its CSR internal assessment questionnaire in 2021. These assessments are used during annual meetings with contractors to define a plan of action regarding CSR performance.

2. Corporate Social Responsibility

2.3 Better Communities

2.3.4 ENGAGING WITH LOCAL STAKEHOLDERS

2.3.4.1 SUPPORTING THE COMMUNITY

Each of the Group's assets is fully committed to creating social value for communities and contributing to the sustainable economic development of the areas in which it operates. Although the ongoing COVID-19 crisis restrained some of the community-related activities, it also fuelled an unprecedented commitment of the Group to contribute to the global fight against the virus.

• SUPPORT TO COMMUNITIES DURING THE COVID-19 CRISIS

After the massive wave of actions conducted by the Group in 2020 to fight against the spread of the virus, to protect the most vulnerable population and to strengthen the local cohesion, URW structured its approach to focus on impactful actions. On the one hand, the Group pursued actions that were launched at the heart of the pandemic, such as the supporting victims of domestic violence in France where actions were maintained over the course of 2021 namely in Villeneuve 2, Westfield Carre Senart and Westfield Velizy 2. On the other hand, the Group actively partnered with local and national authorities to further develop test and vaccination centres, and support public health efforts. As a result, at year end 48 vaccination centres were open in URW assets globally with 1.5 million vaccination shots performed in these centres.

• URW FOR JOBS

URW for Jobs is one of the Group's major community initiatives. Its goal is to create job opportunities within the Group's assets for local people facing barriers to employment, for example due to economic, social or family issues.

The programme is designed for beneficiaries who have been unable to find sufficient employment, to receive free training support to meet the requirements of employers in the Group's value chain (for example, retailers, customer services, security and construction). At the end of this process, participants are introduced to tenants from the shopping centre and other employers through job interviews, job fairs and job applications. These actions are delivered in collaboration with local public employment services and charities with which the Group builds long-term partnerships.

The Group committed to support 1,000 local people to integrate a job or a qualifying training certification through the URW for Jobs programme from 2020 onwards. Since its inception in 2016, URW for Jobs has helped 2,362 people to find a job or a certifying training programme. Although the programme operations have been strongly impacted by the restrictions associated with the COVID-19 pandemic in 2020 and 2021, URW delivered the programme where and when possible and tested digital versions of the programme. For example, through videoconference interviews and online training. This was done in particular in Nacka Forum in Sweden in March 2021, where the shopping centre organised a digital jobs fair offering over 180 job positions, including neighbouring companies and the Nacka Municipalities. Adecco, a partner in the programme, provided guidance to candidates on CV templates and an interview preparation guide to support applicants in the process. It has been a success, with around 600 applications gathered.

In 2021, URW for Jobs was hosted at 30 shopping centres across the Group. These centres have helped to train 360 beneficiaries. Through 22,005 training hours (on average eight days training per candidate), the beneficiaries were able to rebuild self-confidence, crystallise their career plans and develop skills.

In 2021, 637 local people were hired in a job or entered a certifying training course in the two months following the programme. This includes 336 candidates trained through the programme and a further 301 candidates who were able to gain entry to the initiative without prior training and found a job at events organised by the shopping centres.

The Group maintains its commitment to support 1,000 people to integrate a job or a qualifying training certification through the URW for Jobs programme each year.

- URW COMMUNITY DAY

The URW Community Day is designed to engage a large number of employees in volunteering for a local charity, involving each of the 12 countries where the Group operates.

The Group's community-oriented activities in 2021 continued to focus on supporting the needs of local communities that had been directly impacted by the global pandemic, and activities to improve the environment and biodiversity of areas near to the shopping centres. A total of 61% of Group employees delivered more than 7,096 volunteering hours in 2021.

Some of the volunteering initiatives:

- In France, teams volunteered to support a Red Cross event for disadvantaged people and helped refurbish a local centre for refugees, as well as

- In France, teams volunteered to support a Red Cross event for disadvantaged people and helped refurbish a local centre, for refugees, as well as supporting the National Forests Office (Office national des forêts, "ONF") to maintain local forests by planting approximately 200 trees;
- In Germany, employees participated in ten initiatives over the course of several weeks involving cleaning up around the Rhine area, sorting and handing out food, and renovating pre-school areas;

100 UnivcrsalRcgistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.3 Better Communities

- In Italy, employees spent time at a charity for children with disabilities, helping in the garden and greenhouse, painting, and supporting children with their schoolwork and playtime activities;
- The Netherlands teams joined forces to remove plastic waste from the canals of Amsterdam;
- In Poland, a team of volunteers helped clean and paint a night shelter for people facing homelessness;
- In the UK, employees supported various activities from creating 200 care packages and preparing 5,700 meals for local residents in low-income households, to education sessions at the Westfield London Nature Reserve with students that have complex learning needs and autism; and
- US teams delivered a range of actions including clothing donations to reduce textile waste, preparing school supplies, care kits, and food for underprivileged families, and connecting with LGBTQ+ seniors.

- LOCAL PARTNERSHIPS

Today more than ever, the Group aims to come together with communities and stakeholders building on each other's strengths to create shared value.

Anchored in the local areas where it operates, each of the Group's assets has built a strong network of local partnerships, working closely to identify and tackle the issues which are critical for local populations and businesses. By building these strong and long-term relationships with local stakeholders, the Group coordinates common answers, bringing its years of experience to connect people, commerce and the built environment.

In 2020, the Group made a step forward to better monitor and strengthen the positive impact of its community-oriented actions with the implementation of Community Resilience Action Plans in 100% of its owned and managed assets (see Section 2.3.2 Promoting community resilience). As part of the Community Resilience Action Plans, and in addition to the URW for Jobs and URW Community Days initiatives, these local or national partnerships give rise to a wide range of additional initiatives, in which URW employees dedicate time and expertise.

The Group committed to 100% of Flagship assets supporting at least one local charity or NGO-sponsored long-term project (> two years) by 2022. In 2021, at least 82% of Flagship assets had partnerships with charities or NGOs for at least two years. In 2021, over 630 social and environmental initiatives were delivered by the Group's centres through the provision of spaces, donations, collection of materials or donations, and educational events. They benefited at 53% to non-profits, 24% to public community partners such as schools, nurseries and sports clubs, and 20% were private entities with a social or environmental purpose.

In total, including donations of the airports division and contributions made at national and corporate levels, philanthropic contributions from URW amount to €11.9 Mn Group-wide for 2021.

Examples of long-term projects with charities or NGOs:

- In France, Westfield Velizy 2 has launched a Social Inclusion Committee in 2020 to gather local non-profits around social inclusion topics, including improvement of accessibility and possible dedicated services for people with disabilities. This collaboration led to the installation of electric scooters for people with reduced mobility and the launch of a partnership with a local social healthcare institution to advance the employability of disabled people. The centre also implemented a new service, together with the partnering organisations: one employee dedicated to welcome and accompany disabled customers in the centre based on preliminary appointments twice a week; and
- In Poland, pursuing the existing partnership with Brother Albert's Aid Society, the Wroclavia shopping centre opened a charity stand conducted by the Brother Albert Aid Society before Christmas where homeless people were selling their handcraft, not only to gather money but also to increase awareness about homelessness problems and promote the Brother Albert Aid Society. It follows a 2020 programme where the centre partnered with the Brother Albert's Aid Society to create a community garden looked after by homeless people.

These projects provide the charities and non-profits the support they need to have long-term visibility and develop impactful answers, while leaning on the stability, attractiveness and commitment of the Group's assets.

In parallel to these local partnerships, the Group pursued its long-term national engagement:

- In 2021, the Group's French shopping centres celebrated the 13th consecutive year of partnering with the network of Ecoles de la 2e chance ("second-chance schools") which, aside from financial support, benefitted from operational support to enable their young beneficiaries to secure their social and professional integration;
- In the UK, the Group's partnership with WISE and Stemettes to enable and inspire gender balance from education to business in STEM (Science, Technology, Engineering and Mathematics) was pursued, although physical activities couldn't take place during the year;
- As industry leader, alongside the main stakeholders of the French real estate sector, URW is involved in promoting and driving forward education and research in the fields of real estate and urban planning. As a founding member of the Palladio Foundation, the Group has taken part in its annual programme of conferences sponsored by the former French Prime Minister, Edouard Philippe, on the topic of "Health Et wellbeing in the City of tomorrow". This was aimed at identifying the major challenges of contemporary societies to invent the city of tomorrow. In addition to these working groups, the Foundation also finances the brightest students in the real estate field, helping them to continue their higher education or pursue research projects.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 101

2. Corporate Social Responsibility

2.3 Better Communities

COMMUNITY ENGAGEMENT

Our centres create better communities

URWforJOBS

by UNIBAIL-RODAMCO-WESTFIELD

Creating job opportunities for people seeking employment

LOCAL partnerships

Getting involved locally

URW. community DAY

by UNIBAIL ROJAMCO-WESTFIELD

Engaging a wide range of employees to support non-profits

22,005

Training hours provided in 2021

630

Social or environmental initiatives delivered

125

Volunteering initiatives

637

People secured a job or with a certifying training programme

97%

of assets supported at least one local charity or NGO during the year
Led in each of the

12

Group countries

7,096

Hours of volunteering

2.3.4.2 OPEN DIALOGUE WITH TENANTS AND

Amidst the global pandemic, the Group's dialogue with tenants and visitors was strengthened to face the unprecedented challenges of lockdowns and self-distancing.

In 2021, collaboration with tenants not only addressed the appropriate and required measures to ensure the health and safety of their employees and visitors (see Section 2.2.3.7 Health and Safety, security and environmental risks, and pollution), but also the implementation of new alternatives and tailored shopping solutions like deliveries, drive-thru or walk-thru to facilitate purchase and withdrawal of orders. This collaboration between retailers, service providers and shopping centre management was critical to continue to inform customers of the social distancing guidelines and increased health measures.

The yearly tenant satisfaction surveys in each shopping centre were pursued in 2021 in continental Europe and the UK, to secure among other topics that the retailers are aware of the Group's strategy to keep them safe and feel supported through the crisis.

The URW "Connect" application importantly improves day-to-day relations between the centres, tenants and suppliers. The application is regularly used to engage and get feedback of tenants and their satisfaction regarding new services or events. Launched in 2016, the application is currently used in a great majority of European and US retail assets.

The strong communication level of 2020 towards visitors was maintained to ensure that they felt safe and confident during their visit and to strengthen the ties with the entire community during the pandemic. In addition to usual regular customer satisfaction surveys, additional surveys were sent to customers, including questions on the centre's health and safety measures, to understand their expectations and adapt to their needs.

- The Group reiterated its commitment to the fight against racism and bias. In addition to diversity and inclusion initiatives led internally (see Section 2.4.2.2 Diversity and Inclusion), the Group, and particularly the US, strengthens its support to the economic empowerment of people of colour through all community-oriented initiatives and available means, such as through URW for Jobs, corporate giving and programmes to support entrepreneurship; and
- Inclusion of people with disabilities has been hampered by the COVID-19 crisis. The Group strengthened its commitment to ensuring that people with disabilities feel safe, welcome and at ease in our destinations, by offering tailored services and facilities adapted to their needs.

In 2020, the Group launched a dedicated training course across Europe to raise awareness on social inclusion among all customer-facing staff. Created together with the French association ADAPEI, the learning programme helps Group employees and providers to better understand the diverse nature of disability (including hidden or invisible impairments), identify situations where specific assistance might be needed, devise suitable responses, and adopt appropriate behaviours. In parallel, in the US, various initiatives were launched in 2020, including dedicated e-training courses and awareness-raising workshops, alongside efforts to enhance the overall guest experience for people with disabilities.

Multiple local initiatives are conducted throughout the Group, such as the launch by Westfield Velizy 2 of its Social Inclusion Committee (see Section 2.3.4.1 Supporting the community) or the hidden disabilities Sunflower Campaign at Westfield London. They provide to people with invisible disabilities, if they wish, a discreet lanyard which indicates to the centres' employees that the person wearing it needs additional support, help or a little more time. This campaign is supported by the training of the entire centre's staff.

URW also strives to ensure its assets are welcoming and accessible to all citizens, empowering the Group's teams to take action to translate this inclusive vision in the Group's daily operations. Social inclusion is a critical topic for the Group, and this has been reinforced by the COVID-19 crisis and its impact on pre-existing inequalities as well as by other major social events.

These intense exchanges and the continuous work to improve the relationship with tenants and visitors comes in addition to the "4 Star" label, which ensures a unique shopping experience through a range of services and infrastructure summarised in a framework of 680 points. This "4 Star" label was maintained in Europe in 2021, while the corresponding label called "Service with style" was pursued in the US portfolio.

2. Corporate Social Responsibility

2.3 Better Communities

2.3.5 PROMOTE RESPONSIBLE CONSUMPTION

Household consumption is a major contributor to some of the most pressing environmental issues globally such as anthropogenic climate change, waste generation or water pollution, requiring generalised short and long-term solutions and a massive market evolution towards more social and environmental responsibility.

As a leader of the industry and with the high number of visitors coming each year to its assets, the Group has a strong responsibility to foster change by promoting healthier and more responsible consumption. This responsibility was translated into concrete commitments within the Group's Better Places 2030 strategy, be it through the diversification of the retail offer or through non-retail initiatives such as services or events. This shift is indeed not only about having the right brands, but also the right marketing approaches and the right services.

By 2022, the Group has committed to have 100% of its Flagship assets support and promote at least one sustainable consumption initiative. These initiatives aim to encourage changes in consumer behaviours and lifestyle and encompass a large range of services, infrastructures, or events to ease customers' eco-gestures and enhance their awareness on the impact of their purchasing choices (see Section 2.3.5.1 Fostering change in behaviours).

In 2021, 67% of the Group's Flagship assets supported and promoted at least one sustainable consumption initiative.

In the longer term, by 2025, the Group engaged to collaborate with tenants to increase transparency of brands on health and sustainability and to expand healthy and sustainable alternatives in 100% of its Flagship assets. This translates in increasing the presence of a sustainable offer through partnerships with existing tenants while integrating new sustainable brand leaders in the portfolio (see Section 2.3.5.2 An attractive, distinctive and sustainable offering).

URW conducted its sustainability-oriented survey on its own customer base for the second year in a row on its European portfolio, confirming the importance of sustainability for consumers, giving clear orientations on the most appropriate answers to meet their expectations according, and confirmed the relevance of the Group's commitments.

2.3.5.1 FOSTERING CHANGE IN BEHAVIOURS

The Group's assets develop locally tailored initiatives to promote responsible consumption choices and sustainable behaviours with local partners. On top of mobility services (mentioned in Section 2.2.4.2 Innovative sustainable transport solutions) and waste management solutions offered to visitors (mentioned in Section 2.2.3.6 Waste management), each of the Group assets encourages sustainable behaviours with local awareness-raising activities and join Group- or regional-wide initiatives.

Local initiatives take the form of enhancement of the available infrastructure such as the implementation of eco-citizen points of collect, urban gardening infrastructures or swapping corners. Locally, sustainable behaviours are also strongly encouraged by highlighting the sustainable features and initiative of the tenants and their offer, by incentivising responsible customer choices, by engaging the public through physical events such as workshops to upcycle, repair or extend the lifespan of products or TED talks.

The best of these local practices are then rolled out and monitored more closely at Group level. This is, for example, the case for the smart food waste solution deployed in Europe or the focus made on circularity in textiles.

- AWARENESS-RAISING INITIATIVES

Numerous initiatives are led to raise visitors' awareness of the environmental and social impact of their consumption choices and behaviours. These initiatives translate into events, long-term services or communication and address various consumption-related subjects such as:

- The reduction of waste through collection, second-hand sales or recycling initiatives on fashion, food or other material, such as smartphones, coffee cups in Westfield Stratford City and coffee grounds or cigarette butts in several French assets. The Group's assets also work on the reduction of packaging: in Spain, following a "zero plastic bags" initiative in 2020, actions to get rid of them have been pursued during 2021;
- The promotion of reuse and repair to extend the lifespan of products, such as La Bouquinerie du Sart collecting old books in Villeneuve 2 to repackage them, and the collaboration with MeryUp at Centrum Cerny Most to transform old banners covering a unit into shopping bags; and
- The promotion of eco-friendly product lines or designers like in Westfield London where a sustainable fashion competition has been organised in partnership with The Royal College of Art. A panel of internationally recognised judges selected the winners' concepts. Six prizes were awarded each to commission their work, exhibited in the display cases located on Silver walk, alongside with encouragement for customers to donate unwanted clothes for them to be recycled.

Empowering customers to take the right purchasing decision also requires making sure that they have access to the relevant information. URW's team worked hand-in-hand with the tenants to highlight their sustainable offer or initiatives. For example, Taby Centrum organised several talks on sustainable fashion and beauty in partnership with Myrorna.

Making sustainability attractive through fashionable and desirable activations is fully integrated as part of the Marketing roadmap of each asset and will continue to be a focus for the Group in the future.

for the Group in the future.

104 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.3 Better Communities

• CONNECTING PEOPLE TO NATURE

The urban gardening activities of the Group are enhanced year after year (see Section 2.2.5 Protect and improve biodiversity). These spaces dedicated to increasing the local biodiversity are also used to connect the public with nature, deliver pedagogical messages and sustainable experience.

The Peas & Love urban farm at Westfield Parly 2 enables local members to regularly visit and collect the fruits and vegetables grown on their rented plot, and to participate in various workshops on how to cultivate and harvest agricultural produce. While Nature Urbaine, the urban farm provider at Porte de Versailles, organises numerous workshops for individuals to discover urban farming and enjoy a taste of locally produced food.

When local urban farming activities are not taking place, centres still encourage the link between their visitors and nature such as in the partnership signed between Westfield Velizy 2 and the ONF organising workshops and encouraging visitors to co-finance the restoration of a degraded forest plot nearby.

Centres also regularly take part in environment cleaning campaigns in their neighbourhood.

Finally, the centre teams regularly participate in urban planning meetings with the local authorities, offering their support to increase the surface of green spaces available in the surroundings. This is notably the case in Centrum Cerny Most, which contributes to deliver the design of the Triangle Park in the close vicinity of the asset, in partnership with several other partners, including the municipality of Prague 14.

• LIMIT FOOD WASTE

The partnership with Too Good To Go, a platform where food retailers can sell their unsold products at a discount to customers at the end of the day, offers a turnkey solution to the Group's tenants while generating additional revenues and raising awareness among visitors.

After a successful launch in 2018, expansion in all French assets in 2019 and eight additional countries in Europe in 2020, the partnership was developed in the US in 2021. Despite restrictions on activities throughout the year, it enabled the saving of over 242,000 meals (see Section 2.2.3.6 Waste management).

These results have been made possible thanks to the involvement of the URW teams who act as an intermediary for the food and beverage retailers and supermarkets, clarifying and facilitating their involvement, and for the customers, promoting the benefits of using the service.

• CIRCULARITY IN FASHION

Given the importance of the fashion sector in the Group's assets and the impact of the fashion industry on the environment, the Group made circularity in fashion one of its priorities.

This is addressed through the presence of containers in the assets' premises. Twenty of the Group's assets facilitate the recycling of used clothes in partnership with local companies or charities, which engage to provide them with a second life, reusing them through second-hand market or charity donations or recycling them. In 2021, the containers enabled the collection of 227 tonnes of textile.

Circularity-related events enabled an additional collection of 15.7 tonnes of textile products. In 2021, a new initiative was launched at Westfield Forum des Halles with The Second Life to offer visitors the possibility to sell fashion items against a gift card in the shopping centre. Items are being bought at a price set by The Second Life and resold with its partners online or in physical second-hand pop-up shops.

In total, 243 tonnes of textile were collected to be given a second life through URW assets in 2021.

2.3.5.2 AN ATTRACTIVE, DISTINCTIVE AND SUSTAINABLE OFFERING

Unibail-Rodamco-Westfield devotes considerable energy to create extraordinary and sustainable places where people live, work, shop, connect and are entertained. The Group constantly works to meet the increasing needs of its visitors and communities by offering a wider range of services, animating the community through tailored programmes of entertainment and events and providing a prime and relevant tenant mix.

To diversify its offer, and response to the growing demand for more responsible products and services, the Group mobilised its teams to engage with current tenants towards more collaboration on sustainability, and particularly to encourage a more sustainable offer in their premises. In the meantime, the Group also entered into relationships with new ecologically and/or socially positioned retailers to integrate more alternative offers in the portfolio.

- **COLLABORATE WITH TENANTS TO INCREASE TRANSPARENCY OF BRANDS ON HEALTH AND SUSTAINABILITY**

Many of the Group's retailers have implemented serious strategies to address climate change and decrease their social or environmental impact. URW strives to actively support its tenants' strategies on environmental and social performance, be it by launching partnerships to enhance their initiatives or promoting their existing sustainable alternatives towards customers.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 105

2. Corporate Social Responsibility

2.3 Better Communities

Therefore, the Group has started several discussions with large retailers to identify synergies on sustainability, with the conviction that a partnership approach is the most efficient approach to make a significant impact. These partnerships materialise in collaborations on technical and real estate-related management of the stores (eco-efficiency, waste management, etc.), but also in the promotion of responsible consumption, be it ecological product lines, recycling programmes or information on raw material sourcing and transformation.

Several initiatives are running, such as the launch of the Nature Reserve, together with Timberland and Urban Planters at Westfield London since 2020. This accessible pioneer space at the heart of the capital hosts a hub for biodiversity with a variety of different areas including a wildflower meadow, insect hotels, beehives, fruit trees, vegetable beds, herbs and a pond area. Located behind the Southern Terrace, this pedagogical place offers an opportunity to witness different methods for growing fruits and vegetables, and to learn about the importance of caring for the environment. It has also been designed to be a safe and accessible space for visitors, which will mostly be students from local specialist schools supporting young people with severe learning disabilities and autism. This three-year partnership with Timberland is a great example of how working together can help local communities and the environment flourish.

- EXPAND HEALTHY AND SUSTAINABLE ALTERNATIVES

The Group also has a key role to play in attracting sustainable brands: innovative retail formats that convey sustainability benefits and have a positive impact on consumption behaviour.

The Group is convinced that its assets offer the best place for change and welcomed several new sustainable fashion brands in the course of 2021, such as Beyond Retro (second-hand) in the UK and Sweden, sustainable shoes and apparel brands Allbirds and Reformation in the US, Calida C-Lab in Westfield CentrO in Germany, as well as Lone Design Club at both Westfield Stratford City and Westfield London. The latter also hosted By Rotation, a clothing rental brand during 2021.

In the food and beverage sector, URW signed a lease with Cafe Joyeux, a socially responsible restaurant with the purpose of training and employing people with cognitive disabilities such as Down syndrome and autism to open in France at Westfield Parly 2. Godisbanken, a sustainable sweet shop, opened in Nacka Forum and Taby Centrum during the year, and the Italian organic ice cream brand Cremuu opened a kiosk at Westfield Les 4 Temps in France.

The Group also welcomed a new Body Shop in Westfield La Maquinista and the B-Corp certified Rituals in Garbera.

The transformation of the offer and the increase of healthy and sustainable alternatives will not be achieved in a day. But the Group is committed to pursue its effort, test and learn from the new concepts and models implemented with a rich variety of partnerships in order to progressively become a recognised platform of sustainable content for visitors and retail partners.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.4 Better Together

2.4 BETTER TOGETHER KEY FIGURES

The Group has 2,769 employees as at December 31, 2021, and an average of 2,889 monthly headcount¹ for 2021.

EMPLOYMENT BYCOUNTRY

Workforce as at December 31.

France" US

Germany UK" Spam Sweden The Netherlands Poland Czech Republic Austria Italy Denmark Slovakia Australia

□HP,

□ Headcount December 31,2020 B Averageheadcount2021 ■ Headcount December 31,2021

EMPLOYMENT BY ACTIVITY
Workforce as of December 31, 2021.

37%

Support functions

- 1) This figure includes VIPARIS employees (322 on December 31, 2021, 334 average headcount in 2021).
- 2) This figure includes 1 CAML employee.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 107

2. Corporate Social Responsibility

2.4 BetterTogether

EMPLOYMENT CONTRACTS
Workforce as at December 31,2021.

96.7% 3.3% I

96.8% 3.2%

Permanent contract Fixed-term contract
1 Full-time contract I Part-time contract

2.4.1 EMPOWERING OUR PEOPLE

2.4.1.1 TALENT DEVELOPMENT AND CAREER MANAGEMENT

- ATTRACTING THE BEST TALENT

Unibail-Rodamco-Westfield has always been committed to attracting the best talent by fostering professional development, promoting cross-functional and international mobility opportunities and offering exciting career opportunities at all levels, be it for graduates or professionals. The Group's International Graduate Programme has been a longstanding proof of this promise, a key lever in terms of external attractiveness and an efficient onboarding and training path for newcomers. As we continue to focus on recruiting the best graduates from top European and American schools, we have also intensified our efforts in recruiting experienced profiles. Bringing new sets of capabilities and diversifying our leadership and management styles are key success factors for the Group.

International Graduate Programme (IGP)

International Graduate Programme (IGP)

The International Graduate Programme ("IGP") allows recent graduates to discover our business and approach to commercial real estate, acquire the Group's business fundamentals, build a network and prepare for their future career. Participants gain unparalleled exposure to diverse areas of the Group's business functions, completing at least three assignments, one of them being abroad. The programme lasts for 12 to 14 months in Europe, up to 18 months in the US.

The programme's framework is as follows:

- One year, two countries, three assignments in three different departments for the European cohort;
- Up to 18 months, two countries, four assignments in four departments for the US cohort.

In 2021, 29 graduates from 19 schools and 12 different nationalities joined the programme. To respect the COVID-19 restrictions, the Group had to adapt and cancel international assignments. While retaining the international dimension of the programme, URW leveraged virtual platforms and organised specific events to offer high-level training, exposure, and networking to the IGP participants.

To support the transformation of the Finance function, with the creation of Performance Management practice, the Group worked on a Finance Track to be launched early 2022 in France and accelerated over the year, to better attract top profiles for assignments in Controlling, Audit, Treasury, Performance Management and prepare for future CFO functions.

WeHIRE

URW considers its employees as the Group's best ambassadors and has developed the global programme WeHIRE to foster employee referral initiatives across the Group. WeHIRE offers our employees the opportunity to refer someone from their professional or personal network for open positions in the Group. If the recommended person is hired, the referring employee receives a bonus, with an additional amount given to a charity of her/his choice. In 2021, 39 new recruits were hired thanks to WeHIRE across the Group. €21,000 were donated all over Europe to charities.

LinkedIn

The URW Corporate LinkedIn page allows us to maintain our strong digital presence. Its audience grew by 7,000+ in 2021 to reach over 94,000 followers by December 2021. Besides stories on our business activities and our People, among others, here the Group showcases content labelled #ReinventBeingTogether and #ReinventRetail to promote our unique experiences and #BetterPlaces2030 to highlight our CSR initiatives and initiatives to support the communities we are a part of. URW also expanded its network by launching regional pages with locally-specific content for the US, Germany, Austria, Poland and the Nordics.

- TALENT MANAGEMENT

URW's career development programmes are designed to develop the best Talent in the market. The Group is committed to offering employees a working environment that fosters diversity and equal opportunities to offer to each employee the experience needed to build an exciting career that creates value for the Company.

Employees receive regular support and advice on career development. They meet with their managers once a year for year-end evaluations, have the opportunity to provide and receive ongoing feedback throughout the year, which gives them the opportunity to discuss their performance, objectives, career advancement and training needs. Apprentices also benefit from these programmes, with 22.9% of them having been offered a permanent employment contract in 2021 at the end of their apprenticeships.

Internal mobility and career evolution

Career evolution in the Company is strongly linked with the Group's competency model. The latter is based on the six corporate values of Boldness, Excellence, Teamwork, Ethics, Passion and Ownership common to the Group (see Section 2.4.2 Working Together). The competency model not only enhances communication, consistency and transparency in managing mobility across the Group, it also recognises the experience and expertise employees are developing in their position. It is as well embedded in the annual performance evaluation process. Internal mobility between functions is strongly encouraged and is conceived as a collaborative process involving employees, managers and the HR department. It gives employees a more in-depth understanding of the Group's various activities and priorities. International mobility also helps employees to build and consolidate networks and share best practices among the various regions.

The international mobility policy covers all mobility schemes, increases awareness of the related benefits and provides full support to expatriate employees and their families. Despite the COVID-19 crisis, 4.55% of employees made a lateral career move within the Group, 13.8% of employees were promoted and 2% of employees conducted an international mobility assignment.

A comprehensive Succession Planning programme was rolled out for executive and leadership positions in the Group, both in Europe and in the US, with a focus on

Corporate and regional functions. 183 positions and their identified successors were reviewed by the Management Board at a dedicated Group Succession Planning review, preceded by in-depth reviews done in every country, led by HR Directors and Chief Operating Officers. The Succession Planning programme contributes to building a strong talent pool, clarifying development opportunities for the identified successors and foreseeing possible career paths for them.

In addition to Succession Planning, High Potential reviews were implemented in all regions. They were based on a common approach and definitions across the Group, further articulated in 2021 to take into consideration younger talents within URW regions. For the first time, the Global High Potential review was organised in 2021 between Group and regional Human Resources Directors, considering all functions and all levels of experience. The objective of the review was to get a comprehensive view of the talent pool for development and retention purposes and work further to match talents with key positions in the long run. 154 employees have been identified with potential to grow to Senior Management or Country Management positions, either in a business role (operating management, development, leasing) or central function role.

The Group largely enhanced its career and development planning processes thanks to the Succession Planning and Talent and Performance Review. The cornerstone of the programme remains a 360-degree feedback approach, where every employee can benefit from the evaluation of their annual performance by their direct manager and receive feedback from colleagues, direct reports (if any) and functional managers/reports (if any). The reviews are carried out in a committee setting with presence of key leaders in the organisation to ensure fairness and consistency in evaluating performance cross-functionally. The programme results in an in-depth discussion of employees' annual performance, potential for professional growth and retention, while fostering creation of more comprehensive action plans and structured follow-up processes. 2,022 employees (93%) had an annual review at the end of 2021.

The Group continued to address talent development actions in 2021, with a focus on job learning (i.e. stretch assignments, lead of transverse projects), individual coaching and remote trainings provided by the Group and local URW Academy. For the first time since 2017, a High Potential program was rolled out at the Group level to offer a unique experience and a development journey for a group of URW future leaders. 24 identified high potentials followed individual coaching sessions and networking and development activities and contributed to the company strategy through a business and CSR-driven project.

In addition to that, multiple local initiatives have been launched to ensure talent onboarding and development (Buddy Program for new joiners in Poland, Mentoring Program in the US and UK etc.).

The context has created career opportunities with an even stronger focus on internal mobility, enabling more diverse moves and stretched assignments, and international mobility despite the COVID-19 context

RECRUITMENT

Overall recruitment rate for the Group was 12.8%, with the following details:

Employees by contract type

Permanent contracts Fixed-term contracts

Apprenticeships"

TOTAL

UnivrsalRcgistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD 109

2. Corporate Social Responsibility

2.4 Better Together

DEPARTURES

Total number of departures (excluding trainees)

Reasons for departure	2020 HBBBBBB^OT	
Resignations	300	487
Dismissals	408	151
Mutual agreements	57	74
Retirements	15	12
Departures during probation period	20	10

Departures during probation period	20	10
Expiry of fixed-term contracts	86	77
Outsourcing	91	15
Death	4	0
TOTAL	9B1	826

TURNOVER

Employee turnover in 2021, as measured by dividing the total number of resignations, dismissals, departures under mutual agreement, retirements, departures during trial periods and deaths by the number of permanent employees at the end of 2020, stood at 24.5% (compared to 22.9% in 2020).

2.4.1.2 TRAINING

Following the 2020 acceleration of the virtual and digital learning offer for all employees of URW, 2021 marked the full focus on enhancing our digital learning culture with a strong focus on guiding our employees to our online and virtual learning offer.

The role of the URW Academy has evolved from being the unique provider of training opportunities, to creating a stimulating environment enabling learning to happen anytime, anyplace, anywhere. Reconnecting people across functions and countries in these times of distancing and homeworking with our online learning has been a key objective. 2021 is also marked as the year with deep focus on a human-centric approach with new management and leadership programmes, a robust offer on soft skills, and meaningful wellbeing and D&I learning opportunities.

The Group has adapted to the "new normal" by pursuing virtual classes and bringing in digital learning in the flow of work to adapt to every pace and interest of the employees of the Group.

On the one hand, this year the URW Academy was focused on virtual sessions to enable each employee to continue to be trained and connect with each other across regions for a high impactful experience.

Priority was given to CSR, diversity & inclusion, and well-being programmes with the roll-out of interactive remote learning sessions (See CSR Training and Education section). Developing management, soft skills, and business skills was critical to ensure every employee acquired the necessary competencies and be supported to deliver in these difficult circumstances. To support the development of our managers, the programme Care Dare Empower, a full virtual programme that runs over a period of 4 months, emphasized the shift to a learning method in the flow of work and the creation of communities to support each other. And as in 2020, our iconic event dedicated to newcomers, the "URW Fundamentals" was offered in a virtual format to bring our new employees a great onboarding experience, with short sessions on our values and our key business topics presented by key business experts and leaders. This program reached more than 250 attendees from all regions over a period of 2 weeks. To fit the needs of both our European and American employees, these programs were run simultaneously with multiple global and local sessions.

Next to our virtual webinars and trainings, the URW Academy pursued its efforts in increasing the visibility of its digital offer of more than 4,800 "off-the-shelf" online courses on topics ranging from personal development to professional skills. Now that every country has access to the same unified digital learning experience globally, with one common Learning Management System ("LMS") leading to one central place for learning for all our employees, many learning actions were launched on both European and American platforms to make learning easily accessible via laptop or mobile device.

- CSR TRAINING AND EDUCATION

Group and regional trainings are regularly organised to embed the Group's CSR strategy, CSR processes and to empower and encourage employees to deliver sustainable solutions.

actions.

The CSR ambition and related action plans are systematically introduced to newcomers in the "URW Fundamentals" training. Dedicated technical training is offered to all relevant staff members, covering topics such as sustainable consumption and the carbon footprint assessment methodology for development projects' teams. Manuals and training materials related to new CSR topics are also drafted regularly, shared with the relevant teams, and made accessible on the Group's training platform (for example "Carbon Footprint" and "Reporting of Green Leases" guidelines).

The third pillar of the Better Places 2030 CSR strategy - Better Together - focuses on people topics including Diversity and Inclusion, and Employee Wellbeing. To embed the Group's Diversity and Inclusion

Framework in 2021, 24 Supporting Inclusion & Unconscious Bias webinar sessions were delivered to 1,348 URW employees. Additionally, as part of the CSR training agenda, nine Employee Well-being sessions were rolled-out and offered to all employees.

URW designed and rolled out a new e-learning for all employees in 2021 to create a better understanding of the latest CSR targets, actions and resources, which form the basis for the Group's "Better Places 2030" CSR strategy. Additional CSR training on specific topics was conducted including Construction Carbon Footprint Training for Development, Design Et Construction functions, and Climate Change Training for Executive Committee members. URW has committed to 100% of Group employees¹¹ to have participated in CSR training and for Group-wide leadership and management programmes to integrate CSR by 2022. Results with regard to this target are presented in Section 2.1.4.1 Summary of the Group's CSR performance.

TRAINING HOURS

Total training hours attended by employees on permanent and fixed-term contracts.

2020	34,705 10.3
------	-------------

42,472 14.70

TOTAL PEOPLE TRAINED

(1) Based on average headcount for the year.

2.4.1.3 AWARDS

In recognition of the quality of the Group's career opportunities and attractiveness, Unibail-Rodamco-Westfield received a number of awards in 2021:

- URW is committed to training young talent and was selected among 2,000 companies to receive the Happy Trainees label for France : some 94.7% of our trainees and apprentices recommend the company, giving the Company an overall score of 4.37/5 with regards to their experience with the Group. This corresponds to one of the highest scores in the support and management of trainees and apprentices in France.
- URW was ranked 7th in the Top 100 Gender Equal Companies in the Netherlands by Equileap, the leading provider of data and insights on gender equality
- In the UK, URW won the Working Families 2021 Top 30 Employers award for Family Friendly Workplace for the fifth year running and Working Families Best for Fathers and Best for Mothers awards.
- URW was named Top Employer in Germany in 2021 by the Top Employer Institute. This award, granted by the Top Employer Institute identifies companies worldwide that place their employees at the centre of their business activities. URW Germany also received an award for the Fair Trainee program 2021.
- In the US, URW won a 2021 Excellence in Practice Award in the Customer Service Training category for our Delivering Service with STYLE program. This Award is sponsored by the Association for Talent Development (ATD), the world's largest association dedicated to those who develop the knowledge and skills of employees around the globe. This training includes Orientation, Providing Guest Resolutions, Understanding Guest Cultures, and Welcoming Guests with Disabilities.

2. Corporate Social Responsibility

2.4 Better Together

2.4.1.4 COMPENSATION AND BENEFITS

Our remuneration policy is defined at Group level, considering the specificities of local markets.

It is designed to encourage individual achievements and contribution to collective results, supporting the long-term growth of the Group.

It aims to attract, motivate, reward, and retain the best Talent in the market, with strong drive, engagement and loyalty. The founding principles of Unibail-Rodamco-Westfield's Remuneration Policy are:

COMPETITIVENESS

based on a global approach, combining fixed salary, Short-Term Incentive ("STI"), Long-Term Incentive ("LTI") and benefits

DIFFERENTIATION AND SELECTION

approach based on merit and individual performance

FAIR AND STRUCTURED PROCESS

common to all regions to ensure fairness and accurate comparisons

EQUAL OPPORTUNITIES

(race, gender, nationality or any other personal criteria)

- COMPETITIVE TOTAL REMUNERATION

The Group Compensation and Benefits team and Regional Human Resources Directors use benchmarks from recognised external consulting firms and ad hoc studies to ensure the URW remuneration competitiveness against relevant markets.

2020/2021

Like-for-like increase in average salary, including Short-Term Incentive

In the COVID-19 pandemic context, Short-Term Incentives paid in 2021 with regards to 2020 performance were reduced by 30% on average for all Group employees.

- DIFFERENTIATED AND SELECTIVE INCENTIVES

The STI (Short-Term Incentive) rewards individual annual performance, personal engagement, team spirit, and adherence to the Group's values.

The LTI (Long-Term Incentive) aims to attract, reward, and retain key talent for the future of the Group, engaging participants with Group long-term performance.

Proportion of employees receiving STI"

Proportion of employees receiving LTI

(1) STI paid in year Y to employees on the payroll at December 31 of year Y-1.

- COLLEGIAL DECISION-MAKING PROCESS

Fixed salaries and STI are decided at year end for all employees. Every decision carefully balances the role, seniority, performance and contribution to Group initiatives and the Group's values. The Group assesses achievements, as well as how they are carried out.

URW's remuneration policy is applied consistently, through a comprehensive process, with no compensation decision taken by only one person. Once a year, a 360-degree review provides employees and

managers with feedback on their strengths, development areas, training needs and career planning (see Section 2.4.1.1 Talent development and career management). Employees also have the opportunity to discuss contributions made to Group initiatives and projects outside their direct scope of responsibility. Each employee's performance is reviewed annually by a Talent Review Committee in the presence of HR teams, managers across functions, and for a large proportion, by members of the Management Board and the Executive Committee.

2.4.2 WORKING TOGETHER 2.4.2.1 TOGETHER AT URW

- The Company values - Together at URW - represent the excellence in the Group's standards as a high-performance company and culture. Together at URW values support the Better Places 2030 ambition to empower URW employees to work together to become sustainability and diversity change-makers. In the context of the company transformation, the descriptions of Together at URW values were updated to better reflect on the evolution of the company working culture, humanistic and community-oriented approach, and the entrepreneurial spirit necessary to capture opportunity going forward.

Employee performance continue to be measured against each value in annual Performance Reviews.

- BOLDNESS - we operate with an ambitious vision
- EXCELLENCE - We deliver positive and sustainable impact
- TEAMWORK - We unite diverse talent to succeed
- ETHICS - We build on trust and transparency
- PASSION We love what we achieve together
- OWNERSHIP - We are action-oriented and accountable

2.4.2.2 DIVERSITY AND INCLUSION

EMPLOYMENTBYGENDER

Workforce at December 31, 2021

EMPLOYMENT BYAGE

Workforce at December 31, 2021

20.6%

58.6%

| Women | Men

| < 30yearsold | 30 50 years old | > 50 years old

- PROPORTION OF SENIOR MANAGEMENT LEVEL POSITIONS HELD BY WOMEN

Workforce as of December 31,2021:

2020

Proportion of Senior Management level positions held by women"

(1) From 2020 onwards, a Senior Management level position in URW is defined as those positions with level 15 and above, plus any member of a country (or regional) management team below level 15.

- RATIO AVERAGE COMPENSATION MEN/WOMEN

Workforce as at December 31, 2021:

Senior Management Level

Other levels

The differences in average compensation can be explained by the structure (presence of more males at the highest responsibility levels), not by company remuneration policy or practices. When analysed by job level, using the URW levelling system, the average ratio across all grades is 101.8%. These ratios are being monitored, and talent management and remuneration policies are in place to keep reducing these gaps.

2. Corporate Social Responsibility

2.4 Better Together

Diversity and Inclusion forms a key part of the Group's Better Places 2030 strategy. With a representation in 12 countries and two continents, URW welcomes employees from different parts of the world, from diverse cultures and backgrounds to build successful and inclusive teams.

URW commits to ensuring full equal opportunities (e.g. gender, nationality, sexual orientation) in HR practices and processes Group-wide. This target has been achieved as 100% of URW regions ensure full equal opportunities in their HR practices and processes since 2019 by having the URW Equal Opportunity statement included in formalised HR policies relating to Recruitment practices, Compensation & Benefits, Talent Review and Learning Et Development. The URW Equal Opportunities statement ensures that HR policy and processes are applied without discrimination on the basis of race, colour, religion, sex, sexual orientation, gender identity, marital status, age, disability, national or ethnic origin, military service status, citizenship, or other protected characteristics.

BEYOU CTURW

The Be You at URW framework aims to fully embed the Group's commitment to drive even greater Diversity & Inclusion across the business. The Be You at URW approach focuses on four key areas:

In 2021, the Group's Diversity Et Inclusion framework - Be You at URW - has been further embedded with the signing of the Be You at URW Charter by all Management Board and Executive Committee members including a commitment for 40% or more of senior positions occupied by women by 2025, and Diversity & Inclusion objectives in the Short-Term Incentive and Long-Term Incentive plans for all Management Board and Executive Committee members.

In every region where URW operates, active Be You at URW Networks help to strengthen the focus on Diversity Et Inclusion by organising and delivering activities to raise awareness on diversity and champion inclusive actions, behaviours and mindsets.

In 2021, a new Group Employee Pulse Survey was introduced including a focus and measure on Diversity and Inclusion. Over 1,700 employees participated in the survey, representing 72% of the global workforce, with approximately two-thirds of respondents strongly stating that URW is a socially and environmentally responsible company that is committed to diversity and inclusion. The survey will be rolled out each year to check in with the global employee community and help shape effective plans to create an even more inclusive working culture.

The Group stands for a fair overall outcome that rewards individual and collective performance and does not discriminate on race, gender, nationality or any other personal criteria.

LEADERSHIP AND COMMITMENT

INCLUSION POLICIES AND PERFORMANCE

2. Corporate Social Responsibility

2.4 Better Together

Group and regional 2021 achievements across the four pillars of Be You at URW framework are outlined below:

1. LEADERSHIP AND COMMITMENT

- Be You at URW Charter signed by all members of the Management Board and Executive Committee with a commitment for 40% or more of leadership positions occupied by women by 2025;
- CSR and Diversity & Inclusion objectives in place for Management Board and Executive Committee (10% of STI; 20% LTI from 2022);
- A European Diversity Charter has been promoted throughout the Group since 2012 to fight all forms of discrimination and harassment;

2. INCLUSION POLICIES AND PERFORMANCE

- Gender balance succession planning in all countries (including discussions on high potentials to improve gender balance in Top Management);
- Enhanced Group policy for flexibility at work (up to 2 days weekly homeworking, flexi work, family-friendly policies);
- Inclusion of URW equal opportunity statement on all job descriptions, job adverts and all HR people practices, and Group HR policies reviewed for language bias;
- Gender pay gap/workplace equality analysis results published in France, the UK and the US - updated annually. URW scored 90/100 in the French Index for Workplace Equality for 2021;
URW hosted dedicated Women's leadership programmes, and specific training for senior managers to promote gender-balanced leadership. Action plans involving monitoring of Key Performance Indicators have been designed to increase the share of women in senior management positions; Group-wide "Supporting Inclusion at URW" and unconscious bias training for employees in all regions;
- Group partnership with the LGBTQ+ inclusion charity Stonewall;
- URW is a signatory of the #StOpE initiative to raise awareness against sexism within companies;
- Commitments in the UK with Real Estate Balance and the Race at Work Charter to support gender and racial equality in the workplace;
- Dutch diversity charter signatory in The Netherlands.
- Parental leave support in all URW Regions. This includes an initiative in France to extend second parent parental leave beyond legal requirements;
- US Talent Acquisition commitment to present a diverse candidate slate to business for each open position;
- Germany Top Employers Institute award for excellent employee conditions;
- URW-Netherlands was ranked 7th in Top 100 for Gender Equality by Equileap;
- UK Working Families awards for Top 30 Employer for Families, Best for Mothers and Best for Fathers.
International Graduate Programme ("IGP") partnership with Historically Black Colleges Et Universities in the US and partnership with Sponsorship Educational Opportunities ("SEO") London to attract diverse IGP candidates in the UK and in France; Digital Diversity Et Inclusion learning paths on URW Academy platform for LGBTQ+ Pride.

2.

4 HI

Active Regional Be You at URW networks in place to promote Diversity and Inclusion;
Group Employee Pulse Survey including Diversity & Inclusion focus and measure;
Group webcast for International Women's Day and gender equality activities in all URW regions;
Solidarite Femmes (domestic violence conference) and StOpe (anti-sexism) initiatives in France;
LGBTQ+ Pride activities in France, Germany, Spain, UK and US;

As signatories of the Manifesto for the Inclusion of Disabled People into Economic life, URW France organised a Lunch and Learn for employees. Additional disability awareness activities were organised in the UK and US. For more information on disability initiatives from URW assets, see Section 2.3.3.2 Open dialogue with tenants and visitors;
Race equality initiatives from Be You at URW Networks in UK and US, with a focus in France from 2022.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 115

2. Corporate Social Responsibility

2.4 BetterTogether

- SALARY INCREASES AND STI BENEFICIARIES

2019/2020

Female

Salary Increase beneficiaries"

STI beneficiaries¹⁷¹

- 1) Based on like-for-like headcount.
- 2) STI paid in year Y to employees on the payroll at December 31 of year Y-1.

In the COVID-19 pandemic context, salary increases were kept to exceptional cases only. In applying these restrictive measures, a particular attention was taken to avoid any gender discrimination.

2.4.3 INSPIRING OUR PEOPLE

2.4.3.1 EMPLOYEE COMMITMENTS AND CSR

- INDIVIDUAL CSR OBJECTIVES

The Group has committed to 100% of employees having yearly individual CSR objectives from 2020 onwards to help make all employees accountable for the collective success of the CSR ambition. In 2021, 99% of Group employees¹⁷¹ set at least one individual CSR objective, integrated as part of the objectives used to determine their annual Short-Term Incentive. 1% of employees¹⁷¹ were unable to set a CSR objective in time before the end of the performance assessment period. Appropriate initiatives and targets aligned with Better Places 2030 were identified in close cooperation with each department within the Group: Investment, Development, Finance, Operations, Technical Management, Marketing, Leasing, Legal and Human Resources. A toolkit with key examples of general and functional CSR targets is shared with URW employees Group-wide.

In 2021, quantifiable CSR and Diversity Et Inclusion targets were included in the Short-Term Incentives of members of the Group's Management Board and Executive Committee. Further details are presented in Section 3.3.2 Corporate Officers' remuneration. The 2021 Long-Term Incentive awards also include 10% of CSR-related performance conditions, for all eligible Group employees, and in 2022 this proportion will increase to 20% to include both Diversity & Inclusion and CSR performance conditions (see Section 3.3.1.1 Management board remuneration policy - Long-term incentive ("LTI")).

The Group Volunteering Programme

The URW Volunteering Programme offers all employees the opportunity to dedicate at least one workday to support social initiatives developed by the Group including support for local people facing barriers to the job market through the URW for Jobs programme or supporting local nonprofits through URW Community Days and local partnership activities; The Group has committed to 100% of Group employees taking part in the URW Volunteering Programme from 2020 onwards.

The Group's community-oriented activities in 2021 were focused on supporting the needs of local communities that had been impacted by the global pandemic. The Group's two major yearly social initiatives, URW for Jobs and URW Community Days, continued to be adapted to the COVID-19 situation and to be supported by the commitment of Group employees. More information on the results of these initiatives is included in Section 2.3.3.1 Supporting the community.

In 2021, despite ongoing safety measures and office closures due to the pandemic, 61% of Group employees¹ were able to volunteer to support local communities where the Group operates. This represents 7,096 volunteering hours delivered by URW employees.

In addition to volunteering participation hours, 6,886 hours were donated by shopping centre management teams across the Group to organise philanthropic initiatives during the year including supporting the most vulnerable communities impacted by the COVID-19 crisis. More information on the results of these initiatives is included in Section 2.3.4.1 Supporting the community.

Volunteering initiatives will continue to be rolled out in 2022 with the target of 100% of Group employees participating in the URW Volunteering Programme annually.

- BUSINESS TRAVEL OF EMPLOYEES

The Group travel policy aims to reduce its associated carbon footprint. Employees are encouraged to travel by train when possible and give preference to videoconferencing rather than physical meetings involving travel.

CO₂ EMISSIONS FROM EMPLOYEES' BUSINESS TRAVEL BY TRAIN AND PLANE (TONNES CO₂EQ)

The indicator is given both as an absolute value and as the ratio between CO₂ emissions from business travel and the average number of employees in 2021. Data and methodology are provided by referenced travel agencies for each region.

938
383

Total emissions (tCO₂eq) kg CO₂eq/employee

In 2021, the Group carbon emissions related to business travels continued to decrease, due to travel restrictions linked with the COVID-19 pandemic and the reorganisation of Group ways of working.

In addition, since October 2016, all new company vehicles must either be hybrid or electric. At the end of 2021, 92.1% of the Group's vehicle fleet was hybrid or electric.

1) All employees having formalised objectives in the Group Human Resources performance assessment tool.

2) All employees excluding employees on leave of more than 6 months, newcomers (joining after 01/10/2021) and Viparis employees. 116 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.4 BetterTogether

- WORK GREENER

The Group has committed to 100% of URW's countries implementing Work Greener programmes from 2020 onwards. Work Greener programmes offer employees the work environment and tools to reduce the environmental impact of their day-to-day work. The programme enables employees to make URW offices more sustainable and environmentally friendly, implementing eco-friendly initiatives such as tackling waste management, promoting responsible consumption, or sustainable mobility. Since 2019, 100% of our countries delivered at least one Work Greener initiative.

Initiatives from the programme to date have resulted in:

- An improved waste management:
 - Improved waste sorting infrastructure in office kitchens;
 - Getting rid of single use plastic with the installation of filter taps, glass bottles or other options;
 - Reusing old IT equipment through donations to non-profit organisations and local schools;
 - Replacing "waste producing" fittings like paper towels with hand dryers;
 - In Germany, coffee grounds from office coffee machines are used as fertiliser.
- More eco-friendly mobility:
 - New electrical vehicle charging points in our car parks;
 - A bicycle allowance in France available for employees using bikes for commuting to and from work. Additionally, a "velotafeurs" (employees cycling to work) community was set up in France to share tips on routes and bike safety;
 - Electric bicycle sharing programmes;
 - High quality bicycle facilities with lockers and showers available for employees in some Regions.
- Towards better energy and water efficiency in our offices:
 - Lighting equipment is being progressively replaced by LED lighting and intelligent detectors;
 - Reducing water consumption, for example by reducing flush volumes in the office toilets

- Reducing water consumption, for example by reducing flush volumes in the office toilets.
- Reducing paper:
 - Digitisation and e-invoicing continued in 2021 as well as other processes such as electronic pre-paid lunch cards, electronic pay slips and acceleration of e-signature programmes;
 - In the US, several printers across the centres were upgraded to more energy efficient models
- Sustainability awareness programmes:
 - "Work Greener" ambassadors actively champion eco-friendly practices in our offices;
 - In Spain, an internal newsletter with topics and opinion articles on sustainability is regularly sent to employees.
 - The UK team set up a 'Be The Change' Group aiming to drive awareness of environmental issues and encourage sustainable day-to-day actions across the workforce.

2.4.3.2 WELL-BEING

Employee well-being is a key part of the Better Places 2030 strategy and Group HR strategy. Unibail-Rodamco-Westfield works to support a healthy working environment with a structured focus on well-being to help employees thrive. The Group committed to 100% of its countries implementing employee well-being programmes since 2020.

YfiUR

The Group's "Your Well-being" framework focuses on three key areas: Healthy Culture, Healthy Minds and Healthy Bodies. Each country was targeted to roll out a minimum of five well-being initiatives relating to all three of these areas of focus. This target has been achieved since 2019.

The ongoing impacts of the COVID-19 crisis have brought many challenges, including the impact on mental health globally. In 2021 mental and physical well-being continued to be a key URW priority. The delivery of the "Your Well-Being" framework, and global and local initiatives fostering "Healthy Minds", ensured support was given to employees in these times (see examples below).

- HEALTHY CULTURE

- Work-life balance: home/flexi working practices are in place in all regions and in 2021 the Group's policy for flexibility at work was enhanced allowing up to two days homeworking weekly, in addition to continued flexi work and family-friendly policies. Since 2019, the topic of work-life balance has been included in Performance Reviews to encourage conversations with managers;
- Over 1,700 employees participated in a new Employee Pulse Survey, which allowed all employees to easily give feedback on topics such as well-being support and improving ways of working. The survey will be rolled out each year to help shape effective plans to create an even better working culture;
- Best practice and policies to support a positive and healthy work environment: the Group signed the parenthood charter in 2013. Working parents training takes place in The Netherlands, Spain, France, the UK and the US. The UK team was ranked Top 30 employers for Family Friendly Workplaces in 2021 for the fifth year running.

2. Corporate Social Responsibility

2.4 Better Together

- HEALTHY MINDS

- Mental health resilience, mindfulness and flexible thinking: mental well-being support is offered in all regions including training sessions, crisis support and Employee Assistance Programmes, with plans to improve the offer in all countries;
- In 2021, Well-Being webinars were delivered and offered to all including topics on Working Well Remotely, Stress Less, Future Focus, Mindfulness, Menopause awareness and Mental Health webinars, etc.;
- Subscriptions to the leading meditation and mental health app - Calm - were offered to employees in some Regions.

2.4.3.3 OCCUPATIONAL HEALTH AND SAFETY

To protect Unibail-Rodamco-Westfield's employees' safety since the COVID-19 crisis a range of measures have been implemented in all the regions where URW operates. The Group's policy for flexibility at work has been enhanced allowing up to two days homeworking, in addition to continued flexi work and family-friendly policies.

During pandemic related restrictions, communication was maintained through newsletters, video conferences, tips to preserve physical and mental health. When it was made

During pandemic related restrictions, communication was maintained through newsletters, video conferences, tips to preserve physical and mental health. When it was made possible to come back to the office, extraordinary measures were enforced both at headquarters and shopping centres (increased cleaning/decontamination frequency, stock of masks, hydroalcoholic gel stations, physical distancing, etc.).

- HEALTHY BODIES

- Sleep well and nutritional health webinar sessions were offered to employees in Europe in 2021. Most countries in which the Group operates offer their employees fresh fruit or complimentary drinks;
 - Healthcare benefits: health insurance is offered to all employees, with a number of regions also offering flu vaccinations, eye examinations and full health screenings;
 - Walking challenges took place for teams in Germany, the UK and the US.
- The Group pursued its risk prevention training strategy in 2021, with a focus on "HR toolbox" training. These sessions raise new managers' awareness of working regulations in France (paid leave, working hours, etc.) and of internal HR processes. Training on psychosocial risks have also been provided to new managers throughout the year.
- Absenteeism is monitored in each region and information is sent to management on a regular basis;
 - Causes of work-related accidents are analysed and measures are taken to prevent them recurring. Injury frequency and severity rates in 2021 were 2.01% and 0.05%, respectively.

In 2021, sick leave represented 11,644 working days (1.8% of total working days) and days of absence for work-related/commuting accidents or illness represented 535 working days (0.1% of total working days):

ACCIDENTS

Accident type	incidents	2020	2021
		Number of incidents	Number of incidents
Work-related accidents causing injury	13		10
Work-related/commuting accidents causing death	0		0

ABSENTEEISM

	2020	2021
	Number of working days	Number of working days
Lost days for work-related/commuting accidents	890	
Lost days for work-related illness		535
Lost days for sick leave		
Lost days for personal/family events		
TOTAL		

(1) The absenteeism ratio is calculated in working days: total number of days absent in 2021 divided by the average number of working days in multiplied by average headcount in 2021.

2.4.3.4 HUMAN RIGHTS AND LABOUR CONDITIONS

URW complies with the labour standards set by the International Labour Organization ("ILO"). The Group only operates in countries where social regulations are well developed through democratic frameworks. Internally, specific frameworks set up by the Group define and manage additional regulations that reinforce employee rights and strongly endorse respect and ethical conduct in business dealings (collective agreements, Code of Ethics, Compliance Book, Anti-corruption programme, etc.).

Since 2004, URW has been a member of the UN's Global Compact, which promotes ethical conduct and fundamental moral values in business. URW strives to adopt, support and apply in its sphere of influence the ten principles of the Global Compact concerning human rights, labour, environment and anti-corruption. URW complies with the respective Australian and UK Modern Slavery Act. URW's commitment to adhere to the principles laid down by both legislations is reminded in the Group Code of Ethics.

URW works with employee representatives in each of the European countries in which it operates and respects local labour laws. In 2009, Unibail-Rodamco became a European company following the creation of a European representative body, the European Employees Committee ("EEC"). The EEC meets at least twice a year and is provided annually with information regarding the market at large and the Group's economic situation (presentation of the Group's financial results, development and investment projects, etc.).

This committee also discusses all issues regarding the Group's employees with implication at EU level. Through workshops, it regularly contributes to the exchange of best practices related to employment issues.

The Group also organised various meetings on different topics with the Social and Economic Committee (in France), and the trade union organisations representing each region. This year, staff representatives have been closely involved in decisions relating to the Group's economic activity and the work organisation especially on, well-being, homeworking and digitalisation.

A total of 734 agreements are currently signed or in force with trade unions in France (including Viparis). These agreements cover a variety of topics like gender equality, senior and youth employment, working time flexibility and mandatory annual collective bargaining.

As of December 31, 2021, 45% of employees were covered by a collective agreement.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.S Green financing of the Group activities

The sustainable use and protection of water and marine resources; The transition to a circular economy; Pollution prevention and control; and The protection and restoration of biodiversity and ecosystems.

2.5 GREEN FINANCING OF THE GROUP ACTIVITIES 2.5.1 EU TAXONOMY

REGULATION 2.5.1.1 CONTEXT

From 2021 onwards, URW is subject to the EU Environmental Taxonomy Regulation 2020/852 (the "Taxonomy"). Published in the Official Journal of the European Union on 22 June, 2020, the regulation came into force on 12 July, 2020 and applies from 1 January, 2021.

The Taxonomy Regulation introduces a unified classification system to determine the sustainability level of investments, in order to drive capitals towards financing the EU environmental transition; the sustainability of a financial vehicle is determined by the share of sustainable economic activities it finances in its portfolio. Consequently, all economic activities listed in the scope of the Taxonomy Regulation (i.e. "eligible" activities) are to be screened for their environmental impacts, based on the environmental criteria ("Technical Screening Criteria") defined in the Taxonomy Delegated Acts.

To be considered environmentally sustainable, an economic activity has to substantially contribute to at least one out of the six following "environmental objectives", while not causing harm to the others and complying with "minimal safeguards" related to human and labour rights:

- Climate change mitigation;
- Climate change adaptation;

Delegated acts have been established so far for the environmental objectives of climate change mitigation and climate change adaptation. The Taxonomy Regulation represents an important step towards the EU's objective of becoming a climate neutral by 2050. The real estate sector is considered eligible to the Taxonomy for both of these environmental objectives, and especially the following activities performed by URW: Construction of new buildings (7.1), Renovation of existing buildings (7.2) and Acquisition of ownership of buildings (7.7). Not only closely linked to the finance sector and its investors, but also a vital part of the economy, the real estate sector has a key role to play in the transition towards more sustainability. URW is committed to meeting the requirements set by this new regulation and improving its performances in the coming years to contribute to the broader EU environmental transition.

2.5.1.2 URW SHARE OF ELIGIBLE ACTIVITIES

For the first year of the Taxonomy application, companies are to determine as a start which of their activities are "eligible", i.e. covered by the Taxonomy Delegated Acts. Three KPIs are expected to that end: the shares of eligible activities in the company's Turnover, Capital expenditures ("CAPEX") and Operational expenditures ("OPEX").

RESULTS OF URW SHARES OF ELIGIBLE ACTIVITIES

TURNOVER (kg)

Gross rental income ("GRI") Service charge income

Property development and project management revenue

Property services and other activities revenues Total Turnover

Eligible activities

1,781,639

299,392

194,995 0

2,276,026

Non-eligible activities

51,780

191,902

243,681

Total

1,833,419

299,392 194,995

191,902

2,519,707

% Total turnover

% Turnover excluding service charge income

Eligible activities

Non-eligible activities

CAPEX on investment properties

Scope movements on investment properties

CAPEX on tangible assets

CAPEX on intangible assets

790,233

183,003

16,546 7,970

997,753

% CAPEX

OPEX(kC) %OPEX -

Eligible activities

98.2%

Non-eligible activities

1.8%

Total 100%

120 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.5 Green financing of the Group activities

– METHODOLOGY OF KPI CALCULATION

The Commission Delegated Regulation (EU) 2021/2178 of 6 July, 2021 supplementing the Taxonomy Regulation specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. The work done by URW to establish its eligibility KPIs was based on this regulation, the methodology is presented in this section. In addition to the regulatory review by the statutory auditors, the taxonomy methodology and main assumptions have been submitted by URW to the independent third party for examination.

Allocation rules to the denominators

- As defined in the aforementioned Delegated Regulation, total turnover and total CAPEX have been determined in accordance with IFRS accounting standards applied to URW activities and in line with financial statements:
 - Total turnover = GRI + Property development and project management revenue + Property services and other activities revenues + service charge income;
 - Total CAPEX = CAPEX on investment properties + Scope movements on investment properties + CAPEX on tangible assets + CAPEX on intangible assets; and
 - Only fully consolidated companies are included in the scope, and KPIs are reported on IFRS bases (not under proportionate consolidation).
- The Delegated Regulation requires reported OPEX in the denominator to be limited to costs related to building renovation, maintenance and repair, short-term lease, and research and development. URW's OPEX are consolidated in different categories than the ones defined in the scope of this Regulation. For this reason, calculating total OPEX required a bottom-up approach that was not based on consolidated financial statements:
 - URW identified the eligible OPEX categories from its annual country/asset level budgets where analytical breakdowns of operational costs are available;
 - Four OPEX categories were selected in the denominator scope: Total OPEX = OPEX on cleaning + OPEX on maintenance + OPEX on vertical transportation + Works OPEX¹¹¹; and
 - OPEX were reported applying similar consolidation rules as for Turnover and CAPEX: looking at assets fully consolidated in financial statements and reporting KPIs based on IFRS bases (not under proportionate consolidation).

Allocation rules to the numerators: determining eligible activities

- To determine the eligible share of Turnover (numerator), a screening of URW revenue categories was performed according to

the Delegated Acts' qualitative definitions of activities covered: among the revenue categories listed above, only GRI (revenues from Acquisition Et ownership of buildings) and Revenues from property development and project management (revenues from construction of new buildings) are considered eligible to the Taxonomy. Revenues from

- Property services and other activities (mainly linked to property management services and services provided by the Viparis entity) are excluded from the eligibility scope.
- To determine the eligible share of CAPEX (numerator), a screening of URW investment categories was performed according to the Delegated Acts' qualitative definitions of activities covered: among the investment categories listed above, only CAPEX on investment properties and Scope movements on investment properties are considered eligible for the Taxonomy. CAPEX on technical installations, equipment, furniture and intangible assets are excluded from the eligibility scope.
 - The eligible share of OPEX (numerator) is considered to cover the same scope of OPEX categories as for the OPEX denominator, these being specifically listed in the Delegated Regulation scoping the expenses to consider.
 - The last step for calculating the Turnover, CAPEX and OPEX numerators was to identify, among all URW activities, asset types or legal entities that would not be considered in the Delegated Acts' scopes. A preliminary screening of all URW entities based on NACE codes, an analysis of specific business lines has been performed. As a conclusion of this analysis, a conservative approach was taken, deciding to include all of URW activities in the eligibility numerators except the airport activity in the US, on the grounds that URW only operates some very specific areas in these assets (shops in terminals) and not the whole buildings. As a result, Turnover, CAPEX and OPEX associated to US airports activities have been excluded from the numerators of URW Taxonomy eligible activities.

Important disclaimer: Taxonomy eligible activities thus cover a very broad scope of URW activities, but this does not presume the relevance of the Technical Screening Criteria ("TSC") to be applied to all of these eligible URW assets in the next years to define the share of sustainable or "Aligned" activities in URW's portfolio. Indeed, although they are considered today as eligible activities by the Taxonomy, many of them will not be able to be screened based on the current published TSC. Many examples of this situation can be given such as:

- The totality of the US portfolio of URW shopping centres, the TSC being based exclusively on EU regulation standards; and
- The assets that URW owns but does not manage (e.g. hotel assets) for which no data nor levers on the energy efficiency of operations will be available for screening at URW level.

Furthermore, for the assets that URW operates but does not own (e.g. concession contracts), or partially owns, investment levers to improve asset sustainability will be limited.

- (1) This OPEX category includes a non-significant amount of expenses linked to various missions among which audits (energy, sprinklers...), environmental certification fees, or Health & Safety specific assistance, which are not included in the scope of costs addressed in the Delegated Regulation.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 121

2. Corporate Social Responsibility

2.S Green financing of the Group activities

2 SUSTAINABILITY LINKED LOANS

In April 2017, URW took out a green loan of €650 Mn with a banking syndicate. This was the first "green" syndicated credit facility in Europe. In addition to the usual credit rating, the credit margin for the facility is dependent on the green covenants entered into by the Group. If the green covenants are adhered to, the "green" margin, which is lower, will be applied. Whereas in the case of a failure to adhere to the covenants, the penalty margin will be applied. This is an innovative system whereby environmental performance has a direct impact on the price of the credit facility. This approach also entails an obligation of transparency for the Group, as monitoring indicators for these green commitments must be reviewed by an independent verifier. In May 2018, and in accordance with the same principles, the Group took out a new €400 Mn "green" revolving credit facility.

3 GREEN BONDS

2.5.3.1 GREEN BOND ISSUANCES

The URW CSR strategy and performance have been recognised in the industry for many years now, and as part of its strategy to diversify its financing sources, the Group has decided to develop a stringent Green Bond framework to finance new development projects, and/or standing assets that meet all social and environmental criteria for the construction and operational phases defined in the "Use of Proceeds" procedure, and specified hereafter. Green Bonds are only used to finance resilient "best in class" assets, in line with a clear procedure for allocating funds ("Procedure for asset analysis, selection and monitoring under the "Green Bonds" system").

In 2021, URW strengthened its commitment with a five-year maturity €3.1 Bn sustainability-linked revolving credit facility. Its margin is linked to the Sustainable Target Score of the Group. This score is based on KPIs including energy intensity, carbon emission reductions, the percentage of assets with BREEAM In-Use certification and the percentage of URW employees that have participated in CSR training. The score will be evaluated annually over five years and if URW achieves or exceeds the objectives, the interest rate of the credit facility will be reduced. Independently of reaching its targets, the Group has pledged to invest the equivalent amount of the potential savings from

this credit facility in internal CSR projects within the Group. This means guaranteed funding whether the Group reaches the targets or not. In December 2021, the total credit lines featuring with green or sustainable indicators stands at €4.1 Bn.

URW issued the industry's first Green Bond on the Euro market in February 2014, and was the first international non-Swedish corporate to issue a Green Bond on the SEK market in May 2014. In April 2015, the Group issued its second Green Bond on the Euro market. These issuances are testament to the success of the teamwork between the Group's departments: CSR, Legal, Finance and Communications. In total, the three issuances raised €1.25 Bn and SEK 1.5 Bn. In 2019, the Green Bond II issued by the Group on the SEK market reached maturity. In 2020, as part of the Group's active debt management strategy, the Group launched a tender across five outstanding bonds, which have a maturity dates ranging from February 2021 to February 2024. The tender offer has enabled the Group to repurchase, on December 4, 2020, bonds with a total nominal amount of €544.9 Mn (19.56% of the outstanding amount), including €106.3 Mn of the Green Bond I (14.2% of the outstanding amount), leaving the Group with outstanding Green Bond issuances in 2021 of €1.14 Bn.

OUTSTANDING GREEN BONDS ISSUED BY URW"

Green Bond III (EURO)

Issuer (legal entity name)

Date

Size

Maturity Coupon

Unibail-Rodamco SE

February 19, 2014

€750 Mn - €106 Mn = £ 644 Mn

10 years 2.5%

Unibail-Rodamco SE

April 8, 2015 €500 Mn 10 years 1%

(1) Green Bond issuances and the allocation of funds are approved by the Group's ALM Committee (see Section 6.2.2.2.A. Access to capital and financial market disruption), using a specific procedure formalised internally.

122 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.5 Green financing of the Group activities

2.5.3.2 RIGOROUS AND AMBITIOUS SOCIAL AND ENVIRONMENTAL CRITERIA

The social and environmental criteria associated with the Green Bonds were developed and approved by Vigeo. They are (i) aligned with the "Green Bond Principles" (GBP) updated in March 2015; and (ii) fit in with the Group's CSR strategy. The funds raised from Green Bond issuances are used to finance (via loan or investment) development projects and/or standing assets. The environmental and social performance requirements for the assets apply to both their construction and operating phases. The following criteria are used to define "eligible assets":

- i. Greenfield/Brownfield project or reconstruction project (redevelopment and/or extension/renovation project) and/or standing asset managed by URW SE or its subsidiaries which:
 - a.) Achieved BREEAM certification (or any other equivalent certification) at a level of "Very Good" or higher in the design phase; and
 - b.) Have been or will be awarded a BREEAM In-Use certification (or any other equivalent certification) for Asset Performance (Part 1) and Building Management (Part 2) according to the BREEAM evaluation framework, at a level of "Very Good" or above within a reasonable time after the start of operation;

- or very Good or above within a reasonable time after the start of operation,
- ii. In addition to the certification (which is a prerequisite), eligible assets must meet additional criteria structured into five principles: respect for human rights, contribution to local development, monitoring of environmental impacts, promotion of responsible relationships with tenants and visitors, and promotion of responsible relationships (including social and environmental aspects) with suppliers. In total, 17 sub-criteria are analysed for the construction phase, and 13 sub-criteria are analysed for the operating phase.

Additional criteria and indicators to be monitored for eligible assets are published on the issuer's website at the following link: <<https://www.urw.com/en/investors/financing-activity/green-financing>>.

2.5.3.3 CURRENT ALLOCATION OF GREEN BOND PROCEEDS

In line with the Group's internal Green Bond analysis, selection and monitoring procedure, the funds generated by Green Bonds issuances are allocated to the selected assets based on a previously defined list of "eligible assets" (criteria presented in the previous paragraph). In the case of an asset disposal during the funding period (i.e. prior to the bond issue maturity), the proceeds initially allocated to the disposed asset shall be reallocated to another "eligible asset" held by the Group, based on the same process. This was the case in 2020: on May 29, 2020, URW successfully completed the disposal of a portfolio of five shopping centres in France to the Joint Venture formed by URW, Credit Agricole Assurances and La Francaise.

This portfolio of five shopping centres included Aeroville, So Ouest and Confluence, to which 100% of the Green Bond I proceeds had been allocated for a funding period lasting until 2024.

Therefore, the Green Bond I proceeds were reallocated to four new assets: Westfield Mall of the Netherlands (The Netherlands), Trinity (France), Galerie Gaité (Retail, France) and Gaité-Montparnasse (Offices, France). No changes have been made since.

The 2021 allocation of the proceeds from the two outstanding Green Bonds is illustrated below:

Green Bond I EUR 643 748 Mn
Green Bond III EUR 500 Mn

Westfield Mall of the Netherlands

Galerie Gaité (retail)
Gaité-Montparnasse (offices)

Westfield Carre Westfield Chodov Senart extension extension

Offices Shopping Centre Shopping Centre Shopping Centre

Proceeds allocated to projects*1

Gross Leasable Area ("GLA") scope of consolidation (m²)

November 13, 2020
October 25, 2017

October 10, October 17, 2017 2017

- 1) Allocation carried out through internal loans.
- 2) Including a bus station of 7,200 m².
- 3) GLA as at December 31, 2017.
- 4) Under construction: expected opening semester.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 123

2. Corporate Social Responsibility

2.S Green financing of the Group activities

4 AUDITED CRITERIA

URW engaged an independent auditor to verify that the assets financed meet the eligibility criteria. The reporting on these criteria and the independent auditor's attestation on the information related to the allocation of funds are presented in Section 2.5.3.5 Annual reporting on Green Bonds in compliance with the environmental and social criteria of the Use of Proceeds and Section 2.5.3.6 Independent third party's report on Green Bond criteria and indicators.

In 2021, the audit covered: Westfield Mall of the Netherlands, Trinity, Galerie Gaité (retail), Gaité-Montparnasse (offices), Westfield Carre Senart extension, Westfield Chodov

... 2021, the main overall framework of the Netherlands, France, Galerie Gaité (retail), Gaité Montparnasse (offices), Westfield Carre Senart extension, Westfield Carre
extension and Wroclavia.

5 ANNUAL REPORTING ON GREEN BONDS IN COMPLIANCE WITH THE ENVIRONMENTAL AND SOCIAL CRITERIA OF THE USE OF PROCEEDS (FOR THE TWO OUTSTANDING ISSUANCES OF URW)

- CONSTRUCTION PHASE CRITERIA

PREREQUISITE: MINIMUM BREEAM RATING OF "VERY GOOD"

1

1

- 1) Achieved an interim overall score of 63.5% and a BREEAM rating of "Very Good" under the 2011 version of BREEAM NL: Nieuwbouw Ontwerpfase 2011 v1.0.
- 2) Achieved a final overall score of 72.6% and a BREEAM rating of "Excellent" under the 2009 version of BREEAM Europe commercial office framework.
- 3) Achieved an interim overall score of 81.9% and a BREEAM rating of "Excellent" under the 2013 version of BREEAM Europe commercial retail framework.
- 4) Achieved an interim overall score of 80.6% and a BREEAM rating of "Excellent" under the 2013 version of BREEAM Europe commercial office framework.
- 5) Achieved an interim overall score of 78.1% and a BREEAM rating of "Excellent" under the 2009 version of BREEAM Europe commercial retail framework.
- 6) Achieved a final overall score of 71.9% and a BREEAM rating of "Excellent" under the 2013 version of BREEAM International retail framework.
- 7) Achieved a final overall score of 77.1% and a BREEAM rating of "Excellent" under the 2013 version of BREEAM International new construction retail framework.

17 SUB-CRITERIA

Commitments/
supporting elements Criteria

Westfield Mall of
the Netherlands Trinity

Gaite- Westfield Westfield

Galerie Gaité Montparnasse Carre Senart Chodov
(retail) (offices) extension extension

Select the countries in which eligible assets are located based on human rights and governance
Integration, signature or ratification of conventions related to Human Rights, and Labour Rights.

KPI: country score Vigeo (out of 100)

NL
95.34/100"

FR
96.53/100"

FR
96.53/100"

FR
96.53/100"

FR CZ PL
96.53/100" 93.97/100" 93.10/100"

Press freedom, stability and political freedom: corruption prevention, independence of the judiciary system and legal certainty.

KPI: country score Vigeo (out of 100)

NL
95.17/100"

FR
97.89/100"

FR FR FR CZ PL
97.89/100" 97.89/100" 97.89/100" 87.98/100" 79.80/100"

Contribution of the eligible assets to the development and well-being of communities in which they are located

Existence of information on projects to neighbours

Absence of material public S recourse on the project preventing the completion of the project

Accessibility of the asset by public transport (within 500 metres)

KPI: Distance to a public transport mode (m)

150 m Om 20 m 150 m 20 m Om

Metro line Metro line Metro line Bus line Metro line Bus terminal

35 m

Promote the transport solution and sustainable mobility

potential

use

of

Railway station

alternative

124 UnivcrsalRcgistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.5 Green financing of the Group activities

Green Bond I

Commitments/ supporting elements

Westfield Mall of the Netherlands Trinity

Gaite- Westfield Westfield

Galerie Gait Montparnasse Carre Senart Chodov (retail) (offices) extension extension

Monitoring the environmental impacts of eligible assets

Involvement of an external environmental consultant

Commissioning Report

Environmental impact y assessment and implementation of appropriate measures if necessary

Promote applicable Considerate y Construction Charter to minimise environmental impact of building sites during construction phase

Optimise intrinsic energy -31%^m performance of the asset in view of applicable regulatory constraints

KPI: Percentage Improvement over national standard building energy performance (%)

Involvement of an ecologist during the project phase

Promoting sustainable and enduring relationships with tenants and visitors

Promote "Green leases" signature before opening

KPI: Percentage of Green leases signed (%)

Promote social and environmental factors with suppliers/service providers

Promote if possible Health and Safety coordinator contract (or equivalent)

Promote access control to building site

Promote the application of the Considerate Construction Charter or equivalent to minimise environmental impact of building sites

E-learning for URW's employees on its Code of Ethics

1) Source: Vigeo country score - February 2021.

2) According to dynamic thermal simulation aligned with RT 2012 requirements or regulatory RT 2012 calculation.

13) According to dynamic thermal simulation aligned with ASHRAE Energy Standard 3.and local standards 78/2013Sb. and C5N 730540.

4) According to dynamic thermal simulation aligned with local regulation.

5) Green leases V1 and V2 signed as at December 31, 2020.

2. Corporate Social Responsibility

2.5 Green financing of the Group activities

-OPERATION PHASE CRITERIA

PREREQUISITE: MINIMUM BREEAM-IN-USE SCORE "VERY GOOD" FOR ASSET PERFORMANCE (PI) AND BUILDING MANAGEMENT (P2)

Green Bond II

Westfield Mall of the Netherlands
Galerie Gaité (retail)
Gaité-Montparnasse (offices)
Westfield Carre Senart extension
Westfield Chodov extension

Expected in Universal Registration Document 2023	Expected in Universal Registration Document 2022	Expected in Universal Registration Document 2023	Expected Universal Obtained: Registration Document 11/29/2017" 2023
--	--	--	---

Re-certified:

12/23/2020" (P2): Excellent (P1): Excellent

Obtained: 12/21/2018"

Re-certified: 01/19/2022"

(P1): Excellent

(P2): Excellent

Obtained: 12/22/2020"

(P2): Excellent

(P1): Excellent

- 1) According to BREEAM In Use International 2015 scheme.
- 2) According to BREEAM International In-Use: Commercial Version 6.

13 SUB-CRITERIA

Commitments/
supporting elements Criteria

Westfield Mall of
the Netherlands Trinity

Gaité- Westfield Westfield

Galerie Gaité Montparnasse Carre Senart Chodov
(retail) (offices) extension extension

Contribution of the eligible assets to the development and well-being of the communities in which they are located
Assess local employment through tenants' activities (e.g. follow-up of number of jobs created in the catchment area)

KPI: Total tenants supported job (FTE)

Expected in URD 2022

Expected in URD 2023

Monitor the environmental impacts of eligible assets

Environmental action plan and follow-up with regular reporting (from 1 year after opening)

Annual audit of health and safety risks (from 2 years after opening)

Indicator: annual risk audit (Rating from A to D)

Assess energy consumption and CO₂ emissions with potential action plan if needed

Indicator: energy intensity (kWh/visit) since measured baseline

Indicator: carbon intensity (gCO₂e/visit) since measured baseline

Expected in X" URD 2022

Expected in Expected in URD 2023 URD 2022

Expected in Expected in URD 2024 URD 2023
A^{***}
A^{**}
Expected in S URD 2023
Expected in A¹ URD 2024

Expected in URD 2025	Expected in URD 2025	-40% kWh/ visit	-12% kWh/ visit	-7% kWh/ visit
		-100%gCO ₂ e/ visit	-23%gCO ₂ e/ visit	-22%gCO ₂ e/ visit ^{**1}
		(2021/2018)	(2021/2018)	(2021/2018)

Promote sustainable and enduring relationships with tenants and visitors
Organise on site Sustainability Committee
Conduct satisfaction survey with retailers
KPI: Overall satisfaction score (out of 100)
Expected in URD 2022
Expected in URD 2022
Expected in URD 2023
Expected in URD 2023

126 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.5 Green financing of the Group activities

Green Bond II

Commitments/ supporting elements

Westfield Mall of
the Netherlands Trinity

Galerie Gaité Montparnasse Carre Senart Chodov
(retail) (offices) extension extension

Gaité- Westfield Westfield

Promote sustainable and enduring relationships with tenants and visitors

4-Star labelling or equivalent if Expected in
applicable URD 2022

Conduct satisfaction survey with visitors

KPI: Overall satisfaction score (out of 100)

Expected in N/A URD 2023

Expected in N/A URD 2023

Relevant safety management (e.g. video protection plan)

Expected in N/A URD 2022 ,

Promote social and environmental factors with suppliers

Promote labour rights to suppliers via contractual documentation

Promote environmental and social factors to suppliers via contractual documentation

Promote ethics to suppliers via contractual documentation

Expected in Expected in S URD 2022 URD 2022

Expected in Expected in / URD 2022 URD 2022

Expected in Expected in S URD 2022 URD 2022

Assess regularly compliance with Expected in contractual clauses by the main URD 2022 suppliers

Expected in Expected in / URD 2023 URD 2023

- 1) Source: Shopping centre economic impact study performed by an external third party.
- 2) Source: Shopping centre retailer survey performed by shopping centre management.
- 3) In 2021, the implementation of this criteria had to be postponed due to the low occupancy rate of the office building. Indeed, the environmental impact of an office building in its operation phase is considered not material when it is not occupied. An environmental action plan will be designed for this building in 2022, when its occupancy rate will be higher.
- 4) Source: HSE risk audit performed by an external third party - see methodology in Section 2.2.3.7 Health & Safety, security and environmental risks and pollution.
- 5) The 2018 carbon intensity figure has been corrected in 2021 to integrate a more accurate emission factor of the heating network of the shopping centre.
- 6) The methodology for reporting customer satisfaction has been updated in 2021 to better align with industry standards: use of a Net Promoter Score (NPS) instead of an average satisfaction grade. For information, 2020 figures recalculated with the NPS methodology are: 36/100 for Westfield Carre Senart; 50/100 for Westfield Chodov; and 69/100 for Wroclavia.

UmversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 127

2. Corporate Social Responsibility

2.5 Green financing of the Group activities

2.5.3.6 INDEPENDENT THIRD PARTY'S REPORT ON GREEN BOND CRITERIA AND INDICATORS

URW has commissioned Deloitte as a third-party auditor to check the compliance of the financed assets with the eligibility criteria set and reported above. This check includes an in-depth review of the documentary evidence for each domain and criteria (for each phase). The attestation on the information related to the allocation of funds from Deloitte is available hereafter.

- ATTESTATION FROM ONE OF THE STATUTORY AUDITORS OF UNIBAIL-RODAMCO-WESTFIELD SE ON THE INFORMATION RELATED TO THE ALLOCATION. AS OF DECEMBER 31.2021. OF FUNDS RAISED THROUGH THE

INFORMATION RELATED TO THE ALLOCATION, AS OF DECEMBER 31, 2021, OF FUNDS RAISED THROUGH THE
"GREEN BONDS" ISSUED ON FEBRUARY 26, 2014 AND APRIL 15, 2015

This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English-speaking users. This report should be read in conjunction, and construed in accordance, with French law and regulations applicable in France.

Year ended December 31st, 2021

To the Chairman of the Management Board,

In our capacity as statutory auditor of Unibail-Rodamco-Westfield SE ('the Company') and in accordance with your request, we have prepared this attestation on the information related to the allocation, as of December 31, 2021 of funds raised through the Green Bonds issued on February 26, 2014 and April 15, 2015 ('the Issues') which amount to €750m and €500m respectively, contained in the attached 'Green Bonds' document¹ ('the Attached Document'), and prepared pursuant to the use of proceeds of the final terms of the Green Bonds Offerings, signed on February 19, 2014 (XS1038708522) and April 8, 2015 (XS1218319702) (the 'Final Terms'). On December 4, 2020, the Company repurchased €106 Mn of the Green Bond issued on February 26, 2014, resulting in outstanding green bond issuances in 2021 of €1,144 Mn.

The Attached Document, prepared for the purposes of informing the Green Bond debt securities holders, presents an allocation of the funds raised from the Issues to Eligible Projects ('the Eligible Projects'), over the period from January 1, 2021 to December 31, 2021, for a total amount of €1,144 Mn.

This information was prepared under your responsibility, based on the accounting records used for the preparation of the consolidated financial statements for the year ended December 31, 2021.

Our role is to report on:

- the compliance, in all material respects, of the Eligible Projects referred to in the Attached Document, with the eligibility criteria defined in the Final Terms and approved jointly by the Company and Vigeo, referred to in the Attached Document ('the Eligibility Criteria').
- the allocation of the funds raised from the Issues to Eligible Projects and on the reconciliation of the amount of funds allocated to Eligible Projects as at 31 December 2021 as part of the Issues, with the accounting records and data underlying the accounting records.

However, we have no responsibility for:

- challenging the Eligibility Criteria, and, in particular, we give no interpretation on the Final Terms;
- forming an opinion on the use of the funds allocated to Eligible Projects after such funds have been allocated.

In the context of our role as statutory auditor, we have audited, jointly with the other statutory auditor, the consolidated financial statements of the Company for the year ended 31 December 2021. Our audit was conducted in accordance with professional standards applicable in France, and was planned and performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole and not on any individual component of the accounts used to determine the information. Accordingly, our audit tests and samples were not carried out with this objective and we do not express any opinion on any components of the accounts taken individually. These consolidated financial statements, which have not yet been approved by the Shareholders' meeting, have been audited and our report thereon is dated 23 March 2022.

Furthermore, we have not performed any procedures to identify events that may have occurred after the date of our report on the consolidated financial statements of the Company which was issued on 23 March 2022.

Our engagement, which constitutes neither an audit nor a review, was performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes). For the purpose of this attestation, our work consisted, using sampling techniques or other methods of selection, in:

- understanding the procedures implemented by the Company for producing the information contained in the Attached Document;
- verifying the compliance, in all material respects, of the Eligible Projects referred to in the Attached Document, with the Eligibility Criteria;
- verifying the appropriate segregation of the funds raised from the Issues and their exclusive allocation to Eligible Projects;
- verifying that the internal loans or financing contracts with the Company's subsidiaries owning Eligible Projects¹²¹ are still running as of December 31, 2021;
- performing the necessary reconciliations between this information and the accounting records from which it is derived and verifying that the information agrees with the data used to prepare the consolidated financial statements for the year ended 31 December 2021.

On the basis of our work, we have no matters to report on:

- the compliance, in all material respects, of the Eligible Projects referred to in the Attached Document, with the Eligibility Criteria;
- the allocation of the funds raised from the Issues to the Eligible Projects and the consistency of the amount of allocated funds to Eligible Projects as at 31 December 2021 in the context of the Issues, with the accounting records and data underlying the accounting records.

This attestation has been prepared solely for your attention within the context described above and may not be used, distributed or referred to for any other purpose. We assume no responsibility with regard to any third parties.

Paris-La Defense, March 23, 2022

One of the Statutory Auditors Deloitte & Associates

French original signed by : Emmanuel Gadret

1) Refer to section 2.5.3 of the Universal Registration document 2021.

2) Westfield Mall of the Netherlands, Trinity, Galerie Gaité (retail), Gaité-Montparnasse (offices), Wrocławia, Westfield Chodov extension and Westfield Carre Senart extension.

2. Corporate Social Responsibility

2.6 Appendices

2.6 APPENDICES

2.6.1 URW'S REPORTING METHODOLOGY

URW uses a variety of tools, processes and indicators to monitor the performance of the assets owned and managed by the Group. These methods are used to structure an environmental, social and societal management approach, track results and to inform its stakeholders about performance.

The Group continuously improves its reporting tools and processes in order to fine-tune the quality and accuracy of its consolidated data. This enables the Group to manage its data collection processes more efficiently, track and analyse performance at all levels (site, region, Group) on a regular basis, assess results against targets, and implement suitable corrective measures.

The Group CSR reporting framework, which was fully updated in 2019 to cover the new scope of the Group operations following the Westfield acquisition and tracks performance against each of its Better Places 2030 extended commitments, was co-constructed by teams representing all regions to capitalise on existing data collection frameworks from continental Europe as well as the US and the UK, and by representatives of all departments concerned by the operational implementation of the CSR agenda to ensure its applicability.

2.6.1.1 DEFINITIONS AND REPORTING VALUES

Indicators are expressed in absolute value or in the form of ratios to express efficiency and comparable trends. Intensity ratios are calculated using different types of denominators, depending on the type of information:

- Denominators related to floor area (sqm):
 - Square metres operated served with energy: the area of common and private spaces supplied with asset-level managed energy. This denominator is used to calculate the energy efficiency of assets in operation (see Section 2.2.3.4 Energy management) and the energy-related Scopes 1 and 2 carbon intensity of operations (see Section 2.2.1.2 Carbon assessment) for shopping centres and offices;
 - Total operated area: total standing asset floor area, including both private and common areas. This denominator is used to calculate energy-related Scopes 1, 2 and 3 carbon intensity of operations, including tenant emissions (see Section 2.2.1.2 Carbon assessment); and
 - Consolidated building area, corresponding to:
 - the Gross Leasable Area (GLA) of the property-owning companies for shopping centres;
 - the total floor space according to consolidation for offices;
 - the total floor space according to consolidation for convention & exhibition venues.This area is used to calculate data coverages.
- Denominators related to intensity of use, adapted to each business unit:
 - Footfall for shopping centres: The annual number of visitors coming to an asset;
 - Occupants for offices: The number of occupants during the period, corresponding to the maximum office capacity multiplied by the asset occupancy rate; and

- Areas occupied per days of occupancy (sqm DOCC) for convention & exhibition venues: The annual total cumulative surface occupied by the tenants when the venues are open (including assembly, exhibition and disassembly phases of a fair).

To be noted: in the disclosed tables or graphics, totals may not add up due to rounding.

2.6.1.2 REPORTING SCOPE

The information presented in Section 2.1.4 Summary of the Group's CSR achievements and in Sections 2.2 Better Spaces, 2.3 Better Communities and 2.4 Better Together cover Unibail-Rodamco-Westfield's consolidated scope - unless explicitly stated otherwise. 2021 is the third year following the acquisition by Unibail-Rodamco of the Westfield company that a complete report on CSR performance is being released, covering the new Group consolidated scope and including both of the Group's platforms:

- European platform: France, Germany, Spain, Austria, the Netherlands, the Nordics (including Sweden and Denmark), Central Europe (including Czech Republic, Poland and Slovak Republic), and the UK & Italy; and
- American platform: the US.

Detailed scoping rules per indicator family are presented in the next paragraphs. Exclusions from the reporting scope are specified in the description of each indicator or in footnotes where applicable.

- REPORTING SCOPE FOR ENVIRONMENTAL AND SOCIETAL INDICATORS OF STANDING ASSETS

The environmental and societal indicators relating to operations cover the scope of assets in the Group's standing portfolio which are owned and managed by the Group, and that have been in the Group portfolio for at least one and a half (1.5) fiscal years at the reporting date. By default, this information covers all of the Group's asset categories in its core business units: shopping centres (Retail), Offices (Office Business Unit in France) and Convention & Exhibition venues (Vinaris subsidiary in France). When an indicator covers a narrower scope, this is specified in its description. This CSR

Convention & Exhibition Venues (vipare subsidiary in France): When an indicator covers a narrower scope, and is specified in its description. The CSR reporting scope represents 92% of the total Group portfolio of standing assets in area (sqm) in 2021.

Scoping exceptions for energy-related indicators and BREEAM In-Use certifications:

Energy-related indicators include the following types of information: energy consumption, energy intensity, Scopes 1 and 2 GHG emissions, and share of renewable energy. Assets that are under significant works (net impacted GLA > 1,000 sqm) during the reporting period are excluded from the CSR reporting scope of energy-related indicators and of BREEAM In-Use certifications, due to the fact that works may affect the energy consumption of an asset in an unusual way that is not representative of normal operations and compromise data reliability and comparability. Assets under significant works are re-integrated in the CSR reporting scope of energy-related indicators 1.5 years after the works have stopped. The reporting scope for energy-related indicators represents 78% of the total Group portfolio of standing assets in area (sqm) in 2021.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 129

2. Corporate Social Responsibility

2.6 Appendices

In practice, in 2021, CH Ursynow and Gropius Passagen shopping centres have been excluded from the reported data, while the office parts of Nacka Forum, Taby Centrum, Solna Centrum, Shopping City Sud, Stadshart Zoetermeer, and the hotel part of the CNIT (Hilton) have been included in the reported data.

Resulting overall CSR and energy-related reporting scopes coverages represent respectively 91% and 77% of the total Group portfolio of standing assets in area (sqm) in 2021.

- STANDING ASSETS INCLUDED IN THE 2021 OVERALL REPORTING SCOPE FOR ENVIRONMENTAL AND SOCIETAL KPI S

Number of assets
Reporting floor areas for standard energy and carbon intensity indicators™
Denominators for intensity of use indicators¹²¹
Consolidated building area^{13a}

Donau Zentrum (including Dux), Shopping City Sud (including 332,249 sqm 22,858,706 visits 265,900 sqm Mux)

Central Europe

Aupark, Centrum Cerny Most, Westfield Chodov, Metropole Zlicin, Westfield Arkadia, Galeria Mokotow, Galeria Wilenska, Wroclavia

France

Germany The Netherlands

18 Aeroville, Westfield Carre Senart (including Shopping Pare), Carrousel du Louvre (including convention areas), CNIT (including CNIT offices and CNIT convention), Westfield Euraille, Westfield La Part-Dieu (including Cours Oxygene), Westfield Forum des Halles, Westfield Les 4 Temps, Confluence, Westfield Parly 2, Polygone Riviera, Rennes Alma, Westfield Rosny 2, So Quest, La Toison d'Or, Ulis 2, Westfield Velizy 2, Villeneuve 2
Gera Arcaden; Hofe am Bruhl, Pasing Arcaden, Paunsdorf Center, Ruhr Park, Minto, Palais Vest, CentrO
Citymall Almere, Stadshart Amstelveen, Stadshart Zoetermeer, Westfield Mall of the Netherlands
Fisketorvet, Nacka Forum, Westfield Mall of Scandinavia, Solna 446,278 sqm 37,110,759 visits 357,600 sqm Centrum, Taby Centrum
Bonaire, Equinoccio, Garbera, La Maquinista, Glories, Parquesur, 187,067 sqm 60,223,758 visits 426,300 sqm Splau

Westfield London, Westfield Stratford City	452,086 sqm	51,768,341 visits	419,300 sqm
24 Westfield Garden State Plaza, Westfield Topanga (including the Village), Westfield Southcenter, Westfield Old Orchard, Westfield Santa Anita, Westfield Valley Fair, Westfield UTC, Westfield Annapolis, Westfield Century City, Westfield Galleria at Roseville, Westfield San Francisco Centre, Westfield Culver City, Westfield Montgomery, Westfield Fashion Square, Westfield World Trade Center, Westfield Wheaton, Westfield North County, Westfield Mission Valley, Westfield Brandon, Westfield Trumbull, Westfield Plaza Bonita, Westfield South Shore, Westfield Valencia Town Centre, Westfield Oakridge			
Le Sextant, Les Villages de l'Arche, Versailles Chantiers			
Convention France 6 Exhibition			
Espace Champerret, Espace Grande Arche, Le Palais des Congres de Paris (including Les Boutiques du Palais), Paris Nord Villepinte, Paris Le Bourget, Paris Porte de Versailles (including Paris Convention Centre and la Serre), Palais des Congres d'Issy-les-Moulineaux, Hotel Salomon de Rothschild			
18,214,536 sqm DOCC			
18,214,536 sqm DOCC			

- 1) Shopping centres and offices: see the definition of square metres operated served with energy in Section 2.6.1.1 Definitions and reporting values. Square metres served with energy only include assets in the energy-related scope.
- 2) See the definition of denominators related to intensity of use per business unit in Section 2.6.1.1 Definitions and reporting values.
- 3) See the definition of consolidated building area in Section 2.6.1.1 Definitions and reporting values.

130 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.6 Appendices

• REPORTING SCOPE FOR SOCIAL INDICATORS

Social indicators regarding HR cover all Group employees with a direct employment contract with the Group, in all regions where the Group operates, and in all of the Group's business units and subsidiaries, regardless of whether they are located in head-offices or on site: shopping centres (Retail), Offices (Office Business Unit in France), Convention Et Exhibition (Viparis subsidiary in France), and Airports.

• REPORTING SCOPE FOR CSR INDICATORS OF DEVELOPMENT PROJECTS

As part of its Better Places 2030 strategy, the Group is committed to track its CSR performance beyond the scope of its direct operations. This includes measuring its CSR performance from the design stage of projects under development.

The CSR reporting of development-related KPIs covers all projects in the Group pipeline whatever their type (greenfield and brownfield projects, extension and renovation projects) which have reached a mature enough development stage to have implemented the Group CSR strategy (committed projects") and that exceed the following thresholds in terms of minimal net impacted GLA and Total investment cost ("TIC"):

- For Europe:
 - Retail projects of over €50 Mn TIC or over 10,000 sqm GLA; and
 - All other projects (offices, convention and exhibition centres) of over €/\$40 Mn TIC.
- For the US:
 - All projects of over \$100 Mn TIC or over 20,000 sqm GLA.

In 2021, the reporting scope of development-related KPIs covered twelve projects.

– REPORTING SCOPE OF THE GROUP CARBON FOOTPRINT

As part of its Better Places 2030 strategy, the Group is committed to track its CSR performance beyond the scope of its direct operations, and this encompasses the Group carbon footprint calculation approach, which covers an extended reporting scope.

To calculate its total carbon footprint, URW has chosen the "operational control" approach for its entire value chain: consolidation of all the GHG emissions linked with the operations over which the Group has the full authority to implement its operational policies.

The method used for quantifying Group emissions is in line with the ISO 14064-1 standard, the GHG Protocol guidelines and the Bilan Carbone* methodology of ADEME (Agence de l'Environnement et de la Maitrise de l'Energie, or French Environment and Energy Management Agency). The Group's carbon footprint measure includes the emissions of the following six greenhouse gases designated by the Kyoto protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆), hydrofluorocarbons (HFC) and perfluorinated hydrocarbons (PFC).

These GHG emissions are expressed in carbon equivalent (CO₂eq).

The scope of the Group's carbon footprint is defined as follows:

- Organisational scope:
 - Owned and managed standing assets: shopping centres, offices and convention Et exhibition venues (selection rules identical to aforementioned reporting scope for environmental and societal indicators in standing assets);
 - Development projects: all greenfield/brownfield, extensions and renovation projects whatever their size and development stage (broader scope than the reporting scope for CSR indicators in development projects described above); and
 - Group employees and headquarters: all employees with a direct employment contract with the Group (selection rules identical to aforementioned reporting scope for social indicators);
- Operational scope: all the activities over which the Group has direct operational control or that it can influence.

The detailed emission sources accounted for in the Group carbon footprint are presented in Section 2.2.1.2 Carbon assessment.

3 CHANGES IN REPORTING SCOPE AND CALCULATION OF EVOLUTIONS

In 2019, the scoping rules for reporting CSR-related information (presented in Section 2.6.1.2 Reporting scope) were reviewed in order to integrate changes linked with the Westfield acquisition. In order to enable data comparability, these updated scoping rules have been applied retroactively to portfolio compositions of previous years: in particular, the 2015 baseline year figures have been re-calculated accordingly.

Changes in reporting scope may also occur as a result of the start or end of a management mandate; acquisitions or disposals of assets; development of new assets or major renovations and extensions. To compare data from one year to another, a "like-for-like" scope is used when calculating data evolutions: the like-for-like scope corresponds to a restricted scope of assets that are both present in the CSR reporting scope (as defined in Section 2.6.1.2 Reporting scope) of the year 2021, and of that of the year 2020. It is used to assess an indicator's evolution over time, based on a comparable portfolio. The 2020-2021 like-for-like scope represents 91% of the total 2021 standing portfolio area (sqm).

4 REPORTING PERIOD AND REFERENCE YEAR

Most environmental, social and societal data are reported as at December 31 of the reporting year ended, for one calendar year. However, given the scheduling requirements for the release of the Group Universal Registration Document, some environmental data are reported on a rolling 12-month period (Q4 of the previous financial year and QJ, Q2 and Q3 of the reporting year ended): energy consumption, energy-related Scopes 1 and 2 GHG emissions, and water consumption.

(1) Since 2020, the reporting scope of development-related KPIs has changed to only cover the "committed" projects (as defined in Section 4.1.3.2 Pipeline projects as at December 31, 2020), to better align the reporting with the projects' schedule for implementing CSR levers in a secured manner. Carbon footprint related reporting on development projects however still covers the bulk of "committed" and "controlled" project to grasp the complete perimeter of Scope 3.

2. Corporate Social Responsibility

2.6 Appendices

The CSR strategy Better Places 2030 sets 2015 as its reference year for measuring progress against energy and carbon-related objectives. The 2015 baseline data has been recalculated in 2019 to take into account the new Group consolidated scope, including the UK and the US regions. Plaisir, Zlote Tarasy, Jumbo, Hotel Salomon de Rothschild and CH Ursynow assets are excluded from the calculation of the 2015 baseline.

2.6.1.5 CONTINUOUS IMPROVEMENT OF DEFINITIONS AND DATA QUALITY IMPROVEMENT

URW continues to improve the quality and comparability of its data, align with emerging external reporting standards and frameworks, develop internal benchmarks, introduce sub-metering to collect information for environmental data, and fine-tune the accuracy of the data analysis.

As a consequence, adjustments may occur on data calculation methodologies and previously reported data whenever relevant.

- UPDATES ON KPI REPORTING METHODOLOGIES Mobility reporting

The methodology to calculate carbon emissions from visitors transport has been updated in 2020 to take into account the electrical vehicles among the total car fleet in Europe: as was already the case in the US, electric vehicles (and associated emission factors) are now separately considered for the Group calculation of carbon emissions related to transport, leading to more accurate results. In alignment with its strategical objectives, this update enables the Group to effectively count the penetration of electrical vehicles as a lever to reach its carbon reduction objective on transportation.

BREEAM-In-Use reporting

Regarding the BREAM-In-Use environmental certification KPIs, the scope under which these KPIs are reported has been updated in 2021. This update has been made to take into account the fact that development projects (with ongoing works or recently delivered) are unable to report a realistic energy consumption because of their status (under works and/ or tenants that have not arrived yet and/or energy commissioning of the building not finished yet). In this regard, and because the BREEAM-In-Use certification considers energy consumption within its evaluation, all BREEAM-In-Use KPIs are now reported under the reporting scope for energy-related indicators and no longer under the overall CSR reporting scope (see Section 2.6.1.2 Reporting scope).

Scope 3 of Carbon emissions' reporting

The methodologies for calculating carbon emissions related to the shopping centre waste generation and shopping centre energy consumption from private areas were updated in 2021.

- For carbon emissions related to waste, the emission factors have been simplified to match the treatment categories at Group level.
- For carbon emissions related to the shopping centre energy consumption from private areas, only rented areas are now taken into account (this change better reflects the reality).

Figures for 2021 and 2020 published in this report include these updates.

IDENTIFYING UNCERTAINTY AS REGARDS THE GROUP CARBON FOOTPRINT Scopes 1 and 2 emissions

Regarding Scope 1 and 2 emissions, the reporting methodology developed by the Group, the sources of the data used for calculation (invoices for energy consumption and published supplier data and country data for emissions factors) as well as the long history track of Group data published ensure a high level of reliability of the presented results.

Small margins of error may remain, linked to:

- The estimation of energy consumption in some invoices from energy suppliers, which may result in under or over-estimations. These are usually resolved during the following year; and
- The carbon emission factors provided by energy providers based on their energy mix: these factors are usually verified and made public, but may be released after URW reporting closure date. In that case, the emission factor from the previous year is used, which ensures data consistency in the long-term.

Scope 3 emissions

Regarding Scope 3 emissions, processed information can only be partially managed. A qualitative analysis of margins of error is therefore presented hereunder for the three main areas of Construction, Operation and Mobility.

Construction

Margins of error may be related to:

- The quality of the environmental data used (Environmental Product Declaration);
- The quantities of materials used for each new development project; and
- The tracking of construction cost trends over time (economic ratios) based on a like-for-like approach.

In order to reduce uncertainty, quantities of materials used are questioned by construction managers during product reviews (to optimise construction costs and carbon impact).

Operation

Margins of error for energy sources non-managed by the Group (energy directly purchased and managed by the tenants) may be linked to energy consumption or to the carbon emission factors:

- Private energy consumptions are calculated by using ratios from the Group's portfolio, where the landlord provides electricity directly to the tenants. To limit uncertainty, the sample is built with private electricity data from at least 5 shopping centres across Europe and the US; and

- The exact energy mix each tenant is using is not known by the Group.

To address this issue, the carbon emission factors are calculated based on conservative assumptions (residual emissions factors).

Mobility

Margins of error may be related to the number of visitors to each site, to the assessment of modal shares, to the assessment of the distances covered by each mode of transport (catchment areas), to the occupancy rate for cars and finally to the emission factors used for each mode of transport.

To strengthen the reliability of the data inputs, the Group has updated its reporting methodology and tools in 2019: evolutions of over 5% in the data are being tracked and verified. Furthermore, to limit the sources of errors on data evolution, three of the four above parameters listed above have been fixed, to focus only on the annual data collection and verification of modal shares reported through customer marketing surveys. Other parameters are being updated on a lower frequency basis.

2.6.2 INDEPENDENT THIRD PARTY'S REPORT ON CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

- REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT

Year ended the 31st December 2021

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of Unibail-Rodamco-Westfield SE (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1048 (Cofrac Inspection Accreditation, no. 3-1048, scope available at www.cofrac.fr <<http://www.cofrac.fr>>) and currently adapting our management system as required by the Cofrac for this accreditation (from ISO17020 to ISO 17029), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2021 (hereinafter *the "Information" and the "Statement", respectively*), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement and available on request from the Company's headquarters.

Limits inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Company

The Management Board is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R.225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As it is our responsibility to issue an independent conclusion on the information prepared by management, we are not authorised to participate in the preparation of the Information, as this could compromise our independence. It is not our responsibility to provide a conclusion on:

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 133

2. Corporate Social Responsibility

2.6 Appendices

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), and the fight against corruption and tax evasion;
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement and acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de deontologie). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Means and resources

Our work engaged the skills of six people between October 2021 and March 2022 and took a total of twenty-five weeks. To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around fifteen interviews with people responsible for preparing the Statement.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks;
 - We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
 - We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, respect for human rights and the fight against corruption and tax evasion;
 - We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
 - We verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- « We referred to documentary sources and conducted interviews to:
- assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important and listed in Appendix; our work was carried out on the consolidating entity;
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
 - We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
 - For the key performance indicators and other quantitative outcomes that we considered to be the most important and listed in Appendix, we implemented:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing sites and countries¹ and covered 24% of the headcount and between 17% and 48% of the consolidated environmental data selected for these tests.
 - We assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the

professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Defense, March 23, 2022 One of the

Emmanuel Gadret
Partner, Audit

Statutory Auditors, Deloitte Et Associes
Catherine Saire
Partner, Sustainability Services

(1) Selected sites (for environmental information): Westfield Century City (Los Angeles), Westfield Fashion Square (Los Angeles), Westfield Carre Senart (Lieuxaint), Westfield Velizy 2 (Velizy-Villacoublay), Westfield Mall of Scandinavia (Greater Stockholm), Westfield Arkadia (Warsaw), Minto (Monchengladbach), Taby Centrum (Greater Stockholm), Westfield Stratford City (London). Selected countries (for social indicators): United States of America.

134 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

2. Corporate Social Responsibility

2.6 Appendices

Appendix 1: Important information

Social and societal Information

Quantitative information

- Total workforce and percentage of women in employee headcount
- Percentage of women in senior management level positions
- Employee turnover rate
- Employee recruitment rate
- Percentage of employees that participated in CSR training

Qualitative information

- Diversity and inclusion framework: Be You at URW
- Implementation of the responsible purchasing policy
- Share of employees trained to the Group Code of Ethics and Anti-Corruption Programme

Environmental Information

Quantitative information

- Carbon intensity linked with energy consumption of standing assets (Scope 1 & 2 emissions) per area (kgCO₂eq/sqm) or use (gCO₂eq/sqm DOCC)
- Energy intensity per area (kWh/sqm) or use (kWh/sqm DOCC) policy
- Carbon emissions of scopes 1 & 2, absolute value, "market based" and "location based" methods, shopping centres and offices (TCO₂eq)
- Carbon emissions of scope 3, excluding Viparis activities, "market based" and "location based" methods (TCO₂eq)
- Value (MWh) and share (%) of total energy consumption from renewable sources, with breakdown between onsite production and offsite purchase from third parties
- Total waste generated (metric tonnes) and breakdown by disposal routes (56)
- Coverage of BREEAM In-Use environmental certification of the Group's standing assets (shopping centres and offices) and associated levels

Qualitative information

- Implementation of the biodiversity strategy
- Components of the Health, Safety and Environment (HSE) risk management

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

CHAPTER 3.

Corporate Governance Remuneration

and

3.1 GOVERNANCE PRINCIPLES-AFEP-MEDEF CODE 137

3.2 MANAGEMENT AND SUPERVISORY BODIES137

- 1 The Management Board137
- 2 The Supervisory Board146
- 3 The Executive Committee171

3.3 MANAGEMENT AND SUPERVISORY BOARDS

REMUNERATION172

- 1 Remuneration Policy174
- 2 Corporate officers Remuneration report183
- 3 Supplementary Information193
- 4 Performance Stock Option Plans, Performance Share Plans
and Employee shareholding

207

3.4 ETHICS AND COMPLIANCE WITHIN THE URW GROUP210

- 1 Ethics and Compliance: a daily and essential requirement210
- 2 Compliance Governance Framework210
- 3 Compliance Organisational Framework210
- 4 Compliance program211
- 5 Anti Corruption program212
- 6 Prevention of money laundering and terrorism financing213
- 7 Data protection213

3.5 REPORT OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE215

136 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.1 Governance Principles -Afep-Medef Code

3.1 GOVERNANCE PRINCIPLES -AFEP-MEDEF CODE

Unibail-Rodamco-Westfield SE voluntarily refers to the Afep-Medef Corporate Governance Code of Listed Companies in the version of January 2020 (the "Afep-Medef Code"). The Code is available on the Afep website.

The Company strives to continuously apply the highest standards of corporate governance.

Recommendations set forth in the Afep-Medef Code are examined each year by the Governance, Nomination and Remuneration Committee (GNRC), which reports to the Supervisory Board (SB), in close collaboration with the Management Board. Close attention is also paid to the report of the High Committee for Corporate Governance (Haut Comité de Gouvernement d'Entreprise), the report of the French Markets Authority (Autorité des Marchés Financiers) on corporate governance and the remuneration of executives of listed companies, changes in governance practices in France and abroad, and the voting policies of investors and voting advisory agencies. To this end, an analysis incorporating the Company's practices and, where appropriate, proposals for improvement, in the form of an action plan, are submitted to the GNRC and subsequently to the SB.

Thus, at its meeting of February 9, 2022, the SB carried out, in accordance with Article L. 22-10-10 of the French Commercial Code, a review of the Company's proper application of the Afep-Medef Code and the proposals for improvement made by the GNRC. The SB concluded that the Group applies all recommendations of said Code, including those regarding the remuneration of executives of listed French companies.

3.2 MANAGEMENT AND SUPERVISORY BODIES

Since 2007, the Company has adopted a dual governance structure: a European company with a Management Board (MB) and a Supervisory Board (SB), considering that such Governance meets to the best standards in corporate governance.

It ensures a balanced structure between efficient and responsive management by the MB and control by a Supervisory Board whose diverse composition guarantees its independence and the quality of its supervision.

3.2.1 THE MANAGEMENT BOARD

The MB is the Company's collegial decision-making body and is overseen by the SB. The MB Members are collectively responsible for the Company's management and general course of business. Its mission consists of establishing and executing the Company's strategy, effectively structuring and staffing the Company to ensure efficient functioning, achieving the projected financial results and communicating these results in the best manner.

3.2.1.1 COMPOSITION OF THE MANAGEMENT BOARD

As of January 1, 2022, the Management Board is composed of five members and chaired by Mr Jean-Marie Tritant. The business address of the Management Board members is the Company's registered address, 7 place du Chancelier Adenauer 75016 Paris (France).

Management Board members	Nationality	Age	Gender	Mainfunction	Startmgdate thetermofoffice	Expiry date of
Jean-Marie Tritant	French	54	M	Chief Executive Officer (CEO) MB Chairman	January 1,2021	GM2025
Olivier Bossard	French	57	M	Chief Investment Officer (CIO) MB member	January 7,2021	GM 2025
Sylvain Montcouquiol	French	47	M	Chief Resources and Sustainability Officer (CRSO) MB member	January 1, 2022	GM 2026
Fabrice Mouchel	French	51	M	Chief Financial Officer (CFO) MB member	January 5,2021	GM 2025
Caroline Puechoultres	French	52	F	Chief Customer Officer (CCO) MB member	July 15,2021	GM 2025

The Supervisory Board has appointed Ms Caroline Puechoultres as Chief Customer Officer and member of the Management Board as of July 15, 2021, for a four year term. The Supervisory Board appointed Mr Sylvain Montcouquiol as Chief Resources and Sustainability Officer and member of the Management Board, as of January 1, 2022, for a four year term, replacing Ms Astrid Panosyan, who resigned from her position for personal and family reasons effective December 31, 2021.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 137

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MR JEAN-MARIE . TRITANT MB CHAIRMAN-CHIEF EXECUTIVE OFFICER (CEO)

BORN ON:
November 10, 1967

NATIONALITY:
French

Graduate of Burgundy - Business School (BSB) (previously ESC Dijon); Master's Degree from Paris I-Sorbonne University in commercial real estate (a qualification recognised by the Royal Institute of Chartered Surveyors); Started his career at Arthur Andersen Paris; Joined Unibail in 1997; Appointed as Managing Director of the Office Division in 2002, and Managing Director Retail France in 2007; Appointed to the MB of Unibail-Rodamco SE as COO effective from April 25, 2013, and as President US on June 7, 2018; and Appointed as MB Chairman and CEO as of January 1, 2021.

NUMBER

OF

SHARES

SHARES

NUMBER
HELD:
40,875 "

OF

STAPLED

SHARES

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

French Companies

- Representative of Unibail-Rodamco-Westfield SE as Member of the French Federation des Societes Immobilieres et Foncieres (FSIF);
- Non-Executive Director of Pavillon de l'Arsenal;
- Representative of Unibail-Rodamco-Westfield SE on the Board of Directors of Societe Paris-Ile-de-France Capitale Economique;
- Representative of Unibail-Rodamco-Westfield SE on the Executive Committee of the Palladio Foundation.

Foreign Company

- Director of the European Public Real Estate Association (EPRA).

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES

French Companies

- Management Committee Member of Aquarissimo SAS, Chesnay Pierre 2 SCI, Saint Jean SNC, Saint Jean II SNC, Juin Saint Hubert SNC, Juin Saint Hubert II SNC, and Les Terrasses Saint Jean SNC.

Foreign Companies

- MB Chairman of Unibail-Rodamco-Westfield N.V.;
- Director of U&R Management BV;
- Director and Secretary of Unibail-Rodamco Spain SLU (formerly Unibail-Rodamco Inversiones, SLU), Unibail-Rodamco Ocio SLU, Unibail-Rodamco Palma, SLU, Unibail-Rodamco Real Estate, SLU and Unibail-Rodamco Retail Spain, SLU;
- Director and Chairman of Proyectos Inmobiliarios New Visions, SLU, Essential Whites, SLU, Promociones Inmobiliarias Gardiner SL, Unibail-Rodamco Steam, SLU and Proyectos Inmobiliarios Time Blue, SLU.

French Company • N.A

Foreign Company

- The Netherlands: SB Chairman of Unibail-Rodamco-Westfield N.V.

(1) Excluding 1,052 Stapled Shares held via the Company Savings Plan. 138 Universal

Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

(continued)

- Director and Chairman of Promociones Inmobiliarias Gardiner, SLU;
- Director and President of WALP Service, Inc, Westfield America, Inc., Westfield DDC Inc., Westfield Development Inc., Westfield Eco Inc., Westfield USA Centres, Inc., WHL (USA), Inc. and WHL USA Acquisitions Inc;
- Manager and President of URW Airports, LLC, Westfield Concession Management II LLC, Westfield Gift Card Management, LLC, Westfield Property Management LLC

- and westnant investment LLC;
- Director and Chairman of URW America Inc;
- Director and Chairman of Annapolis TRS Inc., Fashion Square Service TRS, Inc., GSP Service TRS, Inc., Montgomery Service, Inc., VF/UTC Service, Inc., WCL Holdings, Inc., Westfield Beneficiary 1, Inc., Westfield Beneficiary 2, Inc., Westfield Subsidiary REIT 1, Inc., Westfield Subsidiary REIT 2, Inc., Westland Properties, Inc., Westland Realty Beneficiary, Inc;
- Director of Broward Mall LLC, Roseville Shoppingtown LLC, Santa Anita Borrower LLC, Santa Anita GP LLC, Valencia Town Center Venture GP, LLC, Westfield Paramus 1 Inc;
- Manager and Chairman of URW WEA LLC, West-OC 2 REIT 1, LLC, West-OC 2 REIT 2, LLC, West-OC 2 REIT 3, LLC, URW Airports, LLC, Westfield, LLC, Westfield Concession Management II LLC, Westfield, Gift Card Management, LLC, Westfield Property Management LLC, Westfield US Holdings, LLC, and WestNant Investment LLC;
- Manager of Annapolis REIT 1 LLC, Annapolis REIT 2 LLC, Annapolis REIT 3 LLC, Broward Mall LLC, Culver City REIT 1 LLC, Culver City REIT 2 LLC, Culver City REIT 3 LLC, Horton Plaza REIT 1 LLC, Horton Plaza REIT 2 LLC, Horton Plaza REIT 3 LLC, Mission Valley REIT 1 LLC, Mission Valley REIT 2 LLC, Mission Valley REIT 3 LLC, North County REIT 1 LLC, North County REIT 2 LLC, North County REIT 3 LLC, Oakridge REIT 1 LLC, Oakridge REIT 2 LLC, Oakridge REIT 3 LLC, Plaza Bonita REIT 1 LLC, Plaza Bonita REIT 2 LLC, Plaza Bonita REIT 3 LLC, Promenade REIT 1 LLC, Promenade REIT 2 LLC, Promenade REIT 3 LLC, Santa Anita REIT 1 LLC, Santa Anita REIT 2 LLC, Santa Anita REIT 3 LLC, Southcenter REIT 1 LLC, Southcenter REIT 2 LLC, Southcenter REIT 3 LLC, Stratford City Offices (No.1) LLC, Stratford City Offices (No.2) LLC, Stratford City Shopping Centre (No.1) LLC, Stratford City Shopping Centre (No.3) LLC, Topanga REIT 1 LLC, Topanga REIT 2 LLC, Topanga REIT 3 LLC, West Valley REIT 1 LLC, West Valley REIT 2 LLC, West Valley REIT 3 LLC, White City Investments (No. 1) LLC, and White City Investments (No. 2) LLC;
- Director of Descon Invest PTY Limited, Fidele PTY Limited, Nauthiz PTY LTD, Westfield America Management Limited, Westfield American Investments PTY Limited, Westfield Capital Corporation Finance Pty LTD, Westfield Capital Corporation Finance PTY LTD, Westfield Queensland PTY LTD, WFA Finance (Aust) PTY Limited and WFD Finance PTY Limited;
- Director of WFD Unibail-Rodamco Real Estate B.V.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 139

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MR OLIVIER BOSSARD

MB MEMBER-CHIEF INVESTMENT OFFICER (CIO)

BORN ON:
May 12, 1964

NATIONALITY:
French

NUMBER OF STAPLED SHARES HELD :

133,617"

- Architect (Ecole des Beaux-Arts, Paris), Master in City Planning and Urbanism (Sciences Po Paris), Degree in History (Paris VII);
- Began his career in 1989 as a Project Manager with the French developer COGEDIM;
- Joined Paribas in 1996 as a Portfolio Manager;
- Joined Unibail Office Division in 1998 as Portfolio Manager, then became Head of Asset Management (2003) and Deputy General Manager of the Office Division (2005);
- Involved in the Unibail-Rodamco merger as Executive Vice President in charge of Unibail Development and Strategy (2006);
- Became Managing Director of the Office Division on October 1, 2007 and was Group Managing Director of Development from October 16, 2010 to April 24, 2013;
- Appointed to the MB of Unibail-Rodamco SE as Chief Development Officer effective on April 25, 2013 and as Group CDO in June 7, 2018;
- Appointed MB member as Chief Investment Officer as of January 7, 2021.

OTHER CURRENT FUNCTIONS AND MANDATES

French Company

- N.A

Foreign Company

- N.A

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES French Companies

- Chairman of Uni-Commerces SAS, Immobiliere Lidice SAS, Rodamco France SAS, Belwarde 1 SAS, Amroy SAS, Unibail-Rodamco-Participations SAS;
- Managing Director of Unibail-Management SAS.

Foreign Companies

- Germany: SB Chairman of Unibail-Rodamco- Westfield Germany GmbH, Managing Director of CentrO. Management GmbH, Neue Mitte Oberhausen Projektentwicklung Beteiligungs GmbH, Neue Mitte Oberhausen Projektentwicklung Verwaltungs Ltd. & Co. KG, Neue Mitte Oberhausen Projektentwicklung Ltd. & Co. KG, CentrO Projektentwicklungs GmbH, CentrO Grundstücksentwicklungs GmbH, Centra Oberhausen GmbH, SL Oberhausen Beteiligungs GmbH, CentrO Europe (No. 2) Ltd. Niederlassung Deutschland
- Czech Republic: SB Member of Beta Development, sro;
- Poland: SB Member of CH Warszawa U sp. zoo;
- Italy: Director of Westfield Milan S.p.A, Westfield Milan Management Services S.r.l.;
- Sweden: Director of Rodamco Garage AB, Rodamco Centerpool AB, Rodamco Solna Centrum AB, Rodamco Pakering AB, Piren AB, Rodamco Nacka AB, Anlos Fastighets AB;
- Denmark: Director of URW Fisketorvet A/S;
- UK: Director of Croydon Management Services Limited, CentrO Holdings Ltd, CentrO Asset Management Ltd, CentrO Europe Ltd, CentrO Europe (No 2) Ltd.

PREVIOUS MANDATES DURING THE LAST FIVE YEARS French Companies

- Director of Unibail-Rodamco Participations SAS;
- Manager of Le Cannet Developpement SARL;
- Managing Director of Espace Expansion SAS;
- Chairman of UR-LAB SAS.

Foreign Company

- Director of U&R Management B.V.

(1) Excluding 5,005 Stapled Shares held via the Company Savings Plan. 140 Universal
Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MR SYLVAIN MONTCOUQUIOL MB MEMBER-CHIEF RESOURCESANO SUSTAINABILITY OFFICER (CRSO)

BORN ON:
October 2, 1974

NATIONALITY:
French

Graduate Engineer from Ecole Centrale de Lyon (France), and Master of Science from Penn State University (USA);
Started his career at Elf UK as an engineer in 1998;
Management consultant at Capgemini Consulting, from 1999 to 2005;
Joined Unibail in 2005 supporting the Executive Committee on organizational and operational excellence projects;
Became Group Director of Organization of Unibail-Rodamco in 2007;
Appointed Group Director of Human Resources and Organization in 2014;
Appointed MB member as Chief Resources and Sustainability Officer as of January 1, 2022.

NUMBER HELD:	OF	STAPLED	SHARES
6,475"			

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

French Company • N.A
French Company • N.A

Foreign Company • N.A
Foreign Company • N.A

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES French Companies

- Chairman of Doria SAS, Unibail Management SAS, and Espace Expansion Immobiliere SAS;
- SB Member of Uni-Expos SA;
- Deputy Managing Director of URW Brands SAS.

Foreign Company • N.A

(1) Excluding 2,164 Stapled Shares held via the Company Savings Plan.

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MR FABRICE MOUCHEL MB MEMBER-CHIEF FINANCIAL OFFICER (CFO)

BORN ON:
April 16, 1970

NATIONALITY:
French

NUMBER OF STAPLED SHARES HELD :

25,005¹¹

- Graduate of HEC Business School, Master's Degree in Law and Bar diploma (CAPA: certificat d'aptitude a la profession d'avocat);
- Lawyer in the mergers & acquisitions Department of Gide Loyrette Et Nouel (1993-1996);
- Vice-President of mergers and acquisitions at ING-Barings (1997-2001);
- Joined Unibail in 2001 as Head of Corporate Development;
- Became Head of Financial Resources and Investor Relations Department in 2002;
- Deputy CFO from June 2007 to April 2013;
- Appointed to the MB of Unibail-Rodamco SE as Deputy CFO effective on April 25, 2013 and as Group Finance Director on June 7, 2018;
- Appointed MB member as Chief Financial Officer as of January 5, 2021.

OTHER CURRENT FUNCTIONS AND MANDATES

French Company . N.A

Foreign Company . N.A

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES

French Company

- N.A

Foreign Companies

- The Netherlands: SB Member of Unibail-Rodamco-Westfield NV, Director of U&R Management B.V., Rodamco Project I B.V., Unibail-Rodamco Poland 5 B.V., Cijferzwaan B.V., Dotterzwaan B.V., Rodamco Nederland Winkels B.V., Unibail-Rodamco Investments 2 B.V., Real Estate Investments Poland Cooperatief U.A., Stichting Rodamco, Traffic UK B.V;
- Sweden: Member of the Board of Rodamco Sverige AB;
- Austria: Director of Shopping Center Planungs- und Entwicklungsgesellschaft mbH, Unibail-Rodamco Austria Verwaltungs GmbH, Shopping Center Planungs- und Entwicklungsgesellschaft m.b.H. & Co. Werbeberatung KG, Shopping City Slid Erweiterungsbau Gesellschaft m.b.H. & Co. Anlagenvermietung KG, DZ-Donauzentrum Besitz- und Vermietungs-GmbH, Unibail-Rodamco Invest GmbH;
- Germany: SB Member of Unibail-Rodamco-Westfield Germany GmbH, Rodamco Deutschland GmbH; Rodamco Deutschland GmbH ti Co Sud Liegenschafts KG;
- Ireland: Director of Liffey River Financing Ltd;
- Luxembourg: Director of Crossroads Property Investors S.A;
- Australia: Director of Westfield Corporation Limited, Descon Invest Pty Limited, Westfield Investments Pty Limited, Westfield American Investments Pty Limited, Westfield Capital Corporation Finance Pty Ltd, Westfield Queensland Pty. Ltd; Nauthiz Pty Ltd, WCL Finance Pty Limited, WCL Management Pty Limited, Westfield UK Investments Pty Limited, Westfield UK 1 Pty Limited, Westfield UK 2 Pty Limited, Westfield UK 3 Pty Limited, Westfield UK 4 Pty Limited, Westfield UK 5 Pty Limited, Westfield UK 6 Pty Limited, Westfield America Management Ltd, Fidele Pty Ltd, Westfield R.S.C.F. Management Pty Ltd, Westfield Developments Pty Ltd, Cavemont Pty. Ltd.

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

French Company

- N.A

Foreign Company

- N.A

(1) Excluding 4,063 Stapled Shares held via the Company Savings Plan. 142 Universal
Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MS CAROLINE PUECHOULTRES MB MEMBER-CHIEF CUSTOMER OFFICER (CCO)

BORN ON:
April 12, 1969

NATIONALITY:
French

NUMBER OF STAPLED SHARES HELD :
0

- Graduate from HEC Business School;
- Started her career at FMCG group Procter 6 Gamble as Chief Group Marketing in 1991;
- Held various roles as Marketing Director from 1997 to 2003;
- Joined Club Med as Member of the Executive Committee, then CEO for Asia and Pacific, based in Singapore in 2006;
- Became Head of Marketing & Strategy and member of the Executive Committee of major French Retailer Intermarche in 2016;
- Appointed Executive Director of Sales and Strategy for Carrefour Market, then member of the Senior Management Committee Carrefour France in 2019;
- Appointed MB member as Chief Customer Officer as of July 15, 2021.

OTHER CURRENT FUNCTIONS AND MANDATES

French Company
• SB Member of Lexibook Linguistic Electronic System SA.

Foreign Company
• N.A

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

French Company
• Director of Kaufman Et Broad SA;
• Managing Director, of Simpki SAS.

Foreign company
• N.A

OTHER CURRENT INTRA-GROUP FUNCTIONS AND MANDATES French

Companies

- CEO of Societe de Tayninh SA (listed company);
- Chairman of URW Brands SAS and Unibail Marketing & Multimedia SAS;
- Managing Director of Unibail-Rodamco Participations SAS and Unibail Management SAS.

Foreign Company

- N.A

SHARE OWNERSHIP REQUIREMENTS APPLICABLE TO MANAGEMENT BOARD MEMBERS

In order to align the interests of the MB Members with those of the shareholders, and in accordance with a SB decision, the MB members are required to comply with the strict obligations governing the holding of investment in Company shares and prohibition of hedging (described in Section 3.2.2.2) in accordance with the Afep-Medef Code and Article L. 225-185 of the French Commercial Code.

MANAGEMENT BOARD SUCCESSION PLAN

The succession plan for the Management Board is detailed in Section 3.2.2.1.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 143

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

3.2.1.2 MANAGEMENT BOARD FUNCTIONING

ROLE OF THE MANAGEMENT BOARD

The Management Board (MB) is responsible for determining corporate strategy and overseeing operations in accordance with the corporate social interest, taking into account social and environmental challenges of the activity of the Company. It must act with independence, loyalty and professionalism within the limit of the corporate social interest. As provided for by the Afep-Medef Code, the Supervisory Board assesses the functioning of the MB on an annual basis.

The MB defends the interests of the Group while taking into account the relevant interests of all of the Company's stakeholders. It is responsible for the manner in which it carries out its duties.

Aside from coordination on the strategy, the MB policy, and the Company's representation in relation to third parties, the MB Chairman has direct responsibility for legal affairs, risks, crisis management and security, institutional relations, communication, internal audit and compliance. The MB Chairman also acts as Chief Operating Officer (COO) and thus supervises the Regional Chief Operating Officers who lead locally the retail asset strategy, the net rental growth and also coordinate some Centres of Excellence at European level.

Upon recommendation from the Chairman of the MB and subject to the SB's prior approval, the MB members shall divide their tasks amongst themselves.

The responsibilities and functions of the members of the MB, other than the CEO, are divided as follows:

- The Chief Financial Officer (CFO) is responsible for tax matters, generating profits through the optimisation of the cost of capital, and investor relations. As such, he is in charge of the overall financial function within the Group (financial control, consolidation, (re) financing, tax, the budget and 5-year plan, coordination of asset valuations and investor relations);
- The Chief Resources and Sustainability Officer (CRSO) oversees Human resources, Information Technology, Organisation and CSR functions, within the Group;
- The Chief Investment Officer (CIO) is responsible for the investment/ divestment process and the definition of the co-ownership and co-investment strategy; and the coordination of the corporate development (mergers and acquisitions, strategic alliances and joint venture developments). The CIO is responsible for challenging the business strategy, in particular: asset and development strategy, major restructurings, extensions or refurbishments. The CIO also leads the Offices business at European level; and
- The Chief Customer Officer (CCO) is responsible for defining the marketing strategy, encompassing innovation, branding and digital pillars, leveraging customer insights and business intelligence. The CCO is also responsible for developing new revenues, bolstering commercial partnerships, media and sponsoring, accelerating on data collection, processing and monetisation; and developing game changers' deals and strategic relationships with selected retailers.

The main provisions of the Articles of Association and the MB Charter governing the composition, role, duties and functioning of the MB are provided in Section 7.6.5.

144 UniversalRegistrationDocument2U21 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MANAGEMENT BOARD ACTIVITIES IN 2021

The MB met 19 times during the year ended December 31,

Principal responsibilities of the Management Board

2021 and deliberated on the following subjects:

Key areas addressed, managed and/or implemented in 2021

Elaborate the new Group strategy;
Investment and divestment operations in 2021;
Monitoring of the disposals and synergies plan (costs and revenue);
Main strategic opportunities for the Group and deep analysis of the impact of the COVID-19 pandemic;
Digital and IT strategy, tools and projects; and CSR strategy - "Better Places 2030".

Review and closing of the 2020 consolidated and statutory financial statements and reporting on the consolidated half-year and quarterly accounts for the 2021 financial year; Group 5-year business plan and budget;

Financial resources, balance sheet management and borrowing requirements (EMTN, liquidity agreement);
The Group's dividend distribution payment policy and annual allocation/distribution of profits, notably regarding the COVID-19 pandemic; and
Closing of the forecast management documents and preparation of the quarterly activity reports for the Supervisory Board.

Internal audits, internal control system and compliance matters; Risk management and risk mapping.

Monitoring and promoting of the Group's Anti-Corruption Programme and the Group's Compliance programme;
Amendment of the MB charter (updated with the split of responsibilities between MB members);
Analysis of the impact of new exceptional regulations related to the COVID-19 pandemic; and

Compliance with regulatory/legal requirements and changes. Employee Remuneration Policy of the Group;
Implementation of the new level systems for the Group's employees; and Share capital increase reserved for employees.

implementation of the new level systems for the Group's employees, and share capital increase reserved for employees.

Talent development and management; Diversity and inclusion policy; Group succession planning; and Recruitment of key Group positions.

Investor and proxies advisors dialogue and road shows;

Notice of meeting for the Annual General Meeting and related documentation (agenda, resolutions, MB report, etc.); General Meeting in closed session; Group communication; and 2020 Universal Registration Document and 2021 half-year Financial Report.

UniversalRcgistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD 145

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

3.2.2 THE SUPERVISORY BOARD

3.2.2.1 SUPERVISORY BOARD COMPOSITION AND DIVERSITY

The Supervisory Board (SB) consists of nine members, of which eight members are independent, as at December 31, 2021. Mr Leon Bressler is the SB Chairman since November 13, 2020.

The SB composition reflects a strong commitment to independence (89% independent), gender diversity (56% women) and international exposure (44% non-French with seven different nationalities represented), and the wide-ranging experience and expertise of its members. The average SB Member age is 58. The current member composition reinforces the Group's strategy through their relevant active executive or senior leadership experience, expertise in real estate/asset management, retail and hospitality, international and regional markets (including the Continental Europe, the US and the UK), CSR/sustainability, digital/e-commerce, consumer products, corporate governance/remuneration, risk oversight/compliance, restructuring/ disposals and finance, among other areas. The range of skills and expertise taken into account during the SB candidate selection process is summarized in the biographies and experience matrix presented then after.

The principal provisions of the Articles of Association and the charters of the SB and of its committees governing the composition, role, responsibilities and functioning of the SB and its committees are provided in Section 7.6.

CHANGES OCCURRING IN THE SUPERVISORY BOARD (SB) COMPOSITION IN 2021 PURSUANT TO THE GENERAL MEETING OF MAY 12, 2021

At the May 12, 2021 General Meeting:

- The mandates of Ms Julie Avrane and Ms Cecile Cabanis were ratified following their co-optation as SB Members at the December 23, 2020 SB Meeting) for a period of one year;
- The mandate of Mr John McFarlane was renewed as a SB Member for a period of two years; and
- Ms Aline Sylla-Walbaum was appointed as a SB Member for a period of three years.

The SB Member mandates of Mr Colin Dyer and Ms Jill Granoff ended as at May 12, 2021.

CHANGES PROPOSED TO THE SUPERVISORY BOARD (SB) COMPOSITION IN 2022:

Upon the Governance, Nomination and Remuneration Committee recommendation, the SB will propose the renewals of the SB mandates of Ms Julie Avrane, Ms Cecile Cabanis and Ms Dagmar Kollmann for a period of three years at the May 11, 2022 General Meeting.

Ms Cecile Cabanis brings to the SB a significant experience as an independent director and executive manager in various sectors and a recognized knowledge of the financial function combined with an experience in supervising risks and audit as Chair of dedicated committees. Ms Dagmar Kollmann has more than 20 years of experience as an executive leader and risk manager, and expertise in the area of financial markets and digital. She is also strongly involved in CSR and sustainable development. Ms Julie Avrane, with 25 years of consulting experience, brings her multiple knowledge in the fields of digital technology, corporate strategy, growth, organisation, transformation, mergers and culture and change. She is also an expert in CSR strategy, thanks to her current and former functions at Valeo, Bureau Veritas and McKinsey & Company.

Moreover, given his current level of ownership (through the companies he controls) of the Company's share capital and voting rights and in his capacity as a significant shareholder, Mr Xavier Niel proposed the appointment of Mr Michel Dessolain as a member of the Supervisory Board at the General Meeting of May 11, 2022. In view of the level of Mr Xavier Niel's shareholding to date and his current representation at the SB, and after analyzing Mr Michel Dessolain's profile and skills, and upon the recommendation of the GNRC, the Supervisory Board has approved this proposal. Consequently, the Supervisory Board proposes the appointment of Mr Michel Dessolain as a new member of the Supervisory Board for a three-year term mandate. Mr Dessolain would join the Audit Committee as of his appointment.

Mr Michel Dessolain has spent 25 years in the Group on numerous operational positions, both in France and abroad, including Chief Operating Officer Europe (2018-2021), Chief Strategy Officer (2011-2015), Chief Executive Officer of the Convention and Exhibition Venues Division (2015-2018). Until March 31, 2022, he was Special Advisor to the Chairman of the Management Board, with particular responsibility for digital strategy, alongside Ms Caroline Puechoultres, Chief Customer Officer. In addition to his excellent knowledge of the Group, its markets and strategic challenges, Mr Michel Dessolain also chaired the French National Council of Shopping Centers (CNCC) from 2013 to 2017.

Upon the recommendation of the GNRC, and in application of the recommendations of the Afep-Medef Code and the Supervisory Board Charter, after in-depth analysis by the Supervisory Board, Mr Michel Dessolain will be qualified as a non-independent member due to his functions within the Group during the five years preceding his appointment, due to the remuneration linked to the URW performance that Mr Dessolain received as a director of URW Group and due to the fact that he represents the interests of Mr Xavier Niel, a significant shareholder of the URW Group.

For more details, please refer to the Convening Notice 2022, available on the Company's website.

During the discussions on the SB succession plan, Mr Leon Bressler, SB Chairman, and Mr John McFarlane, Member of the Audit Committee have indicated their intention not to seek for the renewal of their mandate at the end of the 2023 General Meeting, in accordance with the Articles of Association and Charter of the SB, due to the attainment of the statutory age limit. Upon GNRC recommendation, to anticipate that succession, the SB has started the selection process to identify, short list and select new potential candidates able to fill in chair position in due time.

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SUPERVISORY BOARD COMPOSITION AS AT DECEMBER 31, 2021

Mr. Leon Bressler

SB Chairman AC member French

Mr. Roderick Munsters
GNRC Chairman Canadians Dutch

Ms. Aline Sylla-Walbaum
GNRC member

Frvncii

Gender split

56%

female

44%

Ms. Cecile Cabanis
SB Vice-Chair AC Chair French

Mr. John McFarlane
AC member
Australian S British

Ms. Dagmar Kollmann

GNRC member Au. <inan

Ms. Julie Avrane

AC member French

Mr. Xavier Niel
GNRC member French
Ms. SusanaGallardo

GNRC member Swinish

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 147

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SUPERVISORY BOARD MEMBERS AS AT DECEMBER 31,2021

Term expires atGM

Mr Leon Bressler SB Chairman

Ms Cecile Cabanis

SB Vice-Chair and AC Chair

Mr Roderick Munsters CNRC Chair

Ms Julie Avrane

Ms Susana Gallardo

Ms Dagmar Kollmann

Mr John McFarlane

Mr Xavier Niel

Ms Aline Sylla-Walbaum

French

Spanish Austrian

British and Australian

French

French

ATTENDANCE OF MEMBERS TO SB AND COMMITTEE MEETINGS

Supervisory Board

Leon Bressler

Cecile Cabanis

Roderick Munsters Julie Avrane Susana Gallardo Dagmar Kollmann John McFarlane Xavier Niel

Aline Sylla-Walbaum (mandate started on May 12, 2021)

Colin Dyer (end of mandate on May 12, 2021)

Jill Granoff (end of mandate on May 12, 2021)

AVERAGE ATTENDENCE RATES

100%

100% 100%

67% 67%

100% 89%

Appointed at the General Meeting held on May 12, 2021, Ms. Aline Sylla-Walbaum has participated in three SB meetings out of the four scheduled meetings between May and December 2021 (75% attendance). A long-scheduled major issue prevented her from attending one of the SB meetings, and one of the concurrent GNRC meetings (i.e., attending two GNRC meetings out of the three scheduled meetings between May and December 2021, for 67% attendance). Except for this schedule issue, Ms Sylla-Walbaum fully invested herself in her role as a member of the Supervisory Board and participated in all the SB and GNRC side meetings (One SB briefing meeting and three specific GNRC working sessions) over the same period.

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SUPERVISORY BOARD MEMBER SKILLS

The Supervisory Board has identified the combined skills, experiences and expertise essential to best carry out its supervisory role as well as its duties, in light of the nature and scope of the international operations of the Company, the Company's strategy for the medium and long-term and the related risks.

- International experience;
- Regional market experience (Continental Europe, US and UK):
 - International operations as well as local market exposure are important given the Group portfolio of flagship destinations throughout Continental Europe, the US and the UK.
- Finance (including audit, financing, banking or tax expertise):
 - The Company's operations involve complex financing transactions, debt management and refinancing in different countries and currencies, and monitoring tax and accounting measures.
- Leadership (relevant active executive or senior leadership experience):
 - International business or high level advisory or management expertise is important to understand the challenges facing the Company.
- Real estate and asset management:
 - The Company's core strategy requires expertise in real estate development, investment, leasing, management and divestment.
- Restructuring and disposals:
 - Disposals are a priority for the Company given the current focus on deleveraging.
- CSR and sustainability:
 - Corporate social responsibility is at the heart of the Group strategy, as both a vehicle of progress and a factor of competitiveness. The Group continually seeks new ways to improve its environmental footprint and strengthen its social impact.
- Digital and e-commerce;
- Retail and hospitality; and
- Consumer products:
 - Retail, digital and data are at the core of the Group strategy, as a large portion of our clients are retailers.
- Risk oversight and compliance:
 - The SB's responsibilities include overseeing and advising on the structure and management of the risks, compliance and internal control systems and ensuring that effective policies are in place to appropriately manage risk.
- Corporate governance and remuneration and benefits:
 - The SB is committed to maintaining a high level of requirement in terms of good governance, in particular regarding the executive officers remuneration.

In the context of the annual evaluation process, the GNRC and the SB review the profiles of the SB members each year to ensure the SB's ability to assume its responsibilities and duties under the best possible conditions. The profiles reflect the preferred SB composition and the objectives to be achieved (including through the SB succession plan) in order to implement and maintain an independent SB which distinguishes itself by the diversity of its members in terms of gender, age and nationality as well as by their skills, expertise and experiences.

Each SB Member's biography includes a description of key skills and expertise. All of the SB Members have multiple skills and experiences, as described in the experience matrix then after. The SB and the GNRC are of the opinion that the SB Members collectively possess the right mix of skills, qualifications and experiences to provide effective oversight of the business, credible guidance to the MB, and fulfil their duties in the interest of the Company, and will focus for the future to prioritize profiles with added value on the areas of CSR, sustainable development, cyber security and digital.

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SUPERVISORY BOARD MEMBER EXPERIENCE MATRIX

Leon Bressler¹¹
Cecile Cabanis¹
Roderick Julie Munsters¹ Avrane¹
Susana Dagmar John Gallardo¹ Kollmann¹ McFarlane¹
Xavier
Niel¹
Aline Sylla-Walbaum¹

O Executive or ¹ Board member

Real estate ¹ and asset management

Retail and hospitality

Finance

CSR and sustainability

I ¹ Digital and

e-commerce

Continental EU market

UK market

US market

Corporate governance and remuneration

Risk oversight
and compliance

zgz Restructuring/ Disposals

Public Affairs
products

¹Y^ Consumer

1) Audit Committee.

2) Governance, Nomination & Remuneration Committee.

EMPLOYEE OR EMPLOYEE SHAREHOLDER REPRESENTATION ON THE SUPERVISORY BOARD

Pursuant to Article L. 225-79-2 of the French Commercial Code, companies which exceed certain thresholds must provide for the representation of employees on their SB. Likewise, pursuant to Article L. 225-71 of the French Commercial Code, listed companies whose shares held by employees account for more than 3% of the share capital are required to appoint one or several employee shareholder representatives to their SB. At December 31, 2021, the Unibail-Rodamco-Westfield Group remains below the above-mentioned thresholds.

Although the Company is not subject to the legal obligations regarding employee representation on the SB, the Group is committed to employee dialogue and works with employee representatives. In addition, since 2009, the European Employees Committee (EEC) has received information regarding the Group's economic situation and has discussed all issues regarding the Group's employees, including Group strategy, strategic transaction, CSR policy and working conditions. This body is also a forum for the exchange of best practices within the countries. Various meetings are organised by the Group with the works councils and trade unions.

150 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SUPERVISORY BOARD MEMBER INFORMATION AND MANDATES HELD AS AT DECEMBER 31, 2021

The business address of the Supervisory Board members is the Company's registered address, 7 Place du Chancelier Adenauer, 75016 Paris (France).

MR LEON BRESSLER

CHAIRMAN OF THE SUPERVISORY BOARD

MEMBER OF THE AUDIT COMMITTEE Independent

BORN ON:

June 11, 1947

NATIONALITY:

French

Graduate of the Institut d'Etudes Politiques de Paris and has a Master's Degree in Law;

Chairman of the Board of Directors/Chief Executive Officer of Unibail (now URW) from 1992 to 2006;

Partner of Perella Weinberg Partners from 2006 to 2015;

Managing Partner of Aermont Capital (formerly Perella Weinberg Real Estate UK LLP) since inception in 2007;

Managing Partner at Worms a Cie from 1991 to 1996;

Chairman and Chief Executive Officer of Jeanne Lanvin and Lanvin Parfums from 1989 to 1991;

Various positions at Midland Bank Group, including Chairman of the Executive Board of Midland Bank SA from 1984 to 1989.

NUMBER HELD:	OF	STAPLED	SHARES
1,000			

PREVIOUS MANDATE DURING THE LAST FIVE YEARS

Listed company

- N.A

Other companies

- Member of Cambridge Land Economy Advisory Board (UK);
- Advisor Emeritus of GIC (Singapore);
- Managing Partner of Aermont Capital;
- Director of several entities related to Aermont Capital;
- Trustee of The Bressler Foundation.

Member of the International Advisory Board and Investment Board of GIC (Singapore).

8ifl(D\$€€ mmfP

Further experience:

- Relevant active executive or senior leadership experience:
 - Over three decades in leadership positions in real estate, fashion and banking, including as Chairman/Chief Executive Officer of Unibail (now URW) from 1992 through 2006.

- Real estate/asset management:
 - Demonstrated track record in real estate and asset management; Managing Partner of Aermont Capital, a leading asset management business focused on real estate and real estate related investment activities; former Chairman/Chief Executive Officer of Unibail.
- Financial expertise:
 - Began his career at Chase Manhattan Bank in Paris, before joining Midland Bank Group in 1978 to establish its Paris office; former Chairman of the Executive Board of Midland Bank SA.
- EU market experience:
 - Experience in European fashion and retail as former Chairman and Chief Executive of Jeanne Lanvin and Lanvin Parfums and former board member of Habitat and FNAC; experience in European real estate through Aermont Capital and in former position as Chairman/Chief Executive Officer of Unibail.
- UK market exposure and expertise:
 - Experience investing in real estate and real estate-related opportunities in the UK through Aermont Capital.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SB member proposed for renewal at the 2022 General Meeting.

MS JULIE AVRANE MEMBER OF THE AUDIT COMMITTEE Independent

BORN ON:
June 11, 1971

NATIONALITY:
French

NUMBER OF STAPLED SHARES HELD:
1,200

- Graduate of the Ecole nationale superieure des telecommunications de Paris and of the College des Ingenieurs and has an MBA from INSEAD;
- Former Senior Partner with McKinsey Et Company in France;
- Prior to joining McKinsey in France, worked for two years as a business analyst in McKinsey's London office from 1995 to 1997 and as a researcher with Bull Honeywell in Boston (US) in 1993 and Cogema (Areva) in 1994.

PREVIOUS MANDATE DURING THE LAST FIVE YEARS

Listed companies

- Independent Director of Valeo S.E. (France), representative of the Strategic Equity Fund;
- Independent Director of Bureau Veritas S.A. (France).

Other companies

- Independent Director of Groupe Monnoyeur (France);
- Independent Director of the start-up Cubyn S.A.S (France).

Further experience:

- Relevant active executive or senior leadership experience:
 - Former Senior Partner with McKinsey & Company in France and member of the committee that elects partners of McKinsey; a board member of Valeo, Bureau Veritas and Groupe Monnoyeur.
- Financial expertise:
 - Board member of Valeo and member of its audit and risks committee, representative of the Strategic Equity Fund;
 - Board member of Bureau Veritas and member of its audit and risks committee. I
- EU market experience: |
 - Served major clients across Europe in high technology, aerospace and defence, transportation and mobility as a Senior Partner with McKinsey Et Company in France.
- Digital/e-commerce:
 - 25 years' experience in management consulting, with expertise in digital, corporate strategy, growth, organisation, transformation, mergers and culture and change; projects ranged from large-scale transformations and turnarounds to growth strategies and Industry 4.0; co-led the McKinsey high-tech skills practice worldwide.
- Corporate Governance:
 - Extensive experience advising boards of French and international listed companies on governance and strategy at McKinsey & Company.
- Risk oversight and Compliance:
 - Board member of Bureau Veritas, leader in the field of quality, health, safety and environment whose main activities are audit, certification, cyber security and CSR development.
- CSR and Sustainability:
 - Julie Avrane sits at the Strategic Committee of Bureau Veritas, which manages the Group's CSR topics.

152 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SB member proposed for renewal at the 2022 General Meeting.

MS CECILE CABANIS

VICE-CHAIR OF THE SUPERVISORY BOARD¹

CHAIR OF THE AUDIT COMMITTEE Independent

BORN ON:

December 13, 1971

- Graduated from the Institut National Agronomique Paris-Grignon as an agricultural engineer;
- Former CFO, Technology & Data, Cycles & Procurement, and former member of the Executive Committee of Danone SA (listed); served in a range of key positions in finance since joining Danone in 2004;
- Former Deputy Director Mergers & Acquisitions at France Telecom;
- Began career in 1995 at L'Oreal in South Africa, as logistics manager and head of management control, then in France as an internal auditor.

NATIONALITY:

French

NUMBER

OF

STAPLED

SHARES

HELD:

2,087

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

Listed companies

- Deputy CEO at Tikehau Capital S.C.A. (France);
- Independent Director at Schneider Electric S.E. (France);
- Vice-Chair of the Board of Directors of Danone S.A.²¹ (France).

Other companies

- Member of the Supervisory Board of Societe Editrice du Monde S.A. (France);
- Member of the Supervisory Board of Mediawan S.A.S. (France);

- Director at France Médias Monde S.A. (France).
- CFO and member of the Executive Committee of Danone S.A. (France) (listed);
- Member of the Supervisory Board of 2MX Organic S.A. (France) (listed);
- Chair of the Audit and Risks Committee of Schneider Electric S.E. (France) (listed).

£fl(D\$ \$ S€ £19^^

Further experience:

- Relevant active executive or senior leadership experience:
 - Significant experience in operational management and corporate governance as Deputy CEO at Tikehau Capital S.C.A and CFO and Vice-Chair of the Board of Directors of Danone; extensive independent director experience in France in a variety of sectors including consumer goods, media and energy.
- Financial expertise:
 - Broad knowledge of the finance function as current Deputy CEO at Tikehau Capital S.C.A., a company specialized in alternative asset management and investment, and as former CFO and non-executive director at Danone S.A.;
 - Served in a range of key positions in finance at Danone since 2004, including Corporate Finance Director, head of Business Development and Vice President Finance for the Fresh Dairy Products division; Chief Financial Officer and member of the Executive Committee from 2015 to 2021; in-depth knowledge of strategic MSA developed as Deputy Director Mergers Et Acquisitions at France Telecom.
- Risk oversight and compliance experience:
 - Extensive listed company experience in risk oversight and audit as Director and Chair of the Audit and Risks Committee of Schneider Electric S.E. and member of the Audit Committee of Mediawan S.A.S.
- International experience:
 - Experience in a variety of international and emerging markets as CFO of Danone, a global leader in the food and beverage sector.
- Digital:
 - In-depth experience with digital as Head of Information Systems and Technologies at Danone S.A.
- CSR and sustainability:
 - Extensive experience in sustainable development as director of Development and Finance of the Fresh Dairy products division at Danone S.A.;
 - Currently in charge of CSR issues at Tikehau Capital, where she leads the Human Capital and ESG/CSR functions.

1) As of March 3, 2021.

2) End of mandate as Director and Vice-Chair of the Board of Directors of Danone S.A. on June 30, 2022.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 153

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MS SUSANA GALLARDO GNRC MEMBER Independent

BORN ON:
December 2, 1964

NATIONALITY:
Spanish

NUMBER OF STAPLED SHARES HELD :

100"

- BSc degree in Economics And Politics from Oxford Polytechnic and graduated from IESE Business School (Advance Management Program); also studied at City of London Polytechnic;
- Chair of the family council of Landon Grupo Corporativo, which is active in real estate, private equity and other financial investments, in addition to its controlling interests in Almirall and Goodgrower;
- Former director of Abertis (an infrastructure company which owns Sanef), CaixaBank (LaCaixa Group) and Criteria Caixa; former Vice-President of Pronovias;
- Began her career in finance at Banco de Europa as a money market trader.

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

Listed company • N.A
Director of Abertis Infraestructuras S.A. (Spain); Director of Saba Infraestructuras S.A. (Spain).

Other companies/engagements

- Chair-elect of the Family Council of Landon Grupo Corporativo (Spain);
- Director of Goodgrower S.A. (Spain);
- Chair of Fundacion Bienvenido (Spain);
- Member of the Advisory Board of Universitat Internacional de Catalunya in

- member of the Advisory Board of Universitat Internacional de Catalunya in Barcelona (Spain);
- Director of the Fundacion Aurea (Spain).

Further experience:

- Relevant active executive or senior leadership experience:
 - Chair of the family council of Landon Grupo Corporativo; experience as independent director in various sectors including banking and infrastructure; 28-year career at Pronovias as vice-president.
- Corporate Governance/Remuneration:
 - Experience in family office governance and as independent director of Spanish listed company boards with robust corporate governance practices; former Chair of the Appointments and Remuneration Committee of CaixaBank (LaCaixa Group); former Director of Criteria Caixa and Chair of the Audit Committee.
- Real estate/asset management:
 - Member of the investment committee of her family office for 20 years with large investments in real estate, fixed income and equity investments as well as private equity.
- EU market experience:
 - Significant knowledge of the Spanish and European market through 28-year career in fashion and investments in European real estate, private equity, pharmaceuticals and healthcare.
- Retail experience:
 - Seasoned executive with 28 years of experience as vice-president of Pronovias, a leading global bridalwear brand with an extensive international presence in Europe, US and Asia.
- CSR and sustainability:
 - Active member since 2014 of the CSR committee of Abertis, world leader in toll highways, operating in 12 countries. Strong commitment as an actor in the effective implementation of Abertis' social responsibility policy, its control and self-assessment with a constant review of CSR-related objectives and programmes.

(1) Ms Susana Gallardo holds 1,950 stapled shares of which 1,850 shares are held through her personal controlled company (Susanvest S.L.U.). 154
Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SB member proposed for renewal at the 2022 General Meeting.

MS DAGMAR KOLLMANN

GNRC MEMBER Independent

BORN ON:

July 9, 1964

NATIONALITY:

Austrian

NUMBER OF STAPLED SHARES HELD :

725

Master's of Law (focus on International and Business Law) from Universitat Wien, Austria;
Former Board member of Morgan Stanley International Ltd (UK) and Morgan Stanley and Co. International Ltd (UK);
Former MB Chair, Country Head and CEO - Germany and Austria, Morgan Stanley Bank AG (Germany).

OTHER CURRENT FUNCTIONS AND MANDATES

Listed companies

- SB Member and AC Chair of Deutsche Telekom AG (Germany);

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- SB Vice-Chair and AC Chair of Deutsche Pfandbriefbank AG (Germany);
- SB Member of Bank Gutmann AG (Austria);
- SB Vice-Chair and AC Chair of HRE Holding AG (Germany);

- Non-executive Director of Coca-Cola European Partners pic • SB Member of KfW IPEX-Bank GmbH (Germany). (UK);
- Non-executive Director and AC Chair of Paysafe Limited (New York, US).

Other companies

- SB Chair of Citigroup Global Markets Europe AG (Germany).
- Commissioner of the Monopolies Commission (Germany).

£ 1(D \$ \$ € £ 10^

Further experience:

- Relevant active executive or senior leadership experience:
 - Over 20 years' senior management experience; former CEO of Morgan Stanley Bank AG; through key transactions and MfctA deals in consumer, industrial and service sectors, she gained invaluable insights into strategic and tactical challenges of global businesses in transformation.
- Financial expertise:
 - High level of financial expertise gained through various senior management positions in finance and banking, including responsibility for Corporate Finance, Mergers and Acquisitions, Real Estate Advisory and Principal Investments, including IPOs, Secondary Offerings and Debt Capital Markets; extensive experience in valuation, value creation, market positioning and critical success factors for large listed companies.
- Risk oversight and corporate governance experience:
 - Significant experience in risk management as Chair of audit committees of Deutsche Telekom AG, Deutsche Pfandbriefbank AG and Hypo Real Estate AG; extensive experience in anti-trust competition regulation in a wide range of segments including but not limited to consumer goods, financial and digital markets as one of five Commissioners of the Monopolies Commission in Germany, serving since 2010; detailed work in corporate real-estate lending as member of risk and liquidity committees of Hypo Real Estate AG and Pfandbriefbank (PBB) AG.
- International experience:
 - Multi-national, multi-cultural background; she worked in senior positions in the US, in the UK and Continental Europe, and lived in Asia; extensive experience in executive and non-executive roles in global bulge-bracket financial institutions as well as blue-chip listed and non-listed companies.
- CSR & sustainability:
 - Focus on sustainability, diversity, talent and change management, in both executive and non-executive positions over more than 20 years;
 - Extensive responsibility for oversight, strategic focus and reporting all relevant CSR topics in Supervisory Boards/Boards of Directors she is or was a member of (Germany, France/Netherlands, UK, US), including detailed work in Presidential, Audit, Nomination, Remuneration, Personnel Committees;
 - Chair of Audit Committees of Deutsche Telekom AG, HRE Holding AG, PBB AG, Paysafe Ltd with responsibility for CSR Reporting;
 - Member of successive global and pan-European Steering Committees for Diversity and Talent Management as well as Change Management at Morgan Stanley;
 - Co-Development of investment funds/specialist advisory to institutional investors with focus on sustainability (in the 1990s).

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 155

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MRJOHN MCFARLANE MEMBER OF THE AUDIT COMMITTEE Independent

BORN ON:

June 14, 1947

NATIONALITIES:

British and Australian

NUMBER OF STAPLED SHARES HELD:

922")

MA, University of Edinburgh, MBA, Cranfield School of Management. Studied Finance at the London Business School;

Independent Non-Executive Director and Chairman of Westpac Banking Corporation (Australia) (listed);

Former Non-Executive Chairman of Barclays pic (UK) (listed); Former Executive and Non-Executive Chairman of Aviva pic (UK) (listed); Former CEO of Australia and New Zealand Banking Group Ltd (Australia) (listed);

Former Group Executive Director of Standard Chartered PLC (UK) (listed); Former Non-Executive Director of the Royal Bank of Scotland Group PLC (UK) (listed);

Former Head of Citicorp/Citibank (UK); Former Non-Executive Director Capital Radio pic (UK) (listed); Former Council Member London Stock Exchange (UK) (unlisted);

Former Director, Executive or member of various public and private organisations including Economic Research Institute for ASEAN and East Asia, Australian Government Foreign Affairs Council, Australian Government Financial Literacy Board, Australian Government Business Regulation Advisory Group, Australian Business Arts Foundation, Australian Financial Markets Foundation for Children, Australian Graduate School of Management, Business Council of Australia, Australian Bankers Association, Citicorp, Ford Motor Company, Bank of England Financial Law Panel, Auditing Practices Board, The Securities Association.

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

Listed company

- Independent Non-Executive Director and Chairman of Westpac Banking Corporation (Australia).

Other company

- Non-Executive Director of Old Oak Holdings Ltd (UK).
- Non-Executive Chairman of Barclays plc (UK) (listed);
- Non-Executive Chairman of TheCityUK (professional financial organisation);
- Non-Executive Director of Westfield Corporation Ltd (Australia);
- Non-Executive Director of Westfield America Management Ltd (Australia);
- Director of The International Monetary Conference (US).

R H(D€ £ 9^

Further experience:

- Relevant active executive or senior leadership experience:
 - Experienced listed company chairman, CEO and director; he has served the banking and finance sector for 46 years in a number of countries and executive roles, 13 years' experience on listed real estate investment trust boards and as chairman and director of various government and industry bodies.
- Financial expertise:
 - Former executive and non-executive Chairman of Barclays and Aviva and former non-executive Chairman of FirstGroup; senior expert in banking, particularly in bank strategy and the restructuring of major banks following crises.
- Risk oversight and compliance experience:
 - As a non-executive director of the UK securities regulator and in leading the restructuring of major banks following crises, he had ongoing interaction with governments, central banks and regulators at the most senior levels and gained important insights into governance, risk management and regulation.
- International experience:
 - Diverse international experience, including as CEO of ANZ in Australia; former board member of the International Monetary Conference and member of the Asia Business Council; former Chairman of the Australian Bankers Association; and former member of the European Financial Services Roundtable, the European Banking Group and the Institut International d'Etudes Bancaires.
- UK market exposure and expertise:
 - Current non-executive director of Old Oak Holdings, a boutique investor in the UK; former Chairman of TheCityUK; former member of the UK Financial Services Trade and Investment Board; former Group Executive Director of Standard Chartered and head of Citicorp/Citibank in the UK and Ireland.

(1) Held in the form of Australian Chess Depository Interests (CDI) listed on the Australian Securities Exchange. Twenty CDIs collectively represent a beneficial ownership interest in 1 Stapled Share.

156 UniversalRcgistrationOocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MR RODERICK MUNSTERS GNRC CHAIRMAN Independent

BORN ON:

July 19, 1963

NATIONALITIES:

Dutch and Canadian

NUMBER OF STAPLED SHARES HELD:

1,000

- Master's in Economics and Finance, Tilburg University;
- Former Executive Director and CIO of ABP Pension Fund & APG All Pensions Group;
- Former Managing Director and CIO of PGGM Pension Fund;
- Various positions in the Investment Department of NV Internatiele Insurance

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

Listed company

- N.A

Other companies/engagements

- SB Chair of Athora Netherlands N.V. (The Netherlands);
- SB Member of PGGM Asset Management (The Netherlands);
- SB Member of Moody's Investors Service - EU (UK);
- Independent non-executive director of European Bank of New York Mellon (Belgium);
- Advisor of the Financial Investments Strategy Committee of Capital Guidance.
- SB Member of Edmond de Rothschild Asset Management S.A. (France);
- CEO of Edmond de Rothschild Asset Management S.A. (France);
- CEO of Robeco Group NV (NL);
- Member of the Capital Markets Committee of the Dutch Authority for the Financial Markets (AFM).

Further experience:

- Relevant active executive or senior leadership expertise:
 - 25 years of executive and non-executive experience in the financial services industry, as CEO and CIO, in asset management, private equity and real estate; extensive international M&A experience, on both buy- and sell-side.
- Real estate and asset management experience:
 - Both hands-on and executive experience for over 30 years, with 15 years as CIO at Europe's two largest pension funds, ABP and PGGM as CEO of Robeco Group and of Edmond de Rothschild Asset Management, responsible for European asset management companies with a global presence and a large client-base in Europe, the US and Asia; former non-executive director at Arvest Real Estate and Alpinvest Private Equity Partners.
- Financial expertise (audit, finance):
 - Significant experience with debt and equity markets, from running investment portfolios to capital market teams and currently as an independent non-executive director at Moody's Investors Service - EU; as a CEO, responsible for audit and compliance in various markets; in-depth knowledge of global financial markets, including various alternative investment strategies.
- Corporate governance and remuneration expertise:
 - Founding Board member and former chairman (ten years) of Dutch Institutional Corporate Governance platform; currently a Dutch government appointed member of the committee overseeing corporate governance standards for Dutch-listed companies; hands-on experience in the design and implementation of new remuneration policies following regulatory and legislative developments.
- CSR and sustainability expertise:
 - Actively involved in developing and setting sustainability standards and strategy for 20+ years; responsible for the start and implementation of sustainability investing at two of Europe's largest pension funds, PGGM and ABP.
 - As a member of various SB's actively involved in expanding and improving sustainability strategies and reporting.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MR XAVIER NIEL

GNRC MEMBER Nonindependent

BORN ON:
August 25, 1967

NATIONALITY:

French

NUMBER OF STAPLED SHARES HELD:

1¹

Founder, main shareholder and former CEO of Groupe Iliad;
Extensive experience in technology, the Internet and telecommunications industry since the end of the 1980s;
Recognized investor in venture capital through the Kima Ventures Fund as well as a long-time active real estate and media investor.

PREVIOUS MANDATES DURING THE LAST FIVE YEARS™

Listed companies

- Member of the Board of 2MX Organic S.A.;
- Director of KKR Management LLC (US).

Other companies

- Chairman of the Board of Directors of Groupe Iliad;
- Member of the Supervisory Board of Mediawan S.A.S.;
- Chairman of NJJ Holding, NJJ Boru, NJJ Immobilier, NJJ Strategy, NJJ Telecom Europe, SE51, 1 bis Place des Vosges, Freebox, Iliad Holding, Invest SB, Sons Holdco and La Compagnie des Immeubles Parisiens;
- Manager (gerant) of SCI Paris Grenelle and Elysees Capital;
- Member of the Supervisory Board of La Societe Editrice du Monde and of Le Nouvel Observateur du Monde;
- Director of Nice Matin Group;
- Director of Eircom Holdings Ireland Ltd (Ireland);
- Director of Monaco Telecom;
- Director of Salt Mobile AG (Switzerland);
- Director of Telma Comores Holding (Comores).
- COO of Iliad SA;
- Vice-Chairman of the Board of Directors of Iliad S.A.;
- Member of the Supervisory Board of Le Monde S.A.;
- Chairman of NJJ Animation S.A.S., NJJ Project Four S.A.S., SEHF S.A.S., Golf du Lys Chantilly S.A.S., NJJ Capital S.A.S., NJJ Market S.A.S., NJJ Capital Monaco Acquisition S.A.S., NJJ Indian Ocean S.A.S., NJJ Invest Tel S.A.S., NJJ Media S.A.S., NJJ Suisse Acquisition S.A.S., NJJ Investco S.A.S., NJJ North Atlantic S.A.S., NJJ Project Two S.A.S., NJJ Project Three S.A.S., NJJ Exclusive S.A.S., NJJ Innovation S.A.S., NJJ Presse S.A.S., NJJ Tara S.A.S., NJJ Galway S. A.S., NJJ Telecom S.A.S., NJJ Project Five S.A.S., IT Solutions Factory S.A.S., Kima Ventures S.A.S., Kima Ventures II S. A.S., Station F S.A.S. and Square Vergennes S.A.S.;
- Manager of OH4S SNC and 9 rue de Lagny S.A.R.L.;
- Chairman of the Supervisory Board of BlackPills S.A.S.;
- Co-Manager of Diderot S.A.S. and Kleber Levallois S.N.C.;
- Member of the Board of Salt Network S.A. (Switzerland).

Further experience:

- Relevant active executive or senior leadership experience:
 - Founder and Chairman of the Board of Directors of Iliad SA, a French telecommunications company that owns the internet provider Free and the mobile operator Free Mobile; involved in the data communications, internet and telecommunications industry since the late 1980s.
- Digital/e-commerce:
 - In 2010, founded Kima Ventures SAS, which is an active early-stage investor that has invested in hundreds of start-up companies around the world; in 2013, created 42, a school that trains computer specialists in France and the United States; in 2017, opened Station F, a startup campus located in Paris.
- Consumer products:
 - Through his fully-owned private investment vehicle NJJ Holding, has minority stakes in various consumer products companies.
- Real estate/asset management:
 - Member of the Board of Directors of KKR Management LLC, a leading global investment firm that manages multiple alternative asset classes including private equity, energy, infrastructure, real estate and credit.
- EU market exposure and expertise:
 - Through his fully-owned private investment vehicle NJJ Holding, owns majority stakes in telecom operators in various countries in Europe.

1) Based on its own statements, Mr Xavier Niel holds 20,294,670 Stapled Shares through two controlled companies (Rock Investment and NJJ Market). In addition, 11,657,360 shares by assimilation are also held by Rock Investment through financial instruments.

2) In companies domiciled in France, unless specifically mentioned if abroad.

MS ALINE SYLLA-WALBAUM GNRC MEMBER Independent

BORN ON:
June 12, 1972

NATIONALITY:
French

- Graduate of HEC Business School, Institut d'Etudes Politiques de Paris and Ecole Nationale d'Administration;
- General Manager Europe & Strategic projects at Chaumet S.A. (France)¹¹;
- Former Global Managing Director (Luxury) of Christie's from 2014 to 2021;
- Former Managing Director of Christie's France from 2012 to 2014;
- Former Deputy Chief Executive Officer of Development at Unibail-Rodamco from 2009 to 2012;
- Former Chief Advisor for Culture and Media Affairs to the office of the French Prime Minister from 2007 to 2008;
- Former Deputy Executive Director, Director of Cultural Development at the Louvre museum from 2002 to 2007;
- Started career as an Inspector of Finance at the French Ministry of Economy and Finance in 1999.

NUMBER OF STAPLED SHARES HELD:
507

OTHER CURRENT FUNCTIONS AND MANDATES

Listed company
• N.A

- Member of the Board of Directors, Musee National des arts Asiatiques Guimet (France);
- Member of the Board of Directors, Institut Imagine (France).

PREVIOUS MANDATES DURING THE LAST FIVE YEARS

- SB member of Lagardere SCA (France) (listed);
- Member of the Board of Directors, Musee d'Orsay (France);
- Vice-Chair of the Board of Directors, Orchestre de Paris (France);
- Other companies • Member of the Board of Directors, Louvre-Lens museum (France).

Further experience:

- Relevant active executive or senior leadership experience:
 - Operational and leadership experience as Global Managing Director (Luxury) of Christie's; former member of the Supervisory Board, Audit Committee and the Appointments, Remuneration and CSR Committee at Lagardere S.C.A. (2014 to 2020).
- International experience:
 - Experience in worldwide luxury markets (jewellery, watches, wine and handbags) in her current role as General Manager Europe & Strategic projects at Chaumet and at Christie's, in her former role as Global Managing Director - Luxury, based in Paris (previously in London), and former role as Managing Director of France.
- Real Estate experience:
 - Extensive real estate experience at Unibail-Rodamco from 2009 to 2012, first as Director of External Affairs and Strategy and then as Deputy Chief Executive Officer of Development.
- Digital/e-commerce:
 - Experience in Christie's digital transformation strategy and investment in digital initiatives, including an expansion of its e-commerce platform.
- Public affairs:
 - Significant expertise in communications and government and public affairs.
- CSR and sustainability expertise:
 - Significant expertise in CSR as member of the Audit Committee and the Appointments, Remuneration and CSR Committee at Lagardere S.C.A. ' (2014 to 2020) notably on CSR issues such as carbon footprint reduction, succession plan, talent renewal, remuneration policy and good governance practices.

(1) As at January 2, 2022

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

INDEPENDENCE ANALYSIS OF SUPERVISORY BOARD MEMBERS INDEPENDENCE PROCEDURE AND CRITERIA

Every year, the GNRC and the SB carry out an in-depth independence analysis of each SB Member pursuant to the criteria of the Afep-Medef Code and specific supplementary criteria as detailed below. Those criteria are included in the SB Charter.

Afep-Medef Code independence criteria

- 1 Not an employee or executive officer of the Company, or an employee, executive officer or director of its parent or of one of its consolidated subsidiaries, and has not been one during the previous five years.
- 2 Not an executive officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such, or a current or former (during the previous five years) executive officer of the Company is a director.
- 3 Not (nor directly or indirectly) linked to a customer, supplier, investment or commercial banker or consultant: (i) that is material to the Company or its Group, or (ii) for which the Company or its Group represents a significant part of the entity's activity. Materiality analysis: examine, for both entities when possible, the financial relationship, the continuity over time, the intensity of the relationship and the position of the SB Member in the Company.
- 4 Not related by close family ties to an executive officer of the Company.
- 5 Not an auditor of the Company within the previous five years.
- 6 Not a member of the Supervisory Board of the Company for more than 12 years.
- 7 Has not received any personal financial remuneration from the Company, including any remuneration related to the performance of the Company (no STI or LTI), other than the compensation received as a SB Member.
- 8 Not representing any major shareholder of the Company (> 10%).

Specific SB Charter criteria

- 9 Not a director of a company in which an MB Member of the Company holds a director role (which they are therefore responsible for controlling) (cross ties).
- 10 Has not temporarily managed the Company during the preceding 12 months while members of the MB were absent or unable to fulfil their duties.

When any kind of business relationship exists (criterion no. 3), a further quantitative and qualitative analysis is conducted by the GNRC on a case-by-case basis to analyse the significance of the relationship and to assess the independence of that particular Member of the Supervisory Board.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MEMBER INDEPENDENCE ANALYSIS AS AT DECEMBER 31, 2021

89% of the SB Members, i.e. eight of the nine members, have been qualified as independent by the SB as at December 31, 2021.

At its meeting on March 3, 2022, the Supervisory Board conducted an independence analysis of each of its members in accordance with the ten criteria, for which the outcomes are detailed below:

SB Member as at 12/31/2021

Mr Leon Bressler

SS Chairman

Ms Cecile

Cabanis

Mr Roderick

Munsters

Ms Julie

Avrane

Ms Susana

Gallardo

Ms Dagmar

Kollmann

Mr John

McFarlane

Mr Xavier

Niel

Ms Aline Sylla-Walbaum

* 1 year s 1 year ■ / 4.5 years s 1 year ■ 1 year ^ 7.5 years / 3.5 years J 1 year ^ 0 year

Criterion 1 Criterion 2 Criterion 3 Criterion 4 Criterion 5 Criterion 6 Criterion 7 Criterion 8 Criterion 9 Criterion 10

(see analysis)

Result

Independent Independent Independent Independent Independent Independent Independent Independent Non independent Independent

DETAILED ANALYSIS OF THE BUSINESS RELATIONSHIP (CRITERION 3)

A quantitative and qualitative detailed analysis of the business relationship was carried out by the GNRC, then by the SB, to assess the independence of Mr Leon Bressler, given his role as Supervisory Board Chairman, and of Ms Julie Avrane, Ms Cecile Cabanis, Ms Dagmar Kollmann, Mr Roderick Munsters and Mr Xavier Niel given their other roles outside the Group; it being specified that there is no business relationship between URW Group and Ms Susana Gallardo, Mr John McFarlane and Ms Sylla-Walbaum hence, no further assessment was made on this criteria.

On the basis of this work carried out by the GNRC on the existence and if any on the materiality of the business relationships, the SB concluded that the above mentioned persons did not have, directly or through other companies in which they have directorship mandates, significant direct or indirect business relationships with URW Group. Consequently, the above mentioned persons were qualified as independent in application of this third criterion.

However, upon the recommendation of the GNRC, the SB confirmed Mr Niel's status as a non independent member, after noting that on the basis of its own statements, he held directly or indirectly a significant part of the share capital and voting rights of the Company, i.e. 14.64% of the share capital via two controlled companies (Rock Investment and NJJ Market) and 8.4% of the share capital through assimilation of derivatives.

Independence analysis of the Chairman of the Supervisory Board, Mr Leon Bressler

The Afep-Medef Code makes no presumption related to the independence of a SB Chairman. However, the French Financial Markets Authority (AMF) recommends that the independence of a SB Chairman be justified in detail. In a dual corporate governance structure in which the SB's role is to only exert oversight and control over the actions of the MB, and governed by a principle of non-interference in the executive duties of the MB, the risks of a conflict of interest are limited. A specific quantitative and qualitative independence analysis was conducted for Mr Leon Bressler SB Chairman. While Mr Leon Bressler is the Managing Partner of Aermont Capital a significant shareholder of

independence analysis was conducted for Mr Leon Bressler, SB Chairman. While Mr Leon Bressler is the managing partner of Aermont Capital, a significant shareholder of the Group, the Aermont Capital position is well below the threshold of 10% that could impact independence pursuant to the SB Charter as well as the Afep-Medef Code. The shareholder agreement ("action de concert") that was previously entered into between Aermont Capital and NJJ Holding, a company controlled by Mr Xavier Niel's, was dissolved on December 21, 2020 and the entities no longer act in concert.

Other than as a non-executive Chairman of the SB and AC member, he has no relationship of any kind with the Group or its management. Although he was previously CEO of Unibail (now URW) until 2006, this does not affect his independence, since, in accordance with the Afep-Medef Code, this position ended more than five years ago. Moreover, as SB Chairman in a two-tier governance structure, Mr Leon Bressler has no executive function and is not involved in day-to-day operations nor the operational decisions of the Group. He has not received personal financial remuneration, including any remuneration in the form of shares nor any remuneration related to the performance of the Group (no STI or LTI), from the Group, nor compensation for his duties as SB Chairman and AC member (i.e. one symbolic euro per year on his demand).

Accordingly, upon the recommendation of the GNRC, the SB concluded that Mr Leon Bressler is independent.

Univer5alRegistration0ocument2021 / UNIBAIL-RODAMCO-WESTFIELD 161

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

SUCCESSION PLANNING

Succession planning is key to the long-term competitiveness and growth of the Company. Departure or incapacity of key people from top management (MB and Executive Committee) and from the Supervisory Board is an identified risk factor for the Company.

The SB and MB succession plan are discussed at least annually to ensure proper rotation of members in terms of foreseeable departures as well as to anticipate any unforeseen departures.

SUPERVISORY BOARD SUCCESSION PLANNING AND SB MEMBER CANDIDATE SELECTION PROCESS

- o SUCCESSION PLANNING OF THE SUPERVISORY BOARD (SB)

Works of the Governance, Nomination and Remuneration Committee (GNRC)

- Review of mandates (renewals, resignations, end of mandates);
- Profiling of candidates, review of skills, maintenance of diversity, size of the SB desired (based on the composition of the SB as described in the SB Charter);
- Analysis, where applicable, of the profiles of candidates sponsored by any member of the SB representing a significant part of the company's capital and/or voting rights.

Recommendations: [■, ' of the GNRC* . '

-V-' ^Proposal fbr-tl^enewals^ ife: o| mand|SsiffSte^:,i{J ^SPProp'oWtdTelrlernaM^ iff, ^-.7ecru>n^nfsM^M^ :*■*.'■-.' Ma'ndateiwith:ttie.»?* % ' reefuTtme'nffijjn seVecfep;:,; *, ■■ - Pre-selectigii'ol candidates': ■.responding'tb the sought. ^^^"iacre'dlca^m^k^ ^?Se|ectio^^|arW^ v^%>u's1o1t!andiKm^ana^^ 5? presentation tOitheSB^t,..^

(Saffium^

afiiavssuriiii'gjas, / waasiifiiiiitUfti
Vote at General Meeting

- Appointments;
- Renewals;
- Ratifications.

In 2021, the succession planning of the SB allowed to define precisely the profile sought in the context of the recruitment of a new member following the discussions and conclusions obtained, supported by the orientations defined during the self-assessment exercise of the SB. This process was implemented and allowed to select Ms Aline Sylla-Walbaum as a candidate, whose appointment was approved at the 2021 General Meeting held on May 12, 2021. In the perspective of the 2022 General Meeting, the GNRC has initiated a process of reflection, generated by the results of the annual SB self-evaluation, about the renewals of the mandates of Ms Avrane, Ms Cabanis and Ms Kollmann in regards with the target SB composition. Upon the recommendation of the GNRC, the SB has decided to submit the renewals of these three SB members to the next General Meeting for approval.

At the 2023 General Meeting, Mr Leon Bressler will have reached the statutory age limit (75) not allowing him to continue his functions as Chairman of the SB. In order to anticipate this deadline, the GNRC initiated from January 2022 a specific process of search and selection of candidates able to be presented to the vote at the 2023 General Meeting and in capacity to chair the SB with the required qualities. This process will continue throughout 2022 and early 2023.

(1) GNRC members and CEO/CRSO ; and SB Vice-Chair when dealing with the SB Chair recruitment. 162
UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO, WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

MANAGEMENT BOARD SUCCESSION PLANNING AND CANDIDATE SELECTION PROCESS

SUCCESSION PLANNING OF THE MANAGEMENT BOARD Works of the Governance, Nomination and Remuneration Committee (GNRC) (In presence of the CEO and the CRSO)

Defining of the profiles of potential replacements in term of Group strategy and targeted diversity;

Analysis of the Group potential internal successors, on going trainings put in force, Benchmarks with dedicated advisors for the positions without internal successors;
Selection of female and male candidates for each profile.

The Management Board succession planning was successfully implemented after the departure under special conditions of the two former MB members at the end of 2020. Moreover, in July 2021, in the framework of the "Be You at URW" program launched in 2020, and on the recommendation of the GNRC, the process was discussed and implemented in the context of the creation of the new position of Chief Customer Officer and the succession of the Chief Resources Officer who resigned from her position on December 31, 2021 for personal reasons.

These two years have shown the importance of having a robust medium-and short-term succession planning and, above all, has allowed a perfect continuity of the Group's business.

3.2.2.2 SUPERVISORY BOARD MISSIONS

The functioning of the Supervisory Board (SB) is governed by the Company's Articles of Association and the SB Charter whose main provisions are described in Section 7.6 and are available on the Company's website.

SUPERVISORY BOARD ACTIVITIES IN 2021

In 2021, the SB held eight meetings (including two ad hoc meetings) as well as two finance informative sessions and a specific full day dedicated to a deep-dive business overview of the short and medium term Group strategy.

The member attendance rate was 97% for all SB meetings in 2021, including ad hoc and regular meetings.

In addition to the matters within its statutory scope, the SB discussed all major actions carried out in 2021, both internally (e.g. organizational matters, key appointments

within the Group, internal audits, risk management, Anti-Corruption Program) and externally (disposals, Group strategy, including CSR strategy - "Better Places 2030", development projects, financial policy, etc.) with specific attention to the evolution of the COVID-19 pandemic and deleveraging strategies.

SB Members were also informed of the work and recommendations of its specialised committees and of the work of the Statutory Auditors. The minutes and documents of all the meetings of the SB, AC and GNRC are systematically made available through a secure electronic platform.

EXECUTIVE SESSIONS (MEETINGS WITHOUT MB MEMBERS)

The SB can meet without the MB whenever deemed necessary and does so on a regular basis, mostly at the end of the regular meetings whenever possible. Four non-executive sessions were held in 2021. The subjects discussed are diverse and each member of the SB can express himself on any subject of his choice in order to guarantee total freedom of expression.

Topics on the agenda included succession plans and the composition of the SB and the MB, strategic issues, the impact of the COVID-19 pandemic, the evolution of the remuneration policy, and the objectives of the members of the Management Board.

Universal Registration Document 2Q21 / UNIBAIL-RODAMCO-WESTFIELD 163

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

Key areas discussed, reviewed and/or approved in 2021

Development projects, investment and divestment operations in 2021;

Regular updates: on share price evolution and business activities, including the impact of COVID-19 pandemic evolution and related restrictions (operations, finance, human resources, legal, CSR, development, IT, compliance/risk management, etc.); Digital and data strategy.

Group Financial Policy and financial performance and reporting

Review and discussion of the disposal programme; 2021 Group Budget;

Follow-up on NAV and EPRA performance measures; Financial commitments and guarantees; Provisions for risks and litigation;

Consolidated accounts and quarterly financial statements;

The Group's five year Business Plan, financial resources and borrowing requirements;

The Group's dividend distribution payment policy and annual allocation/distribution of profits;

Relationship with the Statutory Auditors including auditor's reporting for the coming year;

Non-audit services provided by the Statutory Auditors (including the amount of fees related thereto);

Development pipeline, overall balance sheet planning and rating agencies;

Liquidity forecasts and Loan-to-Value (LTV) ratio;

COVID-19 pandemic impacts on NAV, goodwill and tenant negotiations and collection.

Monitoring Group risk management, internal audit, compliance, and insurance programmes; 2021 internal audit plan;

Internal audits, internal control system and compliance matters; In-depth review of the Group's risk management and risk mapping; Focused review of selected risk management topics.

Governance and compliance with relevant laws and regulations

Annual Group compliance report and updates to the Group's compliance program (including the Group

Anti-Corruption Program, Anti-Money Laundering Policy) and completing Anti-Corruption Program training;

Group's compliance with the Afep-Medef Code;

Annual review of the independence of SB Members;

Review of the HCGE and AMF reports;

Regular updates on regulatory/legal changes;

Updates to the SB and MB Charters;

Review of related party agreements and monitoring of current related party agreements.

Annual review of the SB and committee composition and rotation;

Succession planning and overall composition of the SB, MB and Executive Committee;

SB Member selection/recruitment process;

Recruitment, appointments and onboarding of new SB Members;

Departure and nomination of MB Members (recruitment of a Chief Customer Officer and Chief Resources and Sustainability Officer).

Group Remuneration Policy and performance assessments

2021 MB Member remuneration (including FI, level of attainment of annual STI and LTI targets); 2021 LTI envelope and Company Savings Plan;

2021MB Remuneration Policy (including LTI market benchmark and adjustment following feedback from shareholder engagement);

2022new MB remuneration policy (to be submitted at the 2022 General Meeting);

Annual evaluation of the functioning and efficiency of the SB (self-assessment process) and the MB.

CSR strategy - "Better Places 2030";

Diversity and inclusion policy, including launch of "Be You at URW" program.

Talent management;

Review of the inclusion and diversity policy.

Extensive shareholder and proxy advisor engagement and feedback (relating to FY and HY results); analysis of 2021 General Meeting voting results; corporate governance roadshow and communications; Updates on shareholder composition; 2021 General Meeting materials (agenda, resolutions, etc.); Universal Registration Document 2021 (SB Chairman's report, governance, MB/SB Remuneration Policy, risk management and internal control systems, etc.).

164 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

KEY TOPICS

The following key topics are an important part of the Group's strategy and are closely followed by the SB. They are discussed in detail in other sections of this Universal Registration Document (please refer to the following sections for further detail):

- CSR/Sustainability - Chapter 2;
- Diversity and Inclusion - Chapter 2;
- Risk Management Framework Section 6.1;
- Compliance - Section 3.4; and
- Strategy, including the disposal programme - Section 1.3.

COMPANY SHAREHOLDER ENGAGEMENT POLICY

The Group's shareholder base is therefore diverse, this diversity is reflected in the composition¹ of the SB, which is 89% independent. The diversity of the shareholder base and investor profiles, both on a geographic and investment strategy basis, makes it all the more important to have extensive and regular interactions with shareholders.

To formalize this commitment to shareholders, a Shareholder Engagement Policy has been published and is available on the Group's website. It provides information to shareholders on the engagement process and highlights the importance of clear communication, transparent shareholder engagement and the Group's commitment to non-selective information and equal treatment among shareholders.

In addition, when the SB considers that a resolution may be or has been the subject of relevant opposition, it may send a public letter (also published on the Company's website) to shareholders to communicate the decisions adopted by the SB to clarify any potential concern.

The dialogue initiated by the Company with its shareholders is focused on three areas:

- i) Strategy and financial performance, including deleveraging and disposals, for which the Investor Relations team, regularly accompanied by MB Members, meets investors during post-results roadshows during the year, as well as during the 15-20 investor conferences they attend globally each year and the Investor Days that are organised biannually. These discussions are focused on the Group's strategy, financial information and performance. In 2021, the team undertook 281 meetings (mainly virtual) with 131 existing investors representing over 75% of the institutional shareholder base, and over 220 potential investors.
- ii) Corporate Social Responsibility (CSR) and extra-financial performance for which the CSR team together with the Investor Relations team, meets with investors' dedicated CSR teams or extra-financial rating agencies in order to promote the CSR strategy reflected in the "Better Places 2030" project, its implementation, and the Group's extra-financial performance.
- iii) Corporate Governance involving Legal, Compensation, Investor Relations and CSR teams. In order to improve the quality of exchanges and to provide relevant feedback to the SB and its committees, Corporate Governance roadshows typically take place over two distinct periods:
 - From March to April, after release of the Universal Registration Document and prior to the Annual General Meeting of shareholders, in order to discuss all the resolutions proposed to shareholders' vote;
 - From November to January, in order to discuss topics of interest to shareholders (e.g. specific expectations, clarifications or explanations, feedback based on voting, new voting policies, CSR policy, risk management, compliance, and compensation). These meetings allow the Group to clarify the positions adopted by the SB during the year and discuss any concerns.

As part of the ongoing dialogue, shareholders are offered the opportunity to exchange views with the SB Chairman, GNRC Chairman or AC Chair. The feedback from these meetings is shared with the GNRC and the SB to better understand the questions, opposition or support on key issues, and points of interests raised by shareholders, and to encourage informed reflections.

The Company implements a similar engagement policy with the main proxy advisors and investor organisations.

In 2021, the Supervisory Board conducted a major dialogue campaign with shareholders on governance and remuneration issues in April prior to the Annual General Meeting. A second campaign also took place in October/November to discuss the new remuneration policy and the new challenges for 2022.

STRATEGIC MEETINGS

Once a year, the SB and MB typically take the opportunity to visit assets in a country where the Group operates to discuss strategic matters and market developments in-depth and to interact directly with the local management teams. Due to the travel restrictions and confinement measures that were still in force in the countries of residence of the different SB members, meetings took place via videoconference or in person depending of the different constraints. In 2021, given the evolution of the COVID-19 pandemic and related business implications, the SB and MB focused on the response to COVID-19 pandemic and balance sheet, capital structure management and rating agency implications. Throughout 2021, extensive discussions took place that covered the Group's strategic objectives, challenges and opportunities in retail and the market generally.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 165

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

ONBOARDING OF THE NEW SB MEMBERS

Each new SB Member takes part in an induction programme individually tailored to their particular skill sets, experiences and expertise. The induction programme provides the new member with information unique to the Group and its business activities, its financial reports, legal affairs, compliance, CSR and sustainability, and also crisis management. New members also meet with key people within the organisation, and conduct site visits of Group assets as well as major competitors. Individual visits with local management took place temporarily in 2021, in compliance with applicable local COVID-19 recommendations, as part of the new SB Member induction programme.

SB MEMBERS ONGOING TRAININGS

An annual training day is held for all SB Members which often includes Group asset visits, which have not taken place on this occasion in July 2021 due to the COVID-19 pandemic. In 2021, one plenary session was held, with a time dedicated to questions and answers. This session focused on (a) the Group Anti-Corruption Program presented by the Group Director of Internal Audit and Compliance and the Group Compliance Manager; (b) the CSR strategy jointly presented by the Chief Resources Officer and the Group Director of CSR; and also (c) a special focus on SB members duties, driven by an external legal counsel and the Group Director of Corporate and Securities Law.

SB Members regularly conduct site visits and meet with local teams. They reiterated their interest and the importance of this process, which has been undermined due to the pandemic in 2021. Nevertheless, some visits could be made in small or individual committee in 2021 in compliance with the sanitary rules in force.

SUPERVISORY BOARD MEMBER SHARE OWNERSHIP REQUIREMENT

In accordance with the Afep-Medef Code and with Article 3.3 of the SB Charter, in order to promote the alignment of interests between shareholders and SB Members, all SB Members must hold within two years of their appointment a number of URW Stapled Shares at least equal to one year of SB Member remuneration received according to the SB remuneration in force (excluding variable component and other expenses). As at December 31, 2021, all SB Members comply with this share ownership requirement.

3.2.2.3 SPECIALISED SUPERVISORY BOARD COMMITTEES

In accordance with Article 5 of the SB Charter, the SB has two specialized committees: the Audit Committee and the Governance, Nomination and Remuneration Committee, each of which focuses on, and explores in-depth, specific topics of its overall competence. Each committee operates based on the SB's Charter, which describes its composition, role, responsibilities, organisation, and functioning. The committees make recommendations and advise the SB within their scope of responsibility. The SB is, however, ultimately responsible for all the decisions and actions taken on the committees' recommendations. The SB Vice-Chair may temporarily replace the SB Chairman if he is absent or incapacitated. Moreover, the SB Vice-Chair might be consulted by the SB Chairman or MB Chairman for prior approval of investment or divestment transaction in case of above €500 Mn threshold, as specified in the SB Charter.

CORPORATE SOCIAL RESPONSABILITY GOVERNANCE

CSR is a core component of URW's long-term competitive strategy. CSR is monitored at the SB level in plenary sessions given its importance and the willingness to associate all SB members to the CSR regular reviews rather than through a specific committee. It is further monitored at SB level with two specific annual reviews where the Group CSR Director presents the action plan and main issues. CSR is a topic regularly covered as part of annual strategic meetings, onboardings and ongoing trainings followed by the SB. CSR is monitored at the operational level by the CSR Steering Committee (which is described in detail in Section 2.1.5. of this Universal Registration Document).

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

3.2.2.3.1 AUDIT COMMITTEE (AC)

The composition, functioning and responsibilities of the AC are governed by the AC Charter, established by the SB.

AUDIT COMMITTEE COMPOSITION

The AC is chaired by Ms Cecile Cabanis and consists of four independent members.

The AC Members are selected by the SB, upon the recommendation of the GNRC. They are appointed by the SB for their strong skills in finance and accounting.

Pursuant to French Commercial Code requirements and the Afep-Medef Code, every AC Member is an expert in finance and in accounting for listed companies or for other large companies which apply the IFRS accounting standards.

GENDER OF MEMBERS

AUDIT COMMITTEE MEETINGS

Typically, the CEO, the CFO and the Group General Counsel attend AC meetings, unless decided otherwise by the AC. The AC may decide to meet without the MB Members or to meet only with the CEO, the CFO or the Statutory Auditors. The Group Director of Tax, the Group Director of Accounting, Valuations and Consolidation, the Group Director of Performance Management and Controlling, the Group Director of Security, Risks and Crisis Management and the Group Director of Internal Audit and Compliance attend AC meetings at the request of the AC.

AC Members receive the meeting documents which include a detailed agenda and comprehensive papers at least three days before each meeting. To allow for optimal preparation for the review of the accounts, the AC meets at least 48 hours prior to the SB Meeting at which the full-year and half-year financial statements are reviewed. The SB is informed of the proceedings and recommendations of the AC at its meeting directly following that of the AC.

AUDIT COMMITTEE ACTIVITIES

The AC met four times in 2021 (three times in the presence of the Statutory Auditors). The AC can meet without the MB whenever deemed necessary and does so on a regular basis, at the end of the regular meetings whenever possible. One executive session was held in 2021. The member attendance rate was 100% for all AC meetings.

The AC deals with a number of recurring issues, such as accounting and financial elements (interim and annual financial statements), internal control, risk management and net asset value. It examines and supervises the Company's publication of financial information. It also ensures the relevance and efficiency of the Group's accounting and financial standards, tax and funding policies, internal audit, risk management and control procedures. As part of its risk management scope, the AC also deals directly with CSR topics such as climate change, societal risks and the Group insurance programme.

The AC may also carry out specific examinations on its own initiative or at the request of the SB. The AC may solicit the advice of external advisors as it deems necessary. In addition to the regular contact that the AC has with the MB and its Statutory Auditors, it is free to interview experts in particular fields without MB Members being present. The

AC also has access to valuations carried out by independent appraisers.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

Principal responsibilities of the AC	Key areas discussed, reviewed and/or recommended for approval to the SB in 2021
Group Financial Policy	<ul style="list-style-type: none">• Strategic initiatives relating to the balance sheet, including deleveraging, access to capital;• 2021 Group Budget;<ul style="list-style-type: none">• Follow-up on NAV and EPRA performance measures;• The Group's 5-year Business Plan, financial resources and borrowing requirements;• The Group's dividend distribution payment policy and annual allocation and distribution of profits, and impact of COVID-19 pandemic;• Relationship with the Statutory Auditors including auditor's reporting for the coming year;• Non-audit services provided by the Statutory Auditors (including the amount of fees related thereto).
Financial performance and reporting	<ul style="list-style-type: none">• COVID-19 pandemic impacts on NAV, goodwill and tenant negotiations and rent collection;• Consolidated accounts and quarterly financial statements;• Net asset value, corporate risks and off-balance sheet commitments;• Financial commitments and guarantees;• Provisions for risks and litigation;• Regular tax updates;• Regular updates on regulatory/legal changes;• Development pipeline, overall balance sheet planning and rating agencies;<ul style="list-style-type: none">• Liquidity forecasts and Loan-to-Value (LTV) ratio.
Internal Audit, Risk Management and control systems	<ul style="list-style-type: none">• Monitoring Group risk management, internal audit, compliance, and insurance programmes;• Updates on digital and IT strategy, tools and projects;• 2021 internal audit plan;• Internal audits, internal control system and compliance matters;• In-depth review of the Group's risk management and risk mapping;<ul style="list-style-type: none">• Focused review of selected risk management topics.
AC Governance	<ul style="list-style-type: none">• Annual evaluation of the functioning and efficiency of the AC (self-assessment process);

Shareholder outreach and engagement

- Rotation of the Statutory Auditors.
- Extensive shareholder engagement and feedback.

3.2.2.3.2 THE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE (GNRC)

The GNRC results of the combination of the Governance and Nomination Committee (GNC) and the Remuneration Committee (RC) which were merged on January 1, 2021. This logical fusion was motivated by the interdependence of the majority of the subjects and the strict identical composition of members and in order to improve efficiency. The previous GNC and RC meetings were taking place on the same dates. The composition, functioning and responsibilities of the GNRC are governed by the GNRC Charter, which is established by the SB.

GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE COMPOSITION

The GNRC is chaired by Mr Roderick Munsters and consisted in five members, four members being independent, as at December 31, 2021.

GENDER OF MEMBERS	PERCENTAGE OF INDEPENDENT MEMBERS	ATTENDANCE RATE
168 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD	including an independent Chair	

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE MEETINGS

The CEO, the CRSO and the Group General Counsel typically attend GNRC Meetings, except for meetings concerning their own evaluation. At least twice a year, during the annual self-assessment of the GNRC as well as during assessment of the MB, the GNRC meets without the CEO, the CRSO and the Group General Counsel. The GNRC may solicit the advice of external advisors and is free to interview such advisors without MB Members being present as deemed necessary. At least once a year, the Group Director of Internal Audit and Compliance presents a compliance report to the GNRC. Additionally, other persons may be invited to attend by the GNRC Chairman, notably the Group Director of Compensation and Benefits for the topics under his expertise. Members receive the meeting documents which include a detailed agenda and comprehensive papers at least three days before each meeting. The SB is informed of the GNRC's proceedings and recommendations at its meeting directly following that of the GNRC.

GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE ACTIVITIES

The GNRC met six times in 2021 (including two ad hoc meetings). The GNRC can meet without the MB whenever deemed necessary and does so on a regular basis, at the end of the regular meetings whenever possible. Five executive sessions were held in 2021. The GNRC also met during three working sessions dedicated to both the new 2022 MB remuneration policy and the MB succession planning.

The member attendance rate was 89% for all meetings, including regular and ad hoc meetings.

The GNRC is responsible for reviewing and advising the SB on: (a) MB and SB Member profiles and selection criteria, (b) the scope, composition and functioning of the MB and the SB, (c) the independence of SB Members, (d) the (re)appointment of MB and/or SB Members through application of the established succession plans which are regularly discussed, (e) the Group's corporate governance rules and practices, (f) Group talent management, including MB, Executive Committee, and top management succession planning, but also (g) to advise the SB on (A) the Remuneration Policy of the Chairman of the Management Board and the other members of the Management Board (fixed income, annual variable remuneration, long-term variable remuneration and other benefits) and (B) the SB Remuneration Policy.

Key areas discussed, reviewed and/or recommended for approval to the SB in 2021

Governance and compliance with relevant laws and regulations

- Annual Group compliance report and review and updates to the Group compliance program (including the Anti-Corruption Program and Anti-Money Laundering Policy); The Group's compliance with the Afep-Medef Code; Annual review of the independence of SB Members; Regular updates on regulatory/legal changes; Updates to the SB and MB Charters;

Review of related party agreements and monitoring of current related party agreements;
Annual evaluation of the functioning and efficiency of the SB and GNRC (self-assessment process, including approach).

Annual review of the SB and committee profile, composition and rotation; Succession planning and overall composition of the SB, MB and EC; SB Member selection/recruitment process; SB committees composition;
Recruitment, appointment and onboarding of new SB Members; Departure of MB Members.

Talent management;
Annual review of diversity and inclusion policy.

Extensive shareholder engagement and feedback (including as relates to governance and remuneration);
AGM materials (agenda, resolutions, etc.);
Universal Registration Document 2020 (corporate governance).

Company Remuneration Policy and performance assessments
2021 MB Member and Executive Committee remuneration (including FI, level of attainment of annual STI and LTI targets);
2021LTI envelope and Company Savings Plan;
2022MB and SB Remuneration policies;
Annual evaluation of the functioning and performance of the MB.

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

3.2.2.4 EVALUATION OF THE SUPERVISORY BOARD

SUPERVISORY BOARD ANNUAL EVALUATION PROCESS

In accordance with the Afep-Medef Code, an assessment of the SB is carried out annually with a more formal and detailed assessment carried out every three years, sometimes conducted by a specialized agency. The SB having been renewed with six new members out of the nine members sitting in 2021, an evaluation conducted by an external firm was judged premature.

Upon the recommendation of the GNRC, the SB will conduct a formal evaluation in 2022, driven by an external and independent specialized consultant.

In 2021, the SB conducted a formal assessment which consisted of a detailed questionnaire filled by each SB Member on a confidential basis to assess the performance of the SB, its committees and its members (including of the Chairs of the SB and its committees) and of the overall functioning of the SB. On the same time, the AC and the GNRC carried out a similar evaluation of their composition and functioning. In 2021, the MB members had the opportunity to participate for the first time in assessment on the SB and its committee, if applicable.

The assessment was summarised and discussed during a SB meeting as well as at AC and GNRC meetings in the presence of all of its members but in the absence of the MB. The MB was provided with a summary of improvement areas discussed.

ANALYSIS OF THE RESULTS

For 2021, the SB Members noted, in particular, the adaptability of management and fellow SB Members given the challenges of COVID-19 pandemic, including the transition to virtual meetings and the regular operational updates on the COVID-19 pandemic evolution and impact. This evaluation also included reflections on succession planning and the mix of SB skills, experience and expertise. The SB praised the overall functioning of the SB and its committees, offering high standards of transparency, constructive exchanges and dedication of the URW teams, supported by very qualitative documentation, relevant and meeting the expectations of the SB. The SB also highlighted the expected improvements in both the frequency of executive sessions and the priority given to business topics, and appreciated the reports of Committee Chairs delivering key messages from previous Committee meetings.

Furthermore, the following areas of improvement were identified and will continue to be a priority in 2022:

- Focus on key Group strategy items for 2022, such as deleveraging, disposals;
- Focus and deep dive on the competitive and retail environment as well as industry and market trends with respect to the Group's strategic objectives;

- Focus on data and innovation and consumer behaviors and trends facing the rise of digital and e-commerce;
- Depending on the sanitary context, visit the assets (projects, extensions) and meet with teams in the various countries where the Group operates;
- Review the SB composition with particular attention to cyber risk, digital, e-commerce and CSR/ sustainability skills.

3.2.2.5 ADDITIONAL INFORMATION RELATED TO MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

STATEMENTS OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD NO CONVICTIONS OR OFFENCES

To the best of the Company's knowledge and based on their individual declaration, none of the SB or MB Members has, over the past five years:

- Been convicted of fraud;
- Been associated as an executive with a bankruptcy, receivership or liquidation;
- Been found guilty of an offence and/or publicly and officially sanctioned by a statutory or regulatory authority.

CONFLICTS OF INTEREST

NO CLOSE FAMILY RELATIONSHIPS

To the knowledge of the Company, there are no family ties between the SB or MB Members of the Company.

MANAGEMENT OF CONFLICTS OF INTEREST

To the knowledge of the Company, there are no conflicts of interest or potential conflicts of interest between the Company and the MB and/ or SB Members with respect to their personal interests or their other obligations.

In order to ensure that each SB and MB Member acts with loyalty, independence and professionalism and in accordance with Article 11 of the SB Charter and Article 7 of the MB Charter (see Section 7.6 of this Universal Registration Document), each SB Member and MB Member must immediately report any potential conflicts of interest with the Company to the SB Chairman and to the other SB and MB Members, respectively, providing all information relevant to¹ the conflict of interest. Such conflicted member must abstain from discussions and the decision-taking process on the subject or transaction in relation to which he/she has a conflict of interest.

A particular follow-up and focus is in place to monitor any SB member shareholding level as long as it appears potentially significant.

Additionally, the SB and MB Members must seek prior SB approval before accepting any new mandate of any type, including in another company, in order for the SB to conduct, among other things, a conflict of interest and independence analysis.

The SB and the MB are also subject to the rules established in the Group's Code of Ethics and Anti-Corruption Program applicable to all Group employees (for more details, please see Section 3.4 of this Universal Registration Document).

3. Corporate governance and remuneration

3.2 Management and supervisory bodies

PROCEDURE FOR THE IDENTIFICATION AND MONITORING OF RELATED PARTY AGREEMENTS AND COMMON AGREEMENTS AND CONDUCTED UNDER NORMAL CONDITIONS

In accordance with Article L 225-87 of the French Commercial Code, the SB has adopted on December 10, 2019, upon the recommendation of the Audit Committee, a procedure for the identification and qualification (ex-ante) and monitoring (ex-post) of related party agreements or common agreements. After a reminder of the legal framework, this procedure formalises the various stages of verification ensuring an effective detection and monitoring of regulated party agreements and common agreements, its qualification by the Corporate Legal Department until its signing and, as the case may be, prior approval by the SB and approval by the General Meeting for related party agreements. This procedure was disclosed within the Group and is available on the Group Intranet website. This procedure is reviewed annually by the Supervisory Board and an awareness campaign is also conducted among URW teams.

3.2.3 THE EXECUTIVE COMMITTEE INFORMATION ON RELATED PARTY AGREEMENTS

In accordance with Article L. 225-86 of the French Commercial Code, no related party agreement or commitment has been authorised during the 2021 financial year.

Moreover, one related party agreement continued during the 2021 financial year. Indeed, the usual stipulations of the settlement agreement with Mr Christophe Cuvillier (authorised by the Supervisory Board on 18 November 2020 and ratified by the General Meeting of 12 May 2021) relating to confidentiality, cooperation, non-disparagement and temporary tax assistance continued in 2021 and for a period of 36 months expiring on 31 December 2023.

This information is included in the special Statutory Auditors' report (see Section 5.8).

FUNCTIONAL HEADS

Scott Parsons

COO UK

Jean-Marie Tritant
Chief Executive Officer Chairman of the MB
Bruno Donjon
EMO, Investment and OfficesS Mixed-use Europe

Benoit Dohin
EMD, Group
Development and Asset Management

David Zeitoun
Ei'D, Group General Counsel

Chris ti Karandikar
EMO, Group People Offic

Michel Dessolain¹¹
MM Chairman Special Advisor

Astrid Panosyan¹¹
MB Senior Advisor-CSR

Chaired by Mr Jean-Marie Tritant, as CEO, as of January 1, 2022, the Executive Committee is made up of the Group's 16 main executives, representing the geographical areas in which the Group operates as well as the corporate functional units.

The Executive committee is in charge to implement in a concrete and coherent way the financial and strategic orientations set by the Management Board in consultation with the Supervisory Board. The Executive Committee meets on average once a month to evoke the performance objectives of the Group and the advancement of strategic priorities.

(1)¹ Permanent guest of the Executive Committee.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 171

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3 MANAGEMENT AND SUPERVISORY BOARDS REMUNERATION

A WORD FROM THE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE CHAIRMAN

Dear shareholders,

2021 has been the first year under the new governance of URW SE decided late 2020, with Leon Bressler being Chairman of the Supervisory Board and Jean-Marie Tritant Chairman of the Management Board. The Management Board (MB) has been completely renewed, and also enlarged, with its size increasing from two members until late 2020 to four, then five members from July 2021. The new Management Board, with full support of the Supervisory Board, worked tirelessly throughout the year on implementing the new Group strategy whilst fighting COVID-19 and its consequences.

Remuneration policy review

In 2020, we initiated a review of our MB remuneration policy, aiming to present a new policy at the General Meeting 2022. This review intends to reflect current remuneration best practices and to respond to discussions we had with several shareholders, in particular with the intention to offer a better balance between short- and long-term incentives.

As this review was initiated, early 2021, the Governance, Nomination and Remuneration Committee (GNRC) had to take immediate decisions on the remuneration of the new MB members. In the ongoing context of the COVID-19 crisis and ongoing uncertainty, as already announced in the Universal Registration Document 2020, the GNRC and Supervisory Board took the decision to moderate the remuneration of MB members, especially that of the CEO, which was reduced by, 20% of fixed remuneration and by 40% of the Short-Term Incentive opportunity.

The remuneration policy review has been finalised after an extensive and continued process over the first half of 2021, which took account of shareholder views, best practices and market benchmarks. A draft policy was approved at the July 28 Supervisory Board (SB) meeting, and discussed with a sample of our largest shareholders and proxy advisors late 2021, which gave us the opportunity to take their feedback.

The main changes to our remuneration policy are as follows:

- Remuneration structure clarified, with the introduction of a target STI opportunity at 120% of the Fixed Income (150% being the maximum STI);
- Incentives rebalanced between short- and long-term, with the LTI target grant size set at 125%, within a 100% to 150% regular range, demonstrating the confidence and commitment to long-term value creation by the management;
- LTI performance-vesting aligned with best practices, with progressive vesting now applying to all metrics, including TSR;
- More balanced LTI shareholder performance measurement, with a small proportion of absolute TSR complementing the relative TSR metric already in place;
- Stronger focus on sustainability, with the LTI having two CSR-related targets, both based on internal, quantitative metrics, now weighted 20%; and
- Succession planning facilitated, with the introduction of a compensation for loss of office and a non-compete policy.

More details are available in the following remuneration report.

We believe that these proposed changes to our remuneration policy, in combination with those approved in 2021, are further aligned to international best practices and allow for effective and sustainable alignment of our executives' interests with those of our shareholders, our communities and the environment Unibail-Rodamco-Westfield operates in.

Following these two years of review, the remuneration policy submitted for your approval is now stabilized and should not undergo any significant changes until the end of the MB's term of office. However, in the context of the implementation of the Group's recovery strategy, one-off and temporary adjustments may be made and submitted to the vote of the shareholders, in order to allow the remuneration policy to take account of significant structural progress or achievements by the MB in the most appropriate and relevant manner.

Nominations and remuneration decisions in 2021

As already announced in the last Universal Registration Document, the new MB was formed in January 2021, with the nomination of Jean-Marie Tritant, CEO, Olivier Bossard, CIO, Fabrice Mouchel, CFO and Astrid Panosyan, CRO. In July 2021, Caroline Puechoultres was hired and appointed as Chief Customer Officer.

More recently, Sylvain Montcouquiol, formerly Group Director of Human Resources and Organisation, was unanimously recommended by the GNRC in the position of Chief Resources and Sustainability Officer (CRSO) as of January 1, 2022, as Astrid Panosyan, our Chief Resources Officer, had decided to step down from the Management Board as of December 31 for personal reasons.

In determining the appropriate remuneration level for the newly appointed MB members, the GNRC took account of our current remuneration policy, the market practice for executive directors in our reference index CAC40, as well as in large international real estate companies, and the general moderation applied to our executive remuneration. For these reasons, the GNRC decided to apply a two-stepped approach, with a temporarily lower fixed income until December 2022.

In replacement of Sylvain Montcouquiol, Christi Karandikar was nominated Group people Officer, member of the Executive Committee of the Group, thereby preserving the overall gender balance within the Executive Committee at URW.

In March 2021, our Management Board and Executive Committee signed the Be Vou at URW Charter demonstrating a shared commitment and accountability to increasing diversity, inclusion, and equality within our Group. This charter, which includes a commitment to have 40% or more of our leadership positions occupied by women by 2025, is a concrete call to action that will be translated globally and locally into a specific and detailed roadmap for the organization. In 2021, the overall proportion of females in the URW. Leadership team (the top c.150 senior managers) increased from 32% to 34%, and this proportion will become a performance metric for the Long-Term Incentive plan from 2022 onwards, in addition to the specific gender diversity objective already included in the Short-Term Incentive.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Assessment of the 2021 performance

2021 was the second year deeply influenced by the global pandemic. Early 2021, the level of uncertainty about the timing of the reopening of our shopping centres remained exceptionally high and prevented the Management Board to provide an AREPS guidance to shareholders. The Supervisory Board therefore approved the internal targets proposed by the Management Board for AREPS, as well as Net Debt reduction, Rent Collection, Gross Administrative charges, Diversity and Greenhouse gas reduction. To review the level of demand, these targets were later adjusted upwards when visibility about shopping centre reopenings improved. The adjusted targets are fully disclosed in this document.

In an extremely challenging context, the Management Board demonstrated outstanding resilience and dedication in motivating staff, supporting our clients, fighting the crisis and preparing for recovery. The latter started during the second half of 2021, resulting in a strong Group operational performance, giving us great confidence for 2022.

Confident on the positive long-term outlook for the Group, the Management Board informed the SB of their decision to invest very shortly at least 10% of their net Short-Term Incentive in URW shares to reassert their level of commitment. This decision was well received by the GNRC and Supervisory Board.

Long-Term Incentive grants in 2021 and proposed approach for 2022 and onwards

The 2021 grant was made under the 2021 General Meeting authorization which was designed based on the current remuneration policy, with the target LTI value range being 70%-90% of Fixed Income. In the context of uncertainty and ongoing economic difficulties prevailing early 2021, the GNRC proposed that the Management Board members' grants remain at the entry level of the range, at 70% of Fixed Income.

Reflecting Supervisory Board and management commitment to long-term value creation in line with shareholders's preference, the new LTI policy submitted to shareholders' vote allows for regular grants of 100% to 150% of Fixed Income to Management Board members, with a target at 125%.

On March 3, 2022, the Supervisory Board authorised the 2022 LTI grant. The grant size was determined within the above-stated range, at 115% of the Fixed Income. The performance of this plan will be assessed according to the 2022 remuneration policy submitted for approval at the 2022 Annual General Meeting.

In the context of an increasingly competitive market for talents at middle to senior management levels, the GNRC is also proposing the introduction of a proportion of the share-based awards below Management Board and Executive Committee as Restricted Shares, which will help with the retention of our top talents and high potentials. The resolutions twenty-two and twenty-three on share-based plans will be adjusted to allow for these changes.

We look forward to receive your support on our proposed Remuneration Policy, as well as on the ex-post votes on remuneration at the 2022 General Meeting. The GNRC is committed to ongoing shareholder dialogue, and I personally remain available to engage with shareholders who would want to do so.

Yours sincerely,

Roderick Munsters
Chairman of the Governance, Nomination and Remuneration Committee

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.1 REMUNERATION POLICY

3.3.1.1 MANAGEMENT BOARD REMUNERATION POLICY

The following remuneration policy applicable to the Management Board ("MB") members as from 2022 will be submitted for shareholder approval (resolutions n° 12 and n° 13). The Remuneration Policy will be applicable as from January 1 of the year of the shareholder approval.

GOVERNANCE AND DECISION-MAKING PROCESS

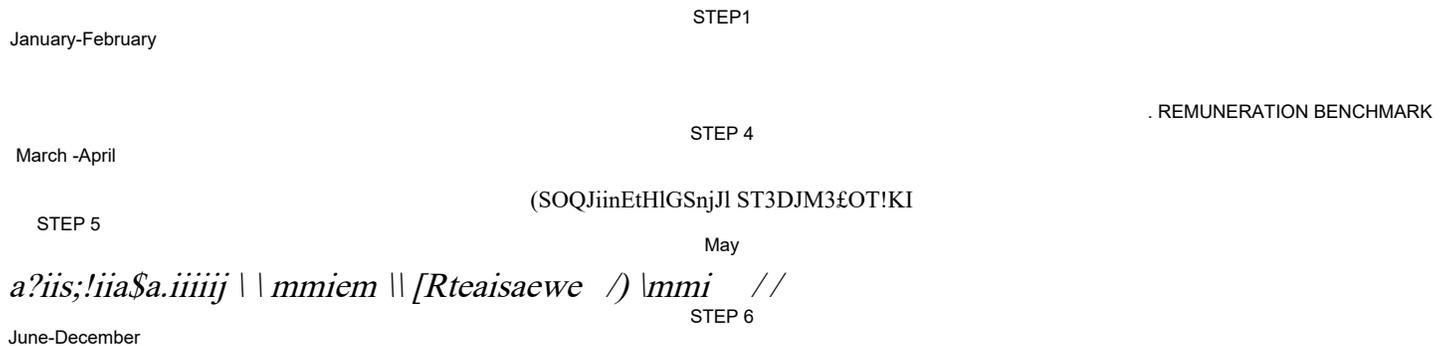
The remuneration of the Management Board members is determined by the Supervisory Board ("SB"), upon recommendation of the Governance, Nomination & Remuneration Committee ("GNRC"), and in accordance with the Afep-Medef Code as revised in January 2020.

The Supervisory Board designs the Group remuneration policy in line with best-in-class market practice and shareholder interests.

This policy ensures the alignment of the Management Board with shareholders and with Group strategy by:

- Creating a direct and explicit link between Group performance and each Management Board Member's remuneration;
- Ensuring a balanced approach between short- and medium-term performance; and
- Targeting competitive remuneration levels.

Our decision-making process is driven by the GNRC which ensures transparency and independence:



smaa^jitsaas

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

The remuneration policy of Management Board members relies on:

FIVE OBJECTIVES

MOTIVATE

Attract high potential candidates to boost the management team
Motivate to deliver on challenging short and long-term objectives
Retain to maintain a highly experienced and collaborative Management Board
Reward to achieve individual and collective objectives, and to make decisions that contribute to the Group's value creation and long-term success
Align the Management Board members' interests with those of shareholders and stakeholders

^tainlboe. r >

PERFORMANCE ,

FIVE GUIDING PRINCIPLES

The Supervisory Board and GNRC commit to the highest standards of remuneration governance, and constantly strive to take account of the latest recommendations from national and international authorities as well as voting policies of shareholders and proxy advisors
Management Board members have each component of their remuneration reviewed individually and collectively
Individual and Company performance-related remuneration is the corner stone of the Remuneration Policy.

It ensures the alignment of Management Board members' interests with the long-term value creation objectives of the Group and its stakeholders
The Supervisory Board conducts significant outreach and engagement with shareholders and proxy advisors with respect to the remuneration policy.

Continued efforts are made to explain and get feedback

A comparative analysis is conducted at the start of every mandate (or whenever a specific review is needed) with the support of an external independent advisor, taking into account remuneration practices in companies relevant to the size and geographical scope of the Group

In particular, the rules below are strictly enforced by the Supervisory Board:

Included

» Reasonable and balanced remuneration based on benchmarks provided by an external independent advisor

s Cap on Short-Term Incentives ("STI")

■/ Cap on overall Long-Term Incentives ("LTI") allocation

s three year vesting for Performance Shares

->' three year vesting for Performance Stock Options

J Stringent performance conditions over a 3-year performance period

-' CSR-related performance measures in STI and LTI

Obligation to retain shares

J Clawback & Malus provisions

Excluded

• No welcome bonus

x No exceptional remuneration x No Service Agreement

x No additional defined benefit pension ("retraite chapeau") x No intra-Group Board fees

- No employment contract
- x No discount on Performance Stock Options subscription price
- x No profit-sharing scheme
- x No reward for underperformance

(1) The CEO and CFO have no employment contract. This rule will apply to any future Management Board member after approval of this policy at the General Meeting 2022. Existing Management Board members with suspended employment at the General Meeting 2022 date and future new Management Board members who were URW employees before their nomination will have the opportunity to elect for the newly introduced MB severance policy, respectively, after the General Meeting 2022 and at their nomination. In both situations, this would involve the termination of their employment contract with no indemnity. New Management Board members who were not employed by URW before their nomination will have no election right and will be immediately subject to the MB severance policy.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 175

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

SUMMARY OF MAIN REMUNERATION FEATURES FOR 21

The table below summarises the MB remuneration policy applicable in 2022, subject to General Meeting approval.

As announced early 2020, the GNRC undertook a complete review of the MB remuneration policy in 2021, with a view to submit a new policy to shareholder votes at the 2022 General Meeting.

The changes in Group governance early 2021 required immediate adjustments to define the remuneration structure of the new MB members. In the context of the ongoing COVID-19 sanitary crisis and related economic uncertainty, the remuneration of the new MB members was reduced compared to their predecessors, with a lower Fixed Income (e.g. 20% reduction for the CEO), and a lower Short-Term Incentive opportunity (e.g. maximum 150% vs. 200% for the CEO). Whilst the Long-Term Incentive opportunity was identified as underweighted and undercompetitive, it was decided that for 2021, the grant size would remain at the bottom of the target range (70% of FI).

During the course of 2021, the remuneration, policy review was completed. The resulting proposed remuneration policy aims at:

- Improving clarity, with the introduction of a target STI, set at 120% of FI (80% of the maximum opportunity);
- Re-balancing short-term and long-term incentives, with a LTI opportunity now ranging 100% to 150% of Fixed Income (target at 125%);
- A more stringent LTI performance condition, with progressive vesting introduced for all metrics, including relative TSR;
- A more balanced measurement of shareholder performance, with: (i) a mix of relative and absolute TSR in the LTI performance condition and (ii) an up-weighting of CSR requirements with the introduction of two internal metrics in line with our CSR programme Better Places 2030;
- Protecting the Company's interests with pre-defined termination conditions; and
- Reducing the total remuneration package vs. the 2020 policy.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

The resulting proposed remuneration policy is summarised below. Changes introduced in 2022 are highlighted.

CEO | CFO | CIO | CCO | CRSO

Fixed Income ("FI")

Short-Term

Incentive

("STI")

Attract high-calibre experienced individuals with a competitive remuneration level that reflects the scope, complexity and dynamics of the business.

Drive short-term strategy and reward achievement of annual financial and operational objectives.

Set at the start of each 4-year mandate.

5 components:

- Adjusted Recurring Earnings Per Share ("AREPS");
- Other financial objectives to be determined each year depending on strategic priorities;
- Corporate Social Responsibility;
- Diversity & Inclusion;
- Individual objectives.

Long-Term Retain and align with the KPIs

Incentive medium-/long-term value

("LTI") creation objectives of the Group and its shareholders.

i5myaEggt^AfJji(!£BS^IUef;
3-year performance period; 3-year vesting period.

Shareholding requirement

Further align the MB with shareholder interests.

Retain 30% of gains (net of tax) of Stock Options exercised and 30% of Performance Shares vested until target % of FI is held.

Supplementary Enable long-term savings. Annual contribution paid into a savings €90,000

Contribution	account.	+10% of
Scheme (FI+STI)		
€45,000 +10% of (FI+STI)		

includi'ngialdisc-rie.tionariv.

Other benefits Provide perquisites, health Health and life insurance, unemployment insurance, company car, international assignment extra-compensation (if and financial protection. needed) and company savings plan (no top-up contribution).

Clawback/ Malus

Enforce the URW Code of Ethics.

To the extent permitted by applicable law, in the event of gross misconduct or fraud causing a material adverse impact to the Group, in particular resulting in a financial restatement, the Supervisory Board reserves the right to reduce or cancel unvested LTI or STI amounts (malus), seek reimbursement of paid STI or vested LTI, or obtain damages (clawback). '

- 1) The Fixed Income of Ms. Puechoultres was set at €650,000. It has been temporarily set at €550,000 until December 31, 2022.
- 2) The Fixed Income of Mr. Montcouquiou was set at €500,000. It has been temporarily set at €400,000 until December 31, 2022.
- 3) Not applicable to the Management Board members who have a suspended employment contract at the moment of loss of office. Existing Management Board members with suspended employment at the General Meeting 2022 date and future new Management Board members who were URW employees before their nomination will have the opportunity to elect for the newly introduced MB severance policy, respectively, after the General Meeting 2022 and at their nomination. In both situations, this would involve the termination of their employment contract with no indemnity. New Management Board members who were not employed by URW before their nomination will have no election right and will be immediately subject to the MB severance policy.

UmversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 177

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

FIXED INCOME

The Fixed Income is determined at the start of each mandate, and, in line with the recommendations of the Afep-Medef Code, shall remain unchanged during a Management Board member's mandate. By exception, increases during a mandate may occur as a result of an enlarged scope of responsibilities, significant changes in the Group and/ or the market or when set at nomination for new Management Board members.

The Fixed Income is determined taking into consideration:

- i) The level and complexity of the role;
- ii) The profile, experience and career within the Group or elsewhere; and
- iii) The comparative remuneration analyses for similar functions and responsibilities based on external benchmarks.

To set the remuneration at the right level, the Supervisory Board and the GNRC seek guidance from an external independent advisor to benchmark remuneration practices and apply the best governance standards. URW's ability to attract, motivate and retain world-class talent through competitive remuneration levels is key to ensure strong Group performance.

Given the unique features of the Group among CAC40 and European real estate companies and its geographical scope, including the US and the UK markets, the

Given the unique features of the Group among CRSO and European real estate companies and its geographical scope, including the US and the UK markets, the benchmarking approach is based on the following peer groups (see list in the Glossary for further information):

- France General Industry (CAC40);
- Selected European and UK Real Estate; and
- Selected US Real Estate (for information and qualitative benchmarking only).

In the event of the appointment of a new MB member, the FI shall be set according to the same benchmarks and principles. The Fixed Income of Management Board members for 2022 has been set as follows:

Function	Name	
Chief Executive Officer	Jean-Marie Tritant	€1,000,000
Chief Investment Officer	Oliver Bossard	€650,000
Chief Resources & Sustainability Officer	Sylvain Montcouquiol	€500,000
Chief Finance Officer	Fabrice Mouchel	€750,000
Chief Customer Officer	Caroline Puechoultres	€650,000

In a two-stepped approach, the Fixed Income of the CRSO and of the CCO were temporarily set at €400,000 and €550,000, respectively, until December 31, 2022.

SHORT-TERM INCENTIVES ("STI")

The payment of the STI of MB members is subject to prior approval by the GM (ex post vote).

STRUCTURE AND PERFORMANCE MEASURES

The structure of the STI is the same for all Management Board members, and broadly unchanged from the previous policy. In 2022, it is clarified with the introduction of a target STI opportunity, set at 120% of FI (i.e. 80% of the maximum).

The table below summarises the approach which will be taken by the GNRC, then the Supervisory Board, to assess the 2022 performance of Management Board members. The GNRC and Supervisory Board will take account of results delivered vs. guidance, budgets and plans according to agreed payout formulae. The Supervisory Board, upon recommendation of the GNRC, may use its discretion in determining or adjusting the STI payout if unforeseeable circumstances had significant effects on the level of achievement of one or more performance criteria, outside management control, or if the payout formula of a KPI is no longer applicable.

This provision will allow the Supervisory Board, upon recommendation of the GNRC, to ensure the alignment between the implementation of the remuneration policy and the performance of the Management Board member and the Group. Any exercise of discretion by the Supervisory Board shall be disclosed in the Universal Registration Document and on the Group website, explained and justified with regards, amongst other considerations, to alignment with shareholders' interests, and would remain subject to a binding shareholder vote at the following General Meeting.

In 2021, due to the impact of the COVID-19, the AREPS component weight was decreased from 50% to 20% to focus the short-term performance measure on crisis management. In 2022, the AREPS will be increased to 35% as the crisis management measures remains a key priority for the Group.

Weighting of performance measures applicable to all MB members (% of maximum STI)

Performance measure

Payment linked to the achievement in AREPS vs. the guidance provided to shareholders. 100% achievement (stretch target) is met when AREPS for the year reaches the top of the Group's yearly guidance.

Selected financial performance measures, reflecting priorities for the year. The financial objectives for 2022 are:

- Net debt reduction, weighted 15%;
- Gross admin cost reduction, weighted 10%; and
- Rent collection, weighted 10%.

Corporate Social Responsibility/Diversity & Inclusion

One or two metrics related to our Better Places 2030 goals. For 2022, the selected goals are:

- Reduction in greenhouse gas emissions, weighted 5%;
- Proportion of women among employees hired or promoted to executive positions, weighted 5%.

Four individual objectives, specific to each Management Board member

Targets are commercially sensitive and are therefore disclosed retrospectively.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

LONG-TERM INCENTIVE ("LTI")

The Supervisory Board considers that long-term remuneration in the form of Performance Shares ("PS") and Performance Stock Options ("SO") is particularly appropriate as these instruments align the Management Board members' interests with those of shareholders. The Supervisory Board defines the proportion of SO and PS granted. The LTI plan is a key component of the Group remuneration policy and an effective incentive and retention tool. The number of participants was 488 in 2021 (i.e. c. 17% of total staff).

The vesting is calculated according to the plan rules described below. However, the Supervisory Board, upon recommendation of the GNRC, may use its discretion in

adjusting downwards the LTI grants and determining or adjusting LTI targets or vesting if unforeseeable circumstances had significant effects on the level of achievement of one or more performance criteria, outside management control. This provision will allow the Supervisory Board to ensure the alignment between the implementation of the remuneration policy and the performance of the Group. Any exercise of discretion by the Supervisory Board shall be disclosed in the Universal Registration Document and on the Group website, explained and justified with regards, amongst other considerations, to alignment with shareholders' interests.

Principles

Each year, the Supervisory Board, upon recommendation of the GNRC, determines the LTI envelope taking various factors into account, including (i) the Group's general financial performance, (ii) the overall performance of Management Board members, (iii) their other remuneration components and (iv) the amount of LTI granted the previous year. PS and SO are both subject to presence and performance conditions with a three-year vesting period. In addition, Management Board members have a retention obligation in Stapled Shares.

In 2022, after an in-depth review and extensive shareholder consultation, the LTI design evolves for further stakeholder alignment.

The Group aims at granting the regular Long-Term Incentive plan each year shortly after the publication of the Full-Year results, in line with AMF and AFEP-Medef recommendations.

The 2022 LTI plan was granted on March 8, 2022. Each MB member received a grant of 115% of FI¹¹¹.

Description

Grant size range: 100% to 150% of FI (IFRS value) Target grant size: 125% of FI

3 years

The maximum grant opportunity is reduced from 180% to 150% of Fixed Income. To provide better short-/long-term balance to the MB incentive package, the target LTI grant size is set at 125% of Fixed Income, with a 100%-150% range.

Performance-vesting is assessed once at the end of the 3-year performance period, both for SO and PS.

The Management Board member's presence is required¹²¹ at the time of vesting for PS and at exercise for SO. Exception are allowed in the event of retirement, death or disability.

5 years

Performance condition

Exercise period (SO only)

Financial 35% TSR vs. peer group

10% TSR vs. growth targets 35% AREPS vs. guidance

CSR

10% Executive gender parity 10% Greenhouse gas reduction

All performance conditions achievements calculated with a progressive vesting formula

Options are exercisable between the 3rd and the 8th anniversary of the grant, subject to performance conditions.

Performance conditions redesigned in line with best practices observed in the CAC40 to include absolute TSR performance (vs. growth target) in the mix, decrease weight of AREPS, up-weight CSR component (10% to 20%) with two key internal, quantitative metrics, externally audited. See further details in the table below.

30% of vested Performance Shares

30% of net gain on Stock Options at exercise

Retention obligation applies up to a Stapled Share ownership equivalent to 300% of Fixed Income for the CEO and 200% for other MB members, until the end of their last mandate as Management Board member. See further details below.

No discount on SO exercise price

1) On March 8, 2022, the Management Board Members received the following grants: Jean-Marie Tritant: 46,510 PS and 70,000 SO; Olivier Bossard: 30,232 PS and 45,500 SO; Sylvain Montcouquiol: 18,604 PS and 28,000 SO; Fabrice Mouchel: 34,883 PS and 52,500 SO; Caroline Puechoultres: 25,581 PS and 38,500 SO.

2) In the event that the presence condition is not met due to Forced Departure (as described in the 'Indemnity for Loss of Office' section below), upon decision of the Supervisory Board, the presence condition can be partially waived on a time-prorata basis to the vesting period.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

PERFORMANCE CONDITIONS APPLICABLE TO PS AND SO IN 2022

Key Performance Indicators

TSR vs. Peer group URW stapled share Total Shareholder Return (share price growth, dividends reinvested) outperformance vs. TSR of a 25-company international real estate peer group (see details in Glossary)

Between Threshold Threshold and

(30% vesting. Stretch Stretch Index +300bps or above

0% vesting below] (30%-100% vesting!) (100% vesting)
At index

Between index and index + 300bps

TSR vs. 3-year objectives

AREPS

URW Stapled Share 3-year TSR vs. pre determined growth objectives

3-year compounded Adjusted Recurring Earnings per Share vs. 3-year compounded guidance range

20%

Bottom of compounded guidance

30% or above

Between 20% and 30%

Between Top of

bottom and top compounded
of compounded guidance or

guidance above

Executive Gender Proportion of females in the executive population as of December Parity improvement 31, 2024 (Country/Regional Management Teams, plus any other role with an executive URW job level)

Between 34% and 38%

Greenhouse gas 2030 programme Greenhouse gas emissions in 2024 measured in tonnes of CO₂e, emissions reduction equivalent (Scope 1 and 2). Targets set in line with our Better Places

Between 68,127 tCO₂e and 66,505 tCO₂e

66,505 tCO₂e or less

(1) Vesting calculated on a straight-line basis between Threshold and Stretch.

STAPLED SHARE RETENTION AND INVESTMENT OBLIGATIONS

To align the interests of Management Board members with shareholders and pursuant to a Supervisory Board decision (in line with the Afep-Medef Code), Management Board members must meet retention and investment requirements in Stapled Shares. The Stapled Shares ownership requirement is 300% of the gross annual Fixed Income for the CEO and 200% for other Management Board members. Until that requirement is met, when LTIs are delivered, Management Board members must retain shares: at least 30% of their PS vested and 30% of their net gain on SO at exercise. Management Board members are prohibited from using hedging instruments to cover the risk on Stapled Shares owned as a result of receiving PS or of exercising SO.

SUPPLEMENTARY CONTRIBUTION SCHEME ("SCS")

The SCS consists of an annual contribution paid into a blocked savings account available to Management Board members at the earliest at the end of their last mandate.

Variable amount

10% of the total cash remuneration earned each year (i.e. Fixed Income for year N plus STI for year N-1)

OTHER BENEFITS

The Management Board members benefit from:

- Health and life insurance;
- An unemployment insurance (GSC type);
- An expatriate health insurance and an International Assignment Extra-Compensation, where applicable;
- The company savings plan (without the benefit of the top-up contribution offered to employee participants); and
- A company car (hybrid or electric vehicles only).

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

INDEMNITY IN THE EVENT OF LOSS OF OFFICE

The CEO and other Management Board members are eligible for an indemnity for loss of office, capped at a maximum of 24 times the Monthly Reference Compensation, and subject to a performance condition.

Eligibility

The indemnity for loss of office is available only in the event of forced departure. For the avoidance of doubt, forced departure strictly excludes resignation at the initiative of the Management Board member, retirement or termination beyond the legal retirement age, non-renewal of mandate at the end of the term, and termination for gross or wilful misconduct.

Performance condition

The payment of the indemnity will be subject to the Short-Term Incentive paid to the Management Board member being at least on average equal to a threshold performance of 75% of the target STI in the last three financial years available. For Management Board members with less than three STI payouts, the threshold performance level will be 50% (and the maximum indemnity reduced - see below). In absence of fulfillment of this performance condition, no amount would be due in respect of the loss of office.

Reference Compensation and maximum indemnity

For the purpose of defining the maximum indemnity, the Monthly Reference Compensation is defined as the sum of: (i) the monthly Fixed Income, as Management Board member at the date on which his/her functions cease, and (ii) the average Short-Term Incentive received or receivable in respect of his/her last two full financial years in office divided by 12.

The maximum indemnity is set at 24 times the Monthly Reference Compensation, and at 18 times for executives with less than three years of tenure at the MB.

Definition of the amount of the indemnity

Within this limit, the Supervisory Board would decide the appropriate proportion of the maximum indemnity payable, considering various factors, such as, but not limited to, the circumstances around the end of mandate, the Management Board member's tenure in the Group (as an employee and as a Management Board member) and the Management Board member's proximity to retirement age. The Supervisory Board shall disclose, explain and justify its decision in respect of the used criteria and circumstances.

Exclusion for Management Board members with suspended employment contract

Management Board members having a suspended employment contract are not eligible for the above indemnity.

NON-COMPETE AGREEMENT AND INDEMNITY

To protect the interests of the Company, all Management Board members are subject to a non-compete undertaking for up to 12 months after the termination of the work relationship. During the non-compete period, the departing Management Board member would receive a monthly indemnity up to one time the Monthly Reference Compensation, as defined above.

The scope of non-compete agreement is determined by the Supervisory Board at the departure of the Management Board member. The Supervisory Board shall disclose, explain and justify its decision in respect of the used criteria and circumstances.

Upon termination of any Management Board member, the Supervisory Board can decide, in its entire discretion, to waive this non-compete undertaking. For the avoidance of doubt, non-compete undertakings are excluded in the event of retirement, and in any event, beyond legal retirement age.

In any event, the combined indemnities for loss of office and non-compete cannot exceed to 24 times the Monthly Reference Compensation.

CLAWBACK/MALUS

To align the Group's policies with the highest standards of corporate governance, its Code of Ethics reserves the right of action (including reimbursement or damages) with respect to Management Board members to the extent permitted by applicable law, in the event of gross misconduct or fraud causing a material adverse impact to the Group, in particular, resulting in a financial restatement.

Additionally, in such situation, the Supervisory Board, upon recommendation of the GNRC, would assess the relevant Management Board member's performance and take appropriate action on the annual STI payment and on the LTI, including cancelling all rights to any unvested SO and PS for such MB Member (malus).

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.1.2 SUPERVISORY BOARD REMUNERATION POLICY

The following remuneration policy applicable to the Supervisory Board members will be submitted to the approval of the shareholders (resolution n°14). The 2022 remuneration policy described below will take effect subject to shareholder approval. The 2021 remuneration policy approved at the 2021 General Meeting remains applicable until then.'

GOVERNANCE AND DECISION-MAKING PROCESS

The annual remuneration of the Supervisory Board members is intended to attract and retain high-calibre individuals with the right degree of expertise and experience. The Supervisory Board remuneration policy is determined by the Supervisory Board, upon recommendation of the GNRC and, for the Supervisory Board Chair's remuneration, in his absence. The annual remuneration policy for Supervisory Board members is designed to only be reviewed, under GNRC supervision, at long intervals. It may be reviewed in the event of significant changes in the Group or the market.

The proposed 2022 policy is unchanged from 2021 and the GNRC believes it keeps ensuring a reasonable remuneration while attracting and maintaining diverse and international members. It was originally designed on the basis of a remuneration benchmarking, conducted by an independent advisor. This analysis compared the remuneration of directors and Chairs in the home countries of the Supervisory Board members as well as in countries where they have extensive experience (France, the Netherlands, Germany, the UK).

While attendance is mandatory for the Supervisory Board Chair, Supervisory Board member attendance is also essential to the proper functioning of the Supervisory Board and its Committees. Accordingly, a significant portion (67%) of the annual remuneration received by the other Supervisory Board Members is based on attendance at both Supervisory Board and Committee Meetings. Furthermore, a "Physical Presence Rule" applies to this variable portion. Attendance by video conference should not occur for more than 40% of scheduled meetings.

Compensation

The Supervisory Board members will not be paid the attendance-based portion for those meetings attended by video conference above this threshold. Due to the COVID-19 pandemic and the related restrictions on travel and physical gatherings, the physical presence rule was temporarily relaxed from March 1, 2020. The restrictions on international travel and physical meetings being now lifted with regards to the public health requirements, the physical presence rule has been reinstalled.

To account for the time spent on international travel, all Supervisory Board members also receive an out-of-country indemnity for time spent on their duties as Supervisory Board members outside their country of residence. Due to the travel restrictions and confinement measures that were implemented from March 2020, many Supervisory Board meetings in 2021 took place via video conference, without any corresponding out-of-country indemnities.

To ensure a high standard of supervision and monitoring of the Group strategy as well as to avoid any potential conflict of interest, the Supervisory Board members are prohibited from receiving any remuneration related to Group performance. To promote alignment between Supervisory Board members and shareholder interests, all Supervisory Board members are required to hold, within two years of appointment, a number of Stapled Shares at least equal to one year of compensation as defined by the Supervisory Board remuneration policy (i.e. excluding compensation related to committees and any other additional compensation). This obligation is assessed based on the acquisition cost of the Stapled Shares.

The overall Supervisory Board remuneration envelope and Supervisory Board remuneration structure remain unchanged for 2022. The Supervisory Board Chairman and other Supervisory Board member remuneration remains lower than their median respective benchmark in most European countries and in the US.

Since being approved at the 2021 General Meeting, the Supervisory Board remuneration envelope remains unchanged at €1.4 Mn, including the Supervisory Board Chairman remuneration set at €225k.

		Fixed compensation	Variable compensation	Total		
Supervisory Board	Chairman		€225,000 ¹	€225,000		
	Member		€25,000		up to €50,000	up to €75,000

Additional Compensation

Supervisory Board Vice-Chair

Committees

up to €18,000

Out-of-Country indemnity

€6,000 per event

Ad hoc meetings and additional special tasks

Share ownership requirement

All Supervisory Board members

100% of compensation¹²

- 1) Upon his own request, the total compensation to be paid to Mr Bressler as Supervisory Board Chairman (including any committee, ad-hoc compensation and out-of-country indemnities), shall be one symbolic euro per year.
- 2) Supervisory Board members are required to reach this required ownership within two years of their appointment.

182 UniversalRegistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.2 CORPORATE OFFICERS REMUNERATION REPORT

This report on the remuneration of the corporate officers will be submitted to the General Meeting to be held on May 11, 2022 (resolution n°11). The payment of remuneration to the Supervisory Board Members in 2022 is subject to this resolution being approved.

This report also provides all details on resolutions 5 to 10 to be submitted for separate approval. The payment of the STI for 2021 of Jean-Marie Tritant and the other Management Board members is subject, respectively, to resolutions 5 to 9 being approved.

This remuneration report consists of two sections:

- The information to be disclosed pursuant to article L 22-10-9 of the French Commercial Code (when not included in the 2021 Say-on-Pay); and
- The 2021 remuneration of the MB and Supervisory Board members resulting from the strict implementation of the approved remuneration policy; these remunerations will be subject to a specific binding vote at the 2022 General Meeting.

The GNRC focuses on aligning pay with performance, while ensuring that the Group continues to attract and retain the talent key to delivering its strategy. Its primary aim is to reward sustainable performance aligned with shareholder interests.

In line with the current remuneration policy approved by the shareholders at the 2021 General Meeting, the GNRC considered the Management Board members' performance against the financial and strategic non-financial performance measures which had been set to reflect the Group's priorities for 2021. Separately, performance against each Management Board member's personal objectives was assessed on an individual basis. The GNRC determined the outcomes of the 2021 STI and the value of the LTI awards, ensuring that they are appropriately balanced.

The GNRC reviewed the updated Afep-Medef Code and confirms that the Group's remuneration policy complies with its recommendations.

In line with French regulations, this remuneration report will be submitted to the 2022 General Meeting for shareholder approval¹.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 183

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.2.1 INFORMATION TO BE DISCLOSED PURSUANT TO ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE

COMPLIANCE WITH THE REMUNERATION POLICY IN 2021

The implementation of the approved Remuneration Policy is monitored by the Supervisory Board with the assistance of the GNRC. In 2021, the remuneration policy was fully implemented with no deviation or exception, as summarised in the table below:

Actual annual 2021 STI payout (% of Fixed Income)	Variable	Maximum annual 2021 STI payout (% of Fixed Income) pay maxima respected
127%	70%	LTI 2021 grant value (% of Fixed Income)

127% 70%

Principles respected

Actual 2021 STI calculated according to KPIs presented at 2021 General Meeting

LTI vesting in 2021 calculated according to vesting formula

LTI 2021 performance criteria in line with approved Remuneration Policy

Fixed Income unchanged since start of each Management Board member's term

Supplementary Contribution Scheme 2021 paid according to defined formula

Benefits 2021 paid in line with benefit policies

No commitment to welcome payment or post-mandate payment taken No exceptional remuneration

Management Board member shareholding requirement met

- 1) The CCO joined the Group on July 15, 2021. Her STI was therefore prorated.
- 2) The CCO did not receive any LTI grant in 2021 as she joined the Group after the regular grant date.
- 3) Management Board members have Stapled Shares retention obligation until the shareholding requirement is met.

EXCEPTIONAL EVENTS

No

Yes No

In accordance with article L. 22-10-9 of the French Commercial Code, the Supervisory Board confirms if one of the following events happened in 2021:

Application of Clawback/Malus

New Management Board member

No

Change in Management Board members' responsibilities

Anticipated revision of the Management Board member remuneration

In July 2021, Caroline Puechoultres was hired and appointed as Chief Customer Officer.

GENDER EQUITY AMONG THE SUPERVISORY BOARD

The composition of the Supervisory Board as of December 31, 2021, reflects the Group commitment to promote gender parity. Its 56% female/44% male ratio complies with the 40% requirement set by article L. 22-10-3 of the French Commercial Code. The provisions of the article L. 225-45 (2°) of the French Commercial Code have therefore not been applied. See also further details in Section 3.2.2.

SHAREHOLDER ENGAGEMENT

The Supervisory Board is committed to active shareholder engagement. Extensive and proactive consultation with shareholders on the remuneration policy has been a long-standing practice.

At the 2021 General Meeting, the ex-ante vote on the CEO remuneration policy was approved by 94.57% of shareholder votes (94.55% for the other Management Board members). As announced, the GNRC has engaged with shareholders to conduct an in-depth review resulting in a new remuneration policy proposed for approval at the 2022 General Meeting. The main changes are:

- STI/LTI rebalanced, with STI target at 120% of FI and LTI target at 125% (ina100%-150%range);
- Strengthened LTI targets, with progressive vesting on all metrics, including TSR;
- More balanced LTI shareholder performance measurement, with a combination of relative and absolute TSR;
- Stronger focus on sustainability, with CSR-related targets for the LTI now weighted 20%; and
- Introduction of a compensation for loss of office and non-compete policy.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

REMUNERATION RATIOS AND PERFORMANCE EVOLUTION

The table below sets out the five-year history of the ratio between the total remuneration paid or granted to each Management Board member and that of the remuneration of French employees.

This allows for a set of ratios statistically relevant and able to reflect the link between the Management Board members and the employees under their direct management.

Due to the very limited headcount of URW SB¹¹, calculations have been made over the like-for-like employees of the fully-owned entities having French employees within the URW Group, for a total of 432 employees on December 31, 2021, on a like-for-like basis²¹.

2017

2019

2018

These ratios are calculated based on the Afep-Medef recommended methodology¹³¹.

ZUZU

Total remuneration paid or granted

Multiple of average remuneration Multiple of median remuneration

Total remuneration paid or granted

Multiple of average remuneration

24.9

37.1

€1,113,290 11.7

Multiple of median remuneration

Total remuneration paid or granted

Multiple of average remuneration

Multiple of median remuneration

Total remuneration paid or granted

Multiple of average remuneration Multiple of median remuneration

Total remuneration paid or granted

Multiple of average remuneration

€1,024,181

12.3 16.5

n.a* n.a⁵

Multiple of median remuneration

Company remuneration

URW performance in million EUR

€83,578

€62,078

€1,582.6 €1,202.1

€95,151 €63,980

€1,724.2

€957.2

The ratios are significantly reducing in 2021 for the following reasons:

- The Short-Term Incentive taken into account is the one related to 2020 performance which is highly impacted by the COVID-19 pandemic;
- Except for the CEO and CFO, the new Management Board members were functions created or re-established in 2021 and therefore had no Short-Time Incentive paid in this respect during the year. The CCO joined the group after the 2021 LTI grant and then no LTI value is taken into account for Ms. Puechoultres in 2021.

The URW 2021 performance figures reflect the impact of the COVID-19 crisis in 2021, mainly concentrated on the first semester. It is expected to progress in 2022 in line with the second semester of 2021.

- 1) The pay ratios above are calculated based on the compensation paid and granted in 2021. The compensation items taken into account for the Management Board members are the Fixed Income paid in 2021, the Short-Term Incentive related to 2020 performance and paid in 2021, the Long-Term Incentive granted in 2021 and the various benefits in kind received in 2021 and disclosed in the Say-On-Pay tables (e.g. company car). In accordance with the Afep-Medef recommendation, the Supplementary Compensation Scheme duly disclosed in the Say-On-Pay tables is not taken into account for the calculation of the pay ratios above as it represents a post-mandate benefit. The Long-Term Incentives granted in 2021 (Stock-Options and Performance Shares) are valued based on the IFRS2 methodology.
- 2) URW SE has less than 0.5% of all Group employees in France. The ratio obtained on this very limited scope is therefore not statistically relevant. When calculated strictly on URW SE, the ratios would have been for the years 2017 to 2021, respectively:
 - For the CEO: 53.7, 70.9, 69.2, 67.4 and 34.5;
 - For the CIO: n.a, n.a, n.a, n.a and 16.2;
 - For the CFO: 28.2, 40.7, 38.7, 37.9 and 22.8;
 - For the CRO: 18.5, 24.1, n.a, n.a and 16.2;
 - For the CCO: n.a, n.a, n.a, n.a and 8.1.
 Given the small size of the URW SE headcount, median and average ratios are the same.
- 3) Total remuneration of all French fully-owned entities of URW Group (i.e. excludes 322 employees working for JVs). For comparability year after year, out of the 619 employees of fully-owned entities, excluded are 8 expatriates, 8 suspended contracts, 22 apprentices and 149 employees not 'like-for-like' (less than two years of service). A total of 432 French employees (as of December 31, 2021) were therefore included in this analysis. The inclusion of all URW employees internationally was considered but rejected to keep comparing remunerations on a like-for-like basis and to avoid exchange rate and changes in perimeter effects. The ratios would have been lower given the higher average compensations levels in several countries, including the UK and the US.
- 4) Total remuneration paid or granted to the CEO in 2021 (i.e. including the STI paid to Mr. Cuvillier in 2021 as former CEO until December 31, 2020). The total remuneration actually paid or granted to Mr. Tritant amounts to €1,747,861. On this basis, the corresponding ratio to average and median remuneration would respectively be 18.4 and 27.3.
- 5) There was no Management Board member with this function during this period therefore no pay ratio is calculated.
- 6) Total remuneration paid or granted to the CFO in 2021 (i.e. including the STI paid to Mr. Tonckens in 2021 as former CFO until January 4, 2021). The total remuneration actually paid or granted to Mr. Mouchel amount to €1,191,396. On this basis, the corresponding ratio to average and median remuneration would respectively be 16.5 and 24.5.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.2.2 CORPORATE OFFICERS REMUNERATION IN 2021

The following remuneration elements paid or granted in 2021 are submitted for approval to the shareholders through a binding vote.

3.3.2.2.1 MANAGEMENT BOARD REMUNERATION

The following remuneration elements, paid during, or granted for 2021 to the CEO and the other Management Board members, are submitted for approval to the shareholders through a binding vote. These remuneration elements include those paid by URW SE and all its affiliates. The payment of the STI of the Management Board members will be conditioned to shareholder approval at the 2022 General Meeting (resolutions 5 to 9).

2021 PERFORMANCE OVERVIEW

A summary of the performance assessment of each quantitative STI component applicable to all Management Board members is presented in the table below:

Description	Threshold (30% payout, 80% zero below) payout	Actual	Comments
Adjusted Recurring €5.35 Earnings per Share	€6.67	€7.20	89.03% No guidance was provided early 2021 to shareholders. The GNRC and SB determined a STI performance range in March 2021, then increased the Stretch after visibility about shopping centres reopenings increased.
Net debt reduction	As reported (in proportionate) reduction EOY21 vs EOY20	87.20%	The Net Debt was budgeted to reduce by €1.39 Bn. The performance achieved is above target.
Rent collected vs invoiced (before discounts)	85.6%	67.32%	The performance range was defined in conjunction with the activity rate (weighted proportion of centres opened during the year), which was 81.7% in 2021.
Gross admin costs savings	10%	Savings in recurring €10 Mn costs vs. 2020	100.00% Savings largely achieved, primarily due to restructuring further than budgeted and salary restrictions measures.
Diversity & Inclusion	5%	% of females in new entrants to URW executives (hires & promotions)	40% 54.3% 60% 56% 86.00% 9 women out of 16 (56%) new entrants joined the executive population (Country Management Teams and senior management at Corporate level, approximately the top 150 managers of the Group).
Greenhouse gas equivalent emissions reduction	5%	GHG emissions on Scopes 1 and 2 reductions from 2015 baseline	45.9% 47.4% 48% 72% 80.00% The GHG emissions reduced much more than planned in 2021, due to ongoing carbon reduction initiatives but also to centres being closed due to COVID-19 restrictions, outside management control. The GNRC therefore assessed the performance at 80% (target) instead of 100%.
		86.25%	

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

MR JEAN-MARIE TRITANT, CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE MANAGEMENT BOARD

Annual Fixed Income

Element

£1,000,000 The CEO's annual Fixed Income ("FI") of €1,000,000 is set for the whole duration of his mandate.

39.8S Short-Term Incentive (STI)

Short-Term Incentive

paid in 2022 (subject to a binding shareholder vote) in respect of 2021

€1,282,470 (128% of FI)

The STI 2021 for the CEO has been assessed by the Supervisory Board, upon recommendation of the GNRC, and calculated on the basis of 150% of the Fixed Income presented above, i.e. a maximum payable of €1,500,000.

Achievement

Payout

86.25%

B0%

Performance measure Weighting Description of key achievements Financials CSR
Please refer to the table above

Qualitative objectives

Recovery plan defined, mainly focused on operations and deleveraging, execution ongoing and well on track. Better Places 2030 ESG strategy refined in light of COP26.

Strong focus on shareholder engagement and building trust on new management and company vision. Significant improvement in Public Affairs allowing the monitoring of government decisions related to the health crisis affecting URW business.

New decentralized organisation in place, with optimised regional organisations, centres of excellence and more agile Corporate Centre. New CCO role created and set up of Digital, Brand and Media teams ongoing.

New Management Board and Executive Committee governance in place. Top URW leaders engaged and strong contributors to new URW strategy.

€1,282,470

No STI history is available, as Mr. Tritant was appointed MB Chairman on January 1, 2021.

Long-Term Incentives granted during 2021

€699,979 (70% of FI)

The Supervisory Board, upon recommendation of the GNRC, decided that the LTI grant IFRS value for Management Board members would be at the low end of the target range, i.e. 70% of their respective Fixed Income.

Presence condition

Performance period

Performance condition

Number of units

Economic value (IFRS)	% of total grant (max 7%)
-----------------------	---------------------------

2 years of continuous presence at the date 3 years of vesting or exercise

45% AREPS 45% TSR 5% Internal CSR 5% ExternalCSR

Supplementary Contribution Scheme paid during of 2021

€190,000 Mr Tritant does not benefit from any additional defined benefits pension scheme ("retraite chapeau").

He benefits from the SCS, an annual net contribution paid into a blocked savings account (available only after the end of his last mandate as MB member) equivalent to:

- A fixed amount of €90,000; and
- A variable amount of 10% of the total cash remuneration earned each year (i.e. FI for year N plus STI for year N-1)

- A variable amount of 10% of the total cash remuneration earned each year (i.e. 11 for year N plus 0.11 for year N+1).

n.m Mr Tritant benefits from an international health insurance policy.

€47,882 Mr Tritant benefits from an International Assignment Extra-Compensation.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

MR OLIVIER BOSSARD, CHIEF INVESTMENT OFFICER

5.314 Pension 0.4% Other Benefits

Max

Achieved in 2021

| Annual Fixed Income H Short-Term Incentive H Long-Term Incentive

Amounts Comments/details

Annual Fixed Income

paid in respect of 2021

€639,683 Mr Bossard was appointed on January 7, 2021. The CIO's annual Fixed Income of €650,000 is set for the whole duration of his mandate.

Short-Term Incentive

paid in 2022 (subject to a binding shareholder vote) in respect of 2021

Achievement

€833,606 The STI 2021 for the CIO has been assessed by the Supervisory Board, upon recommendation of the GNRC, and (128% of FI) calculated on the basis of 150% of the Fixed Income presented above, i.e. a maximum payable of €975,000.

Performance measure Weighting Description of key achievements

Please refer to the table above

Qualitative objectives

European disposal program on track to meet its €4Bn objective at the end of 2022. Positioned to execute further deleveraging in 2022/2023.

Office development programs successfully launched and designed to achieve the best CSR certifications in line with Better Places 2030 ambition.

Asset Management function and new organisation designed, selected assets' strategy refocused, Regions empowered on development activities.

Efficient contribution to the Management Board and Executive Committee, and support to the new decentralised organisation.

€833,606

No STI history available as Mr. Bossard was appointed CIO on January 7, 2021.

Long-Term Incentives granted during 2021

€454,977 The Supervisory Board, upon recommendation of the GNRC, decided that the LTI grant IFRS value for Management (70% of FI) Board members would be at the low end of the target range, i.e. 70% of their respective Fixed Income.

Presence condition

Performance period

Performance condition

Number of units

Economicvalue % of total grant
(IFRS) (max. 5%)

PS 2 years of continuous
presence at the date 3 years
5q of vesting or exercise

45% AREPS 45% TSR -5% Internal CSR 5% External CSR

Supplementary Contribution Scheme paid during of 2021

Life/health insurance Benefits In kind

€108,968 Mr Bossard does not benefit from any additional defined benefits pension scheme ("retraite chapeau").

He benefits from the SCS, an annual net contribution paid into a blocked savings account (available only after the end of his last mandate as MB member) equivalent to:

- A fixed amount of £45,000; and
- A variable amount of 10% of the total cash remuneration earned each year (i.e. FI for year N plus STI for year N-1).

n.m Mr Tritant benefits from an international health insurance policy. €7,311 Mr Bossard benefits from a company car.

188 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

MR FABRICE MOUCHEL, CHIEF FINANCE OFFICER

Achieved in 2021
Annual Fixed Income
paid in respect of 2021

5.1% Pension 0.3% Other Benefits «0.7% Short-Term Incentive (STI)

B Annual Fixed Income B Short-Term Incentive H Long-Term Incentive

Element	Amounts	Comments/details
Short-Term Incentive paid in 2022 (subject to a binding shareholder vote) in respect of 2021	€744,048	Mr Mouchel was appointed on January 5, 2021. The CFO's annual Fixed Income ("FI") of €750,000 is set for the whole duration of his mandate.
Achievement Payout	€956,228 (127% of FI)	
The STI 2021 for the CFO has been assessed by the Supervisory Board, upon recommendation of the GNRC, and calculated on the basis of 150% of the Fixed Income presented above, i.e. a maximum payable of €1,125,000.		
Performance measure	Weighting	Description of key achievements
Liquidity & Financing	80%	Please refer to the table above
Stakeholder Relations	86.25%	Qualitative objectives
Performance Management		
Leadership		

Leadership

Strong liquidity position achieved with more than 36 months secured, cost of debt optimised. Hedging of the Group's interest and FX risks. Largest European green credit facility signed. Support to disposals through implementation of mortgage financing. Negotiation of bank debt waivers in relation with 2021 covenants. Definition of new investor relation priorities, based on investor's feedback and perception study. Presentation of the Group's strategy and deleveraging plan to analysts and shareholders. Attendance to several conferences, roadshows and organisation of Investor Days.

Performance Management function designed and implemented to enhance visibility on main KPIs and set correlative action plans. Financial budgeting and forecasting processes improved, with development of new and upgraded IT finance tools. Ongoing finance organisation streamlining. Active contribution to the new organisation, positioning Finance as a strong business partner, with direct input to regions and operations on financial priorities, leasing strategy, operating performance, cost structure and valuation process.

€956,228

No STI history available as Mr. Mouchel was appointed CFO on January 5, 2021.

Long-Term Incentives granted during 2021

€524,993 The Supervisory Board, upon recommendation of the GNRC, decided that the LTI grant IFRS value for Management (70% of FI) Board members would be at the low end of the target range, i.e. 70% of their respective Fixed Income.

Presence condition

Performance period

Performance condition

Number of units

Economicvalue %oftotalgrant
(IFRS) (max. 7%)

2 years of continuous presence at the date 3 years of vesting or exercise

45% AREPS 45% TSR 5% Internal CSR 5% External CSR

Supplementary €119,405 Contribution Scheme paid during of 2021

Mr Mouchel does not benefit from any additional defined benefits pension scheme ("retraite chapeau"). He benefits from the SCS, an annual net contribution paid into a blocked savings account (available only after the end of his last mandate as MB member) equivalent to:

- A fixed amount of €45,000; and
- A variable amount of 10% of the total cash remuneration earned each year (i.e. FI for year N plus STI for year N-1). Life/health insurance

n.m Mr Mouchel benefits from a health insurance policy.

Benefits in kind €6,467 Mr Mouchel benefits from a company car.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 189

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

MS ASTRID PANOSYAN, CHIEF RESOURCES OFFICER

5.3K,Pemion 0.4W Other Benefits

Min

Achieved in 2021

I Annual Fixed Income H Short-Term Incentive H Long-Term Incentive

Amounts Comments/details

Annual Fixed Income

paid in respect of 2021

Ms Panosyan was appointed on January 7, 2021. The CRO's annual Fixed Income ("FI") of £650,000 is set for the whole duration of her mandate.

Short-Term Incentive

paid in 2022 (subject to a binding shareholder vote) in respect of 2021

£828,731 (127% of FI)

Achievement

The STI 2021 for the CRO has been assessed by the Supervisory Board, upon recommendation of the GNRC, and calculated on the basis of 150% of the Fixed Income presented above, i.e. a maximum payable of €975,000.

86.25%

80%

Performance measure Weighting Description of key achievements

Please refer to the table above

Qualitative objectives

Organisation and Transformation

Diversity tt Inclusion

CSR

New corporate organisation designed and successfully implemented in 2021. Significant progress in organisation streamlining and decentralisation with accelerated processes, reduced bureaucracy, simplified structures, resulting in over achieved cost savings.

BeYougURW charter signed, diversity objectives included in corporate goals, short- and long-term incentives. Gender-balanced recruitment and promotion processes in place. Inclusive leadership and unconscious bias trainings delivered Group-wide.

Continued CSR-related initiatives recognised by several leading rating agencies (ISS-ESG, Carbon Disclosure Project, Sustainalytics, Act4Nature). Net Zero initiative joined in 2021.

Strong contribution to executive team with new CCO recruitment and executive seminars kicking off the new Group strategy.

€828,731

No STI history available as Ms. Panosyan was appointed CRO on January 7, 2021.

Long-Term Incentives granted during 2021

€454,977 The Supervisory Board, upon recommendation of the GNRC, decided that the LTI grant IFRS value for Management (70% of FI) Board members would be at the low end of the target range, i.e. 70% of their respective Fixed Income.

Presence condition	Performance period	Performance condition	Number of units	Economicvalue (IFRS)	%oftotalgrant (max. 5%)
--------------------	--------------------	-----------------------	-----------------	----------------------	-------------------------

PS 2 years of continuous presence at the date 3 years of vesting or exercise

45% AREPS 45% TSR 5% Internal CSR 5% External CSR

Supplementary Contribution Scheme paid during of 2021

Life/health insurance Benefits in kind

€108,968 Ms Panosyan does not benefit from any additional defined benefits pension scheme ("retraite chapeau").

She benefits from the SCS, an annual net contribution paid into a blocked savings account (available only after the end of her last mandate as MB member) equivalent to: ■ A fixed amount of €45,000; and

• A variable amount of 10% of the total cash remuneration earned each year (i.e. FI for year N plus STI for year N-1).

n.m Ms Panosyan benefits from a health insurance policy.

€7,588 Ms Panosyan benefits from a company car allowance.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

MS CAROLINE PUECHOULTRES, CHIEF CUSTOMER OFFICER

Amounts Comments/details

Annual Fixed Income

paid in respect of 2021

Ms Puechoultres was appointed on July 15, 2021. The CCO's annual Fixed Income ("FI") is temporarily set at €550,000 until December 31, 2022.

Short-Term Incentive paid in 2022 (subject to a binding shareholder vote) in respect of 2021

Achievement

Payout

€321,399 The STI 2021 for the CCO has been assessed by the Supervisory Board, upon recommendation of the GNRC, and (58% of FI^{1*}) calculated on the basis of 150% of the Fixed Income presented above, i.e. a maximum payable of €825,000.

Performance measure	Weighting	Description of key achievements
---------------------	-----------	---------------------------------

Please refer to the table above

Qualitative objectives New Organisation

New CCO organisation set up, teams in place and 5-year strategy defined and agreed.

Four maior assets re-branded in 2021. with brand awareness accelerating. Brand strateav reviewed and refined.

New Digital, Brand and Media organisation being implemented, with revenue-generation opportunities identified, key projects defined for 2022.

Onboarded the corporate and regional executive teams on the new CCO vision and strategy.

€321,399

Long-Term Incentives granted during 2021

No STI history available as Ms. Puechoultres was appointed CCO on July 15, 2021.

€0 Ms Puechoultres was appointed on July 15, 2021, hence after the 2021 grant date. She did not received any grant of SO and PS in 2021.

Supplementary Contribution Scheme paid during of 2021

Ms Puechoultres does not benefit from any additional defined benefits pension scheme ("retra/re chapeau").

She benefits from the SCS, an annual net contribution paid into a blocked savings account (available only after the end of her last mandate as MB member) equivalent to:

■ A fixed amount of €45,000; and

• A variable amount of 10% of the total cash remuneration earned each year (i.e. FI for year N plus STI for year N-1). In 2021, this amount was prorated considering her date of appointment.

n.m Ms Puechoultres benefits from a health insurance policy.

€3,032 Ms Puechoultres benefits from a company car allowance.

(1) Calculated based on a FI of €550,000

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.2.2 REMUNERATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD

The following remuneration elements, paid during or granted for financial year 2021 to the Supervisory Board Chairman, are submitted to the approval of the shareholders (resolution n°10).

Mr Leon Bressler, Chairman of The Supervisory Board

Supervisory Board Chairman remuneration (inclusive of committee membership and attendance-based compensation)

2020

€1 €1

Mr Bressler asked to have his remuneration limited to one symbolic euro per year for the duration of his mandate.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.3 SUPPLEMENTARY INFORMATION

3.3.3.1 EVOLUTION OF THE MANAGEMENT BOARD REMUNERATION

Pursuant to the AMF recommendations and the Afep-Medef Code concerning the remuneration of executive officers of listed companies, the tables hereinafter presents:

- The gross remuneration received in respect of the financial years 2017 through to 2021, i.e. including the STI due in respect of financial year N and paid in Year N+1 after the publication of the results of financial year N (Table no. 1); and
- The gross remuneration paid during 2020 and 2021 respectively, and including the STI that was paid in Year N due in respect of the previous year (Table no. 2).

Considering that all the MB members were appointed in 2021, the tables below includes the remuneration paid to the executive officers for their current responsibilities.

!!
! 5? !

**FI, STI, LTI AND OTHER BENEFITS ALLOCATED TO MANAGEMENT BOARD MEMBERS IN
RESPECT OF THE REFERRED YEARS (TABLE NO. 10F AMF/AFEP-MEDEF
RECOMMENDATIONS)**

Including the STI due in respect of financial year N and paid in Year N+1 after publication of the results of financial year N

remuneration due in respect of financial year N and paid in Year N+1, after publication of the results of financial year N.

Mr Jean-Marie TRITANT
Chief Executive Officer and Chairman of the MB since January 1, 2021

Fixed Income

Short-Term Incentive^{1*}

€190,000

Other benefits

Remuneration due in respect of the financial year

Evolution year N vs. year N-1 (in %)

Annual SO IFRS valuation allocated during the financial year^{1*}

Evolution year N vs. year N-1 (in %)

Annual PS IFRS valuation allocated during the financial year^{12*}

Evolution year N vs. year N-1 (in %)

€3,220,330

Evolution year N vs. year N-1 (in %)

1) Short-Term Incentive indicated in column "Year N" is Short-Term Incentive due in respect of Year N and paid Year N+1.

2) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.

Mr Olivier Bossard
Chief Investment Officer and MB member since January 7, 2021

Fixed Income

Short-Term Incentive^{1*}

€108,968

Other benefits

Remuneration due in respect of the financial year

Evolution year N vs. year N-1 (in %)

Annual SO IFRS valuation allocated during the financial year^{1*}

Evolution year N vs. year N-1 (in %)

Annual PS IFRS valuation allocated during the financial year^{1*}

Evolution year N vs. year N-1 (in %)

n.a €2,044,545

Evolution year N vs. year N-1 (in %)

1) Short-Term Incentive indicated in column "Year N" is Short-Term Incentive due in respect of Year N and paid Year N+1.

2) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 193

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Mr Fabrice Mouchel
Chief Finance Officer and MB member since January 5, 2021
Year 2020

Fixed Income Short-Term Incentive^{1*}

€119,405

Other benefits

Remuneration due in respect of the financial year

Evolution year N vs. year N-1 (in %)

Annual SO IFRS valuation allocated during the financial year^{1*}

Evolution year N vs. year N-1 (in %)

Annual PS IFRS valuation allocated during the financial year^{1*}

Evolution year N vs. year N-1 (in %)

€2,351,141

Evolution year N vs. year N-1 (in %)

- 1) Short-Term Incentive indicated in column "Year N" is Short-Term Incentive due in respect of Year N and paid Year N+1.
- 2) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.

Ms Astrid Panosyan
Chief Resources Officer (MB member between January 7, 2021 and December 31, 2021)

Year2017

Fixed Income

Short-Term Incentive¹

€102,302

Other benefits

Remuneration due in respect of the financial year

Evolution year N vs. year N-1 (in %)

Annual SO IFRS valuation allocated during the financial year¹

Evolution year N vs. year N-1 (in %) ¹

Annual PS IFRS valuation allocated during the financial year¹

Evolution year N vs. year N-1 (in %)

LTISI (Additional PS in view of successful integration of Westfield) only applicable for 2018¹

€2,039,948

Evolution year N vs. year N-1 (in %)

- 1) Short-Term Incentive indicated in column "Year N" is Short-Term Incentive due in respect of Year N and paid Year N+1.
- 2) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.
- 3) Approved by 97.88% of shareholder votes at the 2018 General Meeting.
- 4) Ms Panosyan was Chief Resources Officer an MB member until June 7, 2018 and reappointed as MB Member on January 7, 2021.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Ms Caroline Puechoultres
Chief Customer Officer and MB member since July 15, 2021

Fixed Income

Short-Term Incentive¹

Pension

Other benefits

Remuneration due in respect of the financial year

Evolution year N vs. year N-1 (in %)

Annual SO IFRS valuation allocated during the financial year²

Evolution year N vs. year N-1 (in %)

Annual PS IFRS valuation allocated during the financial year¹¹ Evolution year N vs. year N-1 (in %)

n.a n.a

n.a n.a
€571,550

n.a €0

€0

€571,550

Evolution year N vs. year N-1 (in %)

- 1) Short-Term Incentive indicated in column "Year N" is Short-Term Incentive due in respect of Year N and paid Year N+1.
- 2) Ms Puechoultres was appointed after the 2021 LTI grant. Therefore, she did not receive any grant in 2021.

DETAILS OF THE REMUNERATION PAID IN 2020 AND 2021 (TABLE NO. 2 OF AMF/AFEP-MEDEF RECOMMENDATIONS)

Including the STI paid during financial year N but which was due for the previous financial year.

Mr Jean-Marie TRITANT

Chief Executive Officer and chairman of the MB since January 1, 2021
Financial year 2020

Amounts paid

Financial year 2021

Amounts granted

Fixed Income

Short-Term Incentive

€190,000

Other benefits

Total direct remuneration

SO IFRS valuation allocated during the financial year¹¹

PS IFRS valuation allocated during the financial year¹¹

€3,220,330

- (1) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson "WTW"), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.

Mr Olivier Bossard

Chief Investment Officer and MB member since January 7, 2021

Fixed Income Short-Term Incentive

Pension Other benefits

Financial year 2020

Amounts paid

n.a n.a

Financial year 2021

Amounts granted

€639,683

€833,606

€108,968

€7,311

Total direct remuneration

SO IFRS valuation allocated during the financial year¹¹

PS IFRS valuation allocated during the financial year¹¹

62,044,343

(1) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson "WTW"), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 195

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Mr Fabrice Mouchel
Chief Finance Officer and MB member since January 5, 2021
Financial year 2020

Amounts granted
Financial year 2021
Amounts Amounts granted paid

Fixed Income

Short-Term Incentive

Pension Other benefits

n.a n.a

Total direct remuneration

SO IFRS valuation allocated during the financial year**

PS IFRS valuation allocated during the financial year**

€2,351,141

(1) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson "WTW"), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.
Financial year 2021

Amounts Amounts granted paid

	Financial year 2020		
	Amounts granted	Amounts paid	
Ms Astrid Panosyan Chief Resources Officer (MB Member between January 7, 2021 and December 31, 2021)			
Fixed Income	n.a	n.a	€639,683 €639,683
Short-Term Incentive	n.a	n.a	€828,731 €828,731
Pension	n.a	n.a	€108,969 €108,969
Other benefits	n.a	n.a	€7,588 €7,588
Total direct remuneration	n.a	n.a	€1,584,971 €1,584,971
SO IFRS valuation allocated during the financial year**	n.a	n.a	€88,389 €88,389
PS IFRS valuation allocated during the financial year**	n.a	n.a	€366,588 €366,588
			€2,039,948 €2,039,948

(1) The value corresponds to the value of the SO and PS at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson), notably taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.

Ms Caroline Puechoultres
Chief Customer Officer and MB member since July 15, 2021

Fixed Income Short-Term Incentive Pension Other benefits
Financial year 2021

Amounts Amounts granted paid
Financial year 2020

Amounts granted	Amounts paid
n.a	n.a €201,286 €201,286

n.a	n.a	€321,399	€321,399
n.a	n.a	€45,833	€45,833
n.a	n.a	€3,032	€3,032

Total direct remuneration

SO IFRS valuation allocated during the financial year ¹	PS IFRS valuation allocated during the financial year ¹
€571,550	€571,550
	n.a
	n.a

(1) Ms Puechoultres was appointed after the 2021 LTI grant. Therefore, she did not receive any grant in 2021.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

PERFORMANCE STOCK OPTIONS ("SO")

Performance Stock Options ("SO") granted during financial years 2017 to 2021 (Table No. 4 of AMF/Af ep-Medef recommendations)

On May 18, 2021, the Supervisory Board, upon the recommendation of the GNRC, granted to Group employees and Management Board members a total of 950,295 SO, representing 0.66% of the fully diluted share capital on December 31, 2020.

129,625 SO were allocated to the Management Board members, of which 42,500 (4.47%) to the CEO, 31,875 (3.35%) for the CFO, 27,625 (2.91%) for the CIO and 27,625 (2.91%) for the CRO as detailed in the table below:

Date of Grant

Opening of exercise period (at the opening of trading day)
Plan performance n°12

May 20, 2024

End of exercise period (at the end of the trading day)

Exercise Price per SO

Type of SO Share subscription or purchase Stock Options subject to performance and presence conditions and with no discount

Names of Management Board members

Number Value of SO of SO granted granted¹¹
Variation 2017vs 2016m value

Number of SO granted

Value of SO granted¹¹
Variation 2018vs 2017 m value

Number Value of SO of SO granted granted¹¹
Variation 2019 vs 2018 in value

Number Value

of SO of SO
granted granted¹¹

Variation 2020vs 2019 in value

Number of SO granted	Value 2020vs of SO granted ⁽¹⁾	2019 in value													
22,950	€163.030	(16.0*)													
Jean-Mane Tritant CEO															
20,400	£144,915	(16.0*)													
Olivier Bossard CIO															
Fabrice Mouchel CFO	18,700	£132,839	(16.0*)	17,000	€81.770	(38.4%)	n.a	n.a	n.a	n.a	n.a	n.a	31,875	€101,988	n.a
Astrid Panosyan CRO	18,700	£132,839	(16.0*)	17,000	€81.770	(38.4%)	n.a	n.a	n.a	n.a	n.a	n.a	27,625	€88,389	n.a
Caroline Puechoultres CCO	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

(1) The value corresponds to the value of the SO at the time they were allocated according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2. n.a means that the individual was not MB member of URW SE at the date of grant.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 197

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Performance Stock Options ("SO") exercised by Management Board members during the 2021 financial year (Article L. 225-184 of The French Commercial Code) (Table No. 5 of AMF/Af ep-Medef recommendations)

MB Members

Mr Jean-Marie Tritant
CEO

Mr Olivier Bossard
CIO

Mr Fabrice Mouchel
CFO

Ms. Astrid Panosyan CRO

Ms. Caroline Puechoultres CCO

Plan number	Number of SO exercised during the financial year	Exercise price	Achievement of
n.a			
n.a			
n.a			

Number of SO exercised	Overall market performance of URWSE	Performance of the applicable Reference Index	Performance Condition at the exercise date
n.a			

PERFORMANCE SHARES ("PS")

The detail on the plans in force applicable to employees and Management Board members is presented in Section 3.3.4.

On May 18, 2021, a total of 371,846 PS were granted to Group employees and Management Board members of which 16,625 (4.47%) to the CEO, 45,469 (3.35%) to the CFO, 10,806 (2.91%) to the CIO and 10,806 (2.91%) to the CRO.

The grant of PS to Management Board members is presented in detail in Tables no. 6 and 7 in accordance with the recommendations of the Afep-Medef Code.

Details of the Performance Shares granted to each Management Board ("MB") member during financial year 2021 (Article L. 225-197-4 of The French Commercial Code) (Table No. 6 of AMF/Af ep-Medef Recommendations)

Performance Shares Plan no. 4-Tronche 2021 (March 18, 2021)

Economic value of the PS grant"	Number of PS granted	Share transfer date™	Availability date (at the end of the trading day)	Presence and performance conditions
Mr Jean-Marie Tritant				
Mr Olivier Bossard				
Mr Fabrice Mouchel Ms Astrid Panosyan				
Ms Caroline Puechoultres TOTAL				

1) The value corresponds to the value of the PS at the time they were attributed according to IFRS 2 requirements (based on the evaluation conducted by Willis Towers Watson), notably after taking into account any discount related to performance criteria and the probability of presence in the Group after the vesting period, but before taking into account the effect of the spread of the charge during the vesting period according to IFRS 2.

2) The potential share transfer date is subject to the attainment of the performance condition on the third anniversary of the date of grant. If the performance condition is not met, all rights shall be definitively lost on the following day.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Performance Shares ("PS") becoming available for sale by each Management Board member during financial year 2021 (Table No. 7 of AMF/Af ep-Medef Recommendations)

MB Members	Plan number and date	Number of PS becoming available for sale in 2021
Mr Jean-Marie Tritant	Performance Shares Plan no. 2 - March 7 2017	1 092

	Performance Shares Plan no. 2 - March 5, 2018	n.a	
	Performance Shares Plan LTI SI - May 24, 2018	n.a	
	Performance Shares Plan no. 3 - March 19, 2019	n.a	
	Performance Shares Plan no. 4 - March 21, 2020	n.a	
	Performance Shares Plan no. 5 - May 18, 2021	n.a	
Mr Olivier Bossard	Performance Shares Plan no. 2 - April 21,2016		1,229
	Performance Shares Plan no. 2 - March 7, 2017	n.a	
	Performance Shares Plan no. 2 - March 5, 2018	n.a	
	Performance Shares Plan LTI SI - May 24, 2018	n.a	
	Performance Shares Plan no. 3 - March 19, 2019	n.a	
	Performance Shares Plan no. 4 - March 21, 2020	n.a	
	Performance Shares Plan no. 5 - May 18, 2021	n.a	
Mr Fabrice Mouchel	Performance Shares Plan no. 2 - April 21,2016		1,127
	Performance Shares Plan no. 2 - March 7, 2017	n.a	
	Performance Shares Plan no. 2 - March 5, 2018	n.a	
	Performance Shares Plan LTI SI - May 24, 2018	n.a	
	Performance Shares Plan no. 3 - March 19, 2019	n.a	
	Performance Shares Plan no. 4 - March 21, 2020	n.a	
	Performance Shares Plan no. 5 - May 18, 2021	n.a	
Ms Astrid Panosyan	Performance Shares Plan no. 2 - April 21,2016		1,127
	Performance Shares Plan no. 2 - March 7, 2017	n.a	
	Performance Shares Plan no. 2 - March 5, 2018	n.a	
	Performance Shares Plan LTI SI - May 24, 2018	n.a	
	Performance Shares Plan no. 3 - March 19, 2019	n.a	
	Performance Shares Plan no. 4 - March 21, 2020	n.a	
	Performance Shares Plan no. 5 - May 18, 2021	n.a	

Ms Caroline Puechoultres

n.a means the Performance Shares granted with respect to this Performance Plan are not yet available.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Details of Performance Shares ("PS") vested for MB members during 2021

Number of PS being fully vested before Performance condition

Achievement of the performance condition

Number of PS being fully vested during the 2021 financial year

Mr Jean-Mane Tritant CEO

Performance Shares Plan no. 2 - March 7, 2017 Performance Shares Plan no. 2 - March 5, 2018 Performance Shares Plan LTI SI - May 24, 2018

1,494 3,370 3,883

73% 39% 82%

1,092 1,312 3,185

Performance Shares Plan no. 3 • Performance Shares Plan no. 4 Performance Shares Plan no. 5 •

March 19, 2019 March 21, 2020 May 18, 2021

Mr Olivier Bossard CIO

Performance Shares Plan no. 2 - Performance Shares Plan LTI SI ■

March 5, 2018 May 24, 2018

2,696 3,106

39% 82%

1,050 2,547

Performance Shares Plan no. 3 Performance Shares Plan no. 4 Performance Shares Plan no. 5 ■

March 19, 2019 March 21, 2020 May 18, 2021

Mr Fabrice Mouchel CFO

Performance Shares Plan no. 2 - Performance Shares Plan LTI SI

Performance Shares Plan no. 3 - Performance Shares Plan no. 4 - Performance Shares Plan no. 5 -

March 5, 2018 May 24, 2018

March 19, 2019 March 21, 2020 May 18, 2021

2,247 2,588

39% 82%

875 2,123

Ms Astrid Panosyan CRO

Performance Shares Plan no. 2 - Performance Shares Plan LTI SI

March 5, 2018 May 24, 2018

2,247 2,588

39% 82%

875 2,123

Performance Shares Plan no. 3 Performance Shares Plan no. 4 ■ Performance Shares Plan no. 5

March 19, 2019 March 21, 2020 May 18, 2021

Ms Caroline Puechoutres CCO

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

In view of the uncertainties related to the COVID-19 crisis, the extreme volatility of market conditions and governments having implemented severe restrictions with tough impact on the Group operations, the Group announced on March 23, 2020 the withdrawal of its earnings forecast for 2020.

On the occasion of the publication of its accounts for the third quarter of 2020, the Group published on November 1 a new 2020 AREPS outlook. This public earnings forecast was achieved as mentioned in the 2020 annual financial statements published on February 10, 2021.

However, in view of the particular context of the year 2020 and in a concern for shared effort, on the proposal of the Management Board and upon the recommendation of the GNRC, the Supervisory Board decided that the achievement of the forecast established for the year 2020 would not be taken into account. Consequently, making use of its discretionary power provided for in the remuneration policy approved at the 2020 General Meeting, the Supervisory Board decided to reduce in proportion the allocations likely to result from the AREPS criterion for the LTI plans 2018 to 2020, all other terms and conditions remaining entirely unchanged.

Performance
measure Description

REPS 2018 Recurring Earnings per Share for Unibail-Rodamco on a standalone basis, vs stretch target (top of guidance given to shareholders). 2018 REPS guidance: Bottom €12.75 Top €12.90

The REPS for Unibail-Rodamco in 2018 was €12.91, exceeding the top bracket of the guidance (€12.90).

TSR 2018 vs UR TSR evolution compared to the Outperformance of EPRA Index EPRA Eurozone Index. No 13.79% EPRA Eurozone Index

AREPS 2019 Adjusted Recurring Earnings per Share, vs. stretch target (top of guidance: Bottom guidance given to shareholders). 2019 AREPS €11.80 Top €12.00

AREPS reported result was €12.37. The GNRC adjusted it for the impact of foreign exchange, IFRS16 and delays in planned disposals. After adjustment, AREPS was €12.03 vs. the stretch target of €12.0.

AREPS 2020 Adjusted Recurring Earnings per Share, vs. top of guidance given to shareholders.

2020 guidance withdrawn, then provided on November 1, 2020: Bottom €7.20 Top €7.80

0% Although the AREPS was achieved within the range provided on November 1, 2020, the GNRC considered the year 2020 not achieved.

TSR vs URW TSR evolution compared Reference Index to the Reference Index, designed to reflect.

URW's unique geographical footprint and diversity of assets.

Outperformance of Reference Index

URW ranking vs sector peers by ISS-ESG.

Achievement rate of the Better Places 2030 plan Group-wide.

PRIME Rating

Achieve

commitments on Continental Europe and integration of Westfield into the CSR Agenda

100% 3.62% URW was rated 'Prime' by ISS-ESG in 2019 and 2020.

100% 3.62% Assessed fully achieved by the SB.

TOTAL

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Performance Shares Vesting in 2021 - 2018 PS Plan - Performance Assessment

A dedicated Performance Shares plan was granted on May 24, 2018 to The AREPS 2020 was considered not achieved in line with the decision retain employees and MB Members who have been key contributors in for the 2018 PS plan described above, the preparation and the completion of the Westfield acquisition.

This plan was subject to a specific resolution at the 2018 General Meeting and was approved by 97.88% of shareholders.

Performance measure Description

I. Westfield Completion of the Westfield acquisition. Transaction

II. Annual Budget

Recurring Earnings per Share

2018 for Unibail-Rodamco on a standalone basis, vs stretch target (top of guidance given to shareholders).

Adjusted Recurring Earnings

2019 per Share, vs. stretch target (top of guidance given to shareholders).

2018 REPS guidance: €12.91 8.33% 100% 8.33% The REPS for Unibail-Rodamco in 2018 was

Bottom €12.75 €12.91, exceeding the top bracket of the guidance (€12.90).
Top €12.90

2019 AREPS guidance: €12.03 8.33% 100% 8.33% AREPS reported result was €12.37. The

Bottom €11.80

Top €12.00

GNRC adjusted it for the impact of foreign exchange, IFRS16 and delays in planned disposals. After adjustment, AREPS 2019 stood at €12.03 vs. the stretch target of €12.0.

Adjusted Recurring Earnings 2020 per Share, vs. top of guidance given to shareholders.

2020 guidance withdrawn, then provided on November 1, 2020: Bottom €7.20 Top €7.80

€7.28 8.33% 0% 0% Although the AREPS was achieved within the range provided on November 1, 2020, the GNRC considered the year 2020 not achieved.

Achieve the €60Mn cost synergies announced

The cost synergies target were largely over-achieved by 2019.

Achieve the €40Mn revenue synergies announced

Revenue synergies were delivered below threshold.

IV.

Integration

Building on the respecting strengths of Westfield and Unibail-Rodamco.

Deployment of Westfield brand vs. strategic plan Yes 6.25% 100% 6.25% The Westfield brand was deployed over selected assets in Continental Europe on time and budget, in line with the strategic plan.

Engaging Westfield and Unibail-Rodamco talents.

Deployment key UR operating processes across URW Yes 6.25% 100% 6.25% Key UR operating processes were deployed over the UK and the US with the integration to the five year business plan process and

3.13% 3.13%

3.13% 3.13% 6.25%

100% the set up of an operating management function. Yes 100%

New corporate values were unveiled and rolled out in 2019. Yes 100%

The first groupwide uniform Talent Review process was conducted in 2019. 6.25% Yes 100% 81.67%

An employee engagement survey was conducted by McKinsey Consulting during the summer 2018.

202 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

INFORMATION ON THE PERFORMANCE STOCK OPTIONS ("SO") ON DECEMBER 31,2021 (TABLE NO. 8 OF AMF/ AFEP- MEDEF RECOMMENDATIONS)

Performance Plan no 7

Performance Plan no 9
Performance Plan no. 10
Performance Plan no 11

Performance Planno. 11
2018 Tranche
20K Tranche
April 23, 2014
April 27, 2011

2015Tranche 2016Tranche 2017Tranche

April 25, 2017 May 17, 2018 May 17, 2019

March 3, 2014 March 3, 2015 March 8, 2016 March 7, 2017 March 5, 2018 March 19, 2019

2021 Tranche

May 12, 2021 May 18, 2021

Total number of SO granted

Effective grant as a % of the fully diluted shares"

Effective grant to the MB Members²⁾ as a % of the fully diluted shares"

To MB Members³⁾:

Mr Jean-Marie Tritant

Mr Olivier Bossard

Mr Fabrice Mouchel

Ms Astrid Panosyan

Ms Caroline Puechoultres

March 22, 2023

End of vesting period (at the opening of the trading day)^{1)***1} 2022

Expiry date (at the end of the trading day)^{****1} 2028

.227.24

218.47

190.09

144.55

92.03

186.10

256.81

trading day)^{****1} 2028

See section 3.3.4

Strike price (£)

23,466

1,913

Exercise terms and conditions

180,295

582,621

241,842

196,149

161,087

153,010

169,435

Number of SO subscribed

Number of SO cancelled

May 20, 2024

May 18, 2029

69.41

See section 3.3.4

0

47,202

OUTSTANDING STOCK OPTIONS

n.a means any information relating to a period within which the person involved was not a Management Board member.

- 1) On the basis of the fully diluted shares as at December 31, N-1.
- 2) For Management Board members at the time of the grant.
- 3) Provided that the performance and presence conditions are met.
- 4) Indicative dates which must be adjusted to take into account non-business days.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

INFORMATION ABOUT PERFORMANCE SHARES ("PS") ON DECEMBER 31,2021 (TABLE NO. 9 OF AFEP-MEDEF RECOMMENDATIONS)

2019
2020
2017

May 17, 2018
May 17, 2019 May 12, 2021

2018 Additional LTISI

April 21, 2016 April 21, 2016 May 17, 2018

March 7, 2017 March 5, 2018 May 24, 2018 March 19, 2019 March 21, 2020

Total number of PS granted:

To MB Members¹

Mr Jean-Marie Tritant Mr Olivier Bossard

Mr Fabrice Mouchel

Ms Astrid Panosyan
19,955

3,370

2,696

2,247 2,247

54,389

n.a n.a

Ms Caroline Puechoultres

March 7, 2017 March 5, 2018 May 24, 2018 March 19, 2019 March 21, 2020 May 18, 2021

Vesting date and if any starting date of the holding period¹²

May 24, 2021 March 19, 2022 March 21, 2023 May 20, 2024

March 7, 2021 March 5, 2022 May 24, 2022 March 19, 2022 March 21, 2023 May 20, 2024

n.a Yes

End of holding period (at the end of the trading day)¹²¹

for French tax residents¹³

Yes

for non-French tax residents¹⁵¹

Performance Conditions

Number of Performance Shares vested (unavailable) 14,235 16,910

Number of Performance Shares vested (available) 9,266

Number of cancelled/expired PS 16,269 41,178

n.a n.a

Yes

18,474

OUTSTANDING PS (UNVESTED)

n.a means that the participant was not Management Board member at grant date.

1) For Management Board members at the time of the grant.

2) Provided that the performance and presence conditions are met.

3) Holding period is no longer applicable for French tax resident starting from the 2019

4) Holding period is not applicable.

INFORMATION REQUIRED BY THE AMF ON THE SITUATION OF MANAGEMENT BOARD MEMBERS ON DECEMBER 31, 2021 (TABLE NO. 11 OF AMF RECOMMENDATIONS)

MB Members	End of mandate	contract	Employment Scheme	Additional defined Supplementary benefits pension		Contractual severance	Contractual non-competes	Contractual package	Contractual indemnity
				Contribution scheme ("retraite chapeau")	Contributions				
Mr Jean-Marie Tritant, CEO	AGM 2025	No	Yes	No	No	No	No	No	No
Mr Olivier Bossard, CIO	AGM 2025	Suspended	Yes	No	No	No	No	No	No
Mr Fabrice Mouchel, CFO	AGM 2025	No	Yes	No	No	No	No	No	No
Ms Astrid Panosyan, CRO	December 31, 2021	Suspended	Yes	No	No	No	No	No	No
Ms Caroline Puechoultres, CCO	AGM 2025	Suspended	Yes	No	No	No	No	No	No

(1) As the CEO and the CFO have no employment contract, a severance package and, if needed, a non-competes indemnity are set by the Remuneration Policy submitted for approval at the 2022 AGM.

204 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.3.2 SUPERVISORY BOARD MEMBERS REMUNERATION 2020/2021 REMUNERATION OF THE SUPERVISORY BOARD MEMBERS FOR 2020 AND 2021 FINANCIAL YEARS

SB Members	2020 ¹⁾
Ms Julie Avrane ¹²⁾	€0 €95,000
Ms Cecile Cabanis ¹³⁾	£0 £129,625
Mr Philippe Collombel ¹⁴⁾	£92,079 n.a
Mr Colin Dyer ¹⁵⁾	£78,342 £42,250
Ms Susana Gallardo ¹⁶⁾	£24,021 £102,500
Ms Jill Granoff	€115,618 €41,750
Ms Mary Harris ¹⁷⁾	€42,598 n.a
Ms Dagmar Kollmann	€120,318 €99,000
Mr John McFarlane	€106,552 €95,000
Mr Roderick Munsters ¹⁸⁾	€125,693 €120,500
Mr Xavier Niel ¹⁹⁾	€1 €1
Ms Sophie Stabile ¹⁴⁾ €88,905	
Mr Jacques Stern ¹⁵⁾	€118,454 n.a
Ms Aline Sylla-Walbaum	n.a €46,000
Ms Jacqueline Tammenoms Bakker ¹⁶⁾	€89,813 n.a
TOTAL (EXCLUDING SB CHAIRMAN REMUNERATION)	€1,002,392 €771,626
Percentage used of the annual envelope approved by GM	71.60% 55.12%

1) Including the out-of-country indemnities, if any, and before withholding tax.

2) No Supervisory Board meetings held during her mandate in 2020 after her co-optation to the Supervisory Board on December 23, 2020.

3) Mandate as Supervisory Board Member ended on November 13, 2020.

4) Supervisory Board Chairman mandate ended on November 13, 2020; GNC Chairman and RC member until December 31, 2020.

- 5) Mandate as Supervisory Board Member started on November 10, 2020 and GNC Member started on November 13, 2020.
- 6) Mandate as Supervisory Board Member ended on May 15, 2020.
- 7) Mandate as RC Chairman started on May 15, 2020.
- 8) Mandate as Supervisory Board Member started on November 10, 2020 and RC Member started on November 13, 2020.
- 9) Upon his own request, the total amount of Supervisory Board remuneration to be paid to Mr Niel (including any committee, ad hoc compensation and out-of-country indemnities), shall be one symbolic euro per year.
- 10) Mandate as Supervisory Board Vice-Chairman started on May 15, 2020.

3.3.3.3 SHARE AND LTI HOLDINGS (ARTICLE 15 OF APPENDIX 10F REGULATION EC

980/2019) NUMBER OF SHARES, SO AND PS HELD BY MANAGEMENT BOARD MEMBERS ON DECEMBER

31,2021

The table below summarises the share ownership of Management Board members on December 31, 2021 (including shares held within the Company savings fund).

MB Members	Stapled Shares owned ⁽¹⁾	SO non-exercised	PS subject to vesting period
Mr Jean-Marie Tritant	41,927	199,900	44,105
Mr Olivier Bossard	138,622	158,425	31,415
Mr Fabrice Mouchel	29,068	145,975	29,643
Ms Astrid Panosyan	5,684	123,025	27,980
Ms Caroline Puechoultres	0	0	0

(1) Including the stapled shares equivalent to the number of units held in the company savings plan.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 205

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.3.4 TOP TEN SO AND PS GRANTS AND EXERCISES (TABLE NO. 9 - AMF RECOMMENDATIONS)

TOP TEN PERFORMANCE SO GRANTS/EXERCISES IN 2021 (ARTICLE L. 225-184 OF THE FRENCH COMMERCIAL CODE)

		Top ten of Top ten SO grants exercises in 2021 TM	in 2021 TM
Number of granted Stock Options/and subscribed or purchased option ⁽²⁾	150,785	n.a	
Weighted average price	€69.41	n.a	
Plan no. 7 Tranche 2014 Plan no. 9 Tranche 2018			
Plan no. 10 Tranche 2019 Plan no. 11 Tranche 2020			
Plan no. 12 Tranche 2021	150,785		

1) Excluding Management Board members.

2) The number of top grants may exceed 10 in the event that several participants have received the equal number of SO. Each year the option holders list may vary.

TOP TEN PS GRANTS/AVAILARI F IN 2021 (ARTICLE L. 225-184 OF THE FRENCH COMMERCIAL CODE)

TOP TEN PS GRANTS AVAILABLE IN 2021 (ARTICLE L. 229-197-4 OF THE FRENCH COMMERCIAL CODE)

	Top ten PS being definitively available in
Number of Performance Shares granted/available	9,899
grants in 2021 ¹⁾ 2021 ²⁾	58,982

1) Excluding Management Board members.

2) The number of top grants may exceed 10 in the event that several participants have received the equal number of PS. Each year the participants list may vary.

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

3.3.4 PERFORMANCE STOCK OPTIONS, PERFORMANCE SHARE PLANS AND EMPLOYEE SHAREHOLDING

The LTI equity compensation is an essential part of the Group's remuneration policy. It is a significant retention tool designed to strengthen the loyalty and engagement of participants in the Group's performance while aligning their interests with long-term value creation objectives of the Group and its shareholders.

The LTI is made up of two equity compensation instruments: Performance Shares ("PS") and Performance Stock Options ("SO") both subject to performance and presence conditions for all participants.

PS and SO are allocated to employees and Management Board members in recognition of exemplary performance, for key roles within the Group and for their long-term contribution to the Group's performance.

The ratio of SO to PS is determined each year by the Supervisory Board. Grants are not automatic in number nor frequency. They vary from year to year, both in terms of participants and of Stapled Shares allocated. In 2021, there were 488 LTI participants, i.e. c. 17% of the Group employees.

In accordance with the Afep-Medef Code, the holding and equity investment obligations applicable to Management Board members are described in Section 3.3.1.1.

3.3.4.1 PERFORMANCE STOCK OPTION AND PERFORMANCE SHARE PLANS

AUTHORISATION PRIOR TO THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of shareholders authorises the MB to allocate SO and PS and sets out the following principles:

- An authorisation period limited to 38 months;
- A maximum envelope strictly limiting the potential dilutive effect;
- A maximum percentage of grant for the CEO;
- A maximum percentage of grant for the Management Board members;
- The obligation to provide presence and performance conditions; and
- The obligation to provide a reference period for the determination of performance condition(s).

DETERMINATION BY THE SUPERVISORY BOARD

On an annual basis, the Supervisory Board, upon recommendation of the GNRC:

- Determines the overall envelope of SO and PS to be granted taking into account the thresholds set by the General Meeting, the potential dilutive effect for shareholders and the financial cost of the grant to the Group;
- Sets the number of SO and PS granted to each Management Board member; and
- Sets the share retention and investment obligations for Management Board members.

IMPLEMENTATION BY THE MANAGEMENT BOARD

The MB determines the terms and conditions for grant of the plans, and specifically:

- The list of employee participants and their grant size, within the envelope determined by the Supervisory Board;
- The terms and conditions of the plan, in particular the presence conditions;
- The performance conditions for the SO and PS; and
- The SO subscription price at grant is not discounted, and in line with the rules set out in the French Commercial Code.

3.3.4.2 GENERAL CONDITIONS APPLICABLE TO GRANTS OF SO AND PS TO EMPLOYEES AND MB MEMBERS

The SO and PS plans are based on the following principles:

- A stable and consistent grant period to avoid any windfall effect. Pursuant to Article L. 22-10-58 and L. 225-177 of the French Commercial Code, no grant may be made:
 - Less than 20 trading days after (i) the detachment of the shares from a coupon giving entitlement to a dividend or (n) a capital increase;
 - Within ten trading days preceding or following the date on which the consolidated financial statements or the annual financial statements are made public; and
 - Within the period between the date on which corporate bodies become aware of inside information and the date on which this information is made public.
- No discount on the strike price of the SO is allowed;
- A presence condition at exercise of SO and delivery of PS;
- Stringent performance conditions, calculated over a long period (minimum three years), directly linked to the Group's performance and long-term strategy;
- A cap on the grants to the CEO and to each Management Board member; and
- A cap on the overall grant to restrict the potential dilutive effect and the financial cost to the Group.

In the context of an increasingly competitive market for talents at middle to senior management levels, it is proposed to introduce a proportion of the share-based awards, below Management Board and Executive Committee, as Retention Shares (i.e. share award with presence condition only), to help with the retention of our top talents and high potentials. This proposition will be submitted for approval at the 2022 AGM (resolution no. 26).

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

CURRENT AUTHORISATIONS - POTENTIAL DILUTIVE EFFECT

- Performance Stock Options current authorisation:
The authorisation of the General Meeting in force for the 2021 SO plan was granted on May 12, 2021 (resolution no. 25);
- Performance Shares current authorisation:
The authorisation of the General Meeting in force for the 2021 PS plan was granted on May 12, 2021 (resolution no. 26);
- Overall potential dilutive effect:

- Overall potential dilutive effect.

The total number of (i) SO granted but not yet exercised; (ii) PS granted but not yet vested; and (iii) SO and PS that may be granted under the unused part of the envelopes still in force, cannot give rise to a number of shares exceeding b% of the fully diluted share capital.

The potential dilutive effect of these instruments remains therefore limited and managed by the Group. If all the required performance conditions were met over the specified period and no cancellations were to occur during the course of the plan, all the non-vested PS and non-exercised SO would amount to 3.36% of the fully-diluted capital as at December 31, 2021.

PRESENCE CONDITION

The SO and the PS may only vest for those participants who are present just prior to exercise or vesting. However, they would remain valid in the event of (i) retirement; (ii) termination of activity due to death or disability (Categories 2 or 3 as provided for in Article L. 341-4 of the French Social Security Code or equivalent under the applicable local regulations); (iii) explicit and justified MB or Supervisory Board decision in exceptional circumstances; or (iv) employer substitution.

PERFORMANCE CONDITION

The Supervisory Board ensures that the LTI promotes overall performance and does not encourage excessive risk taking. Measuring and taking into account the performance of the Group over the long-term to align shareholders' interests with those of the participants, be they employees or Management Board Member". The SO and the PS have a single test of all their performance conditions at the end of the three-year performance period.

Each year, the regular LTI granted to the Management Board Member complies with the Remuneration Policy applicable since January 1 and approved by the shareholders at the AGM of the corresponding year. Should the Remuneration Policy not be approved, the grant would be maintained but it shall be amended to comply with the last Remuneration Policy approved by the shareholders.

3.3.3.5 TRANSACTIONS OF CORPORATE OFFICERS ON GROUP SHARES (ARTICLE 223-26 OF THE AMF GENERAL REGULATION)

Nature of the transaction

Management Board Members

Mr Jean-Marie Tritant CEO

Mr Olivier Bossard CIO

Pledge of Stapled Shares

Performance Shares definitively vested

Performance Shares definitively vested

Subscription of the company saving plan

Performance Shares definitively vested

Performance Shares definitively vested

Acquisition of Stapled Shares Sale of Stapled Shares

3,447

2,404

3,185 206

1,050

2,547 9,533

€234.40

€65.78

€69.70 €48.59

€65.78 €69.70

€80.73

Subscription of the company saving plan

Mr Fabrice Mouchel CFO

Ms Astrid Panosyan" CRO

875

39,223

2,123 531

875 2,123
€65.78
€22.20
€69.70 €48.59
€65.78 €69.70
Subscription of the company saving plan

(1) For more details on the performance conditions applicable to Management Board members, please refer to the 2022 Remuneration Policy described in 3.3.1.1. 208
Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

Nature of the transaction

Supervisory Board Members

Mr Leon Bressler Supervisory Board Chairman

Mr Xavier Niel SB Member

Acquisition of Stapled Shares

Exchange of interest and dividend conditions against Stapled Share variations²¹

Exchange of interest and dividend conditions against Stapled Share variations²¹

Exchange of interest and dividend conditions against Stapled Share variations²¹

Forward sales and exchange of interest and dividend conditions against Stapled Share variations Pledge²¹

Acquisition of call options of Stapled Shares¹¹

Acquisition of call options of Stapled Shares¹¹

6,203,325

100,000 500,400

€0.00

€120.00 €73.12

Acquisition of Stapled Shares, pledge Hedge contract on call and put options²¹

Acquisition of Stapled Shares, pledge Hedge contract on call and put options²¹

Acquisition of Stapled Shares, pledge Hedge contract on call and put options¹²¹

Sale of call options of Stapled Shares²¹

€67.10

€69.06 €69.44 €2.68

Acquisition of Stapled Shares, pledge Hedge contract on call and put options²¹

Acquisition of call options of Stapled Shares¹¹

Acquisition of call options of Stapled Shares¹¹

€72.40

€1.84 €0.94

Acquisition of call options of Stapled Shares²¹

Acquisition of call options of Stapled Shares¹¹

Acquisition of call options of Stapled Shares¹¹

Forward sale agreement Interest and dividend swap agreement for a change of stapled shares, pledge¹¹

Acquisition of call options¹¹

Ms. Cecile Cabanis SB Member

Ms. Julie Avrane SB Member

€62.49 €67.28

Ms. Aline Sylla-Walbaum SB Member

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 209

3. Corporate governance and remuneration

3.4 Ethics and compliance within the URW Group

3.4 ETHICS AND COMPLIANCE WITHIN THE URW GROUP

1 ETHICS AND COMPLIANCE: A DAILY AND ESSENTIAL REQUIREMENT

Ethics is one of the Group's core values and the Group is committed to conducting business in an ethical and fair manner. The Group has a "zero tolerance" principle against all forms of unethical practices, such as inappropriate, disrespectful or unlawful behaviour, corruption, bribery, influence peddling and human rights violations. The Group's compliance procedures are based on a precise allocation of duties and responsibilities as well as promotion of compliance awareness through a "tone from the top" approach and active training programs to ensure accountability and strict and effective compliance within the Group.

2 COMPLIANCE GOVERNANCE FRAMEWORK

Aiming to ensure appropriate sharing of information, right level of accountability, due and effective support and promotion, URW has set up a robust compliance organisation matching its geographical and local footprint.

MANAGEMENT AND SUPERVISORY BOARDS OF URW SE

The MB of URW SE is responsible, under the supervision of the SB, for compliance with all laws and regulations applying to the Group. Promoting compliance awareness from the top on a recurring basis is one of the MB and SB's responsibility and part of the compliance framework. The MB reports all material compliance breaches to the SB. The Annual Compliance Report and, if any, dedicated incident reports related to compliance matters, are presented and discussed with the MB and SB.

3.4.3 COMPLIANCE ORGANISATIONAL FRAMEWORK

GROUP COMPLIANCE COMMITTEE

The Group Compliance Committee is composed of four members including the CRSO (Chairman), the Group General Counsel, the Group Compliance Officer (GCO) and one MB member from URW SE or URW NV who is not directly involved in the matter which the committee is handling.

The Group Compliance Committee's responsibilities are:

- Hearing and reviewing the Annual Compliance Report prepared by the GCO;
- Making recommendations on compliance due diligences presented by the GCO or the Compliance Officer of URW NV (CO URW NV) on the business ethics environment in case of potential new market entry;
- Periodically reviewing the adequacy and effectiveness of the Group's Anti-Corruption Program with the Group General Counsel, the GCO, the Local Compliance Correspondents (EU platform) and the CO URW NV (US platform) and suggesting possible improvement;
- Participating in the crisis management in case of a material compliance breach; and
- Making recommendations or taking any decision related to any compliance related matters including internal promotion of compliance.

GROUP GENERAL COUNSEL

Within URW, the following compliance matters fall under the scope of the Group General Counsel:

- Identifying and advising the MB of URW SE and the GNC on (emerging) corporate governance issues or significant developments in the law and/or corporate governance practices; and
- Supervising the Group's regulatory compliance, in interaction with the GCO.

3. Corporate governance and remuneration

3.4 Ethics and compliance within the URW Group

GROUP COMPLIANCE OFFICER

The Group Compliance Officer (GCO) is appointed by the SB of URW SE upon recommendation of the CEO. To ensure full independence, the GCO reports to the CEO and the Chairman of the Supervisory Board. The GCO is responsible for compliance matters for the entire Group. The GCO is directly responsible for the EU platform and through supervision for the US platform, in collaboration with the Compliance Officer of URW NV (CO URW NV). The GCO's scope of responsibility includes:

- Designing and monitoring the implementation of the Compliance Program (including the Code of Ethics, Anti-Corruption Program, Anti- Money Laundering Procedure, the Insider Trading Procedure and Whistleblowing Policy);
- Promoting compliance awareness for all employees and managers as well as for the MB and SBs, through classroom trainings, e-learning courses and information sessions;
- Maintaining and updating the Group's anti-corruption risk mapping;
- Investigating possible compliance breaches, including breaches reported through the URW Integrity Line, the Group's confidential whistleblowing platform;
- Regularly reporting to the Group Compliance Committee whether the Group complies with applicable laws and regulations;
- Ensuring effective implementation of Group Compliance Committee's decision/recommendation and reporting any deviations; and
- Issuing and presenting the Annual Compliance Report to the MB and SB.

In addition to dedicated resources and budgets, the GCO and the CO URW NV have support from a Group Compliance Manager and a Local Compliance Correspondents network to fulfill their tasks. They may also request support and/or input from any department, notably the Group legal department, as well as from external advisors.

COMPLIANCE OFFICER URW NV

The Compliance Officer of URW NV (CO URW NV) supports the GCO in implementing and monitoring the Compliance Programme (including the Anti-Corruption Program) within the US platform. The CO URW NV provides particular support in the implementation of the "Know Your Partner" procedure (third party due diligence). In order to fulfil his/her tasks, the CO URW NV may request support, advice and/or input from the US General Counsel.

3.4.4 COMPLIANCE PROGRAM CODE OF ETHICS

The Code of Ethics describes values and principles that every employee of the Group must observe in the course of their work. This year, to better highlight the "Together at URW" values and provide precise examples of the behaviour expected from employees and managers when acting within or on behalf of URW, the Code of Ethics was redesigned and updated.

In particular, the Code of Ethics strictly prohibits the offering or receiving of illegal sums, establishes clear restrictions on the giving and/ or receiving of gifts, requires employees to comply with applicable laws and regulations and clearly reminds the "zero tolerance" principle applied to any unethical behaviour.

An annual training campaign (e-learning) is organised to raise the awareness of employees of the Group's ethical principles.

The Code of Ethics can be found at www.urw.com/en/group/corporate-governance/code-of-ethics.

WHISTLEBLOWING PLATFORM: URW INTEGRITY LINE

All employees and contractors are invited to report cases or suspicions of criminal activities, violations of national and international laws and serious threats or harm to the general interest, or breaches to the Group's Code of Ethics relating to corruption by using the Group's whistleblowing platform. The platform is hosted by an external provider and is available 24/7 from any location worldwide in all languages spoken within the Group (<https://urw.integrityline.org/> [<http://urw.integrityline.org/>](http://urw.integrityline.org/)). The whistleblowing platform allows anonymous reporting and ensures strict confidentiality of the identity of the reporter. The Group policy is to guarantee to not discipline, discriminate or retaliate against any employee or other person who in good faith reports information related to a violation. The GCO and the CO URW NV (for the US platform) investigate reported incidents but the MB is ultimately responsible for taking the appropriate actions. The GCO and the CO URW NV may also seek assistance of the LCC when investigating.

LOCAL COMPLIANCE CORRESPONDENTS NETWORK

The network of Local Compliance Correspondents (LCC) exists to locally promote compliance awareness in the different regions where the Group conducts business as well as to monitor and provide support for the local implementation of the Group's compliance procedures. The LCC provides first-level compliance advice at local level to URW staff, reports any (potential) compliance breach or issue to the GCO and makes appropriate suggestions to improve compliance procedures into the Anti-Corruption Program, to ensure effective implementation across the Group.

3. Corporate governance and remuneration

3.4 Ethics and compliance within the URW Group

3.4.5 ANTI-CORRUPTION PROGRAM

The Group's Anti-Corruption Programme (ACP) aims at combatting and preventing corruption, bribery and influence peddling and has been created in order to comply with applicable laws, such as the French Sapin II Law, the UK Bribery Act and the US Foreign Corrupt Practices Act. The ACP includes risk mapping of the various operations in the different regions of the Group, such as the regulatory landscape, transactions and relationships with business partners. The MB of URW strictly enforces the Group's zero tolerance principle regarding violations of the ACP.

CODE OF CONDUCT

The code of conduct and commitment to fight against corruption and influence peddling has been included in a dedicated section of the Group's Code of Ethics. The code of conduct stresses on the "zero tolerance" principle for breaches of the ACP and any violation will be sanctioned.

RISK MAPPING

The Group's corruption risk mapping points out potential corruption risks and consists of several criteria related to the Group's location and operations. The main risk areas are sponsorships/donations, investment/divestment, development and procurement processes. The corruption risk mapping was completely reviewed to better comply with the requirements set out by the French Sapin II law and was finalized end of 2021. The methodology applied to update the risk mapping is documented and included interviews at corporate and local levels to validate and update potential risk scenarios related to corruption, bribery and influence peddling. Each scenario identified was duly assessed locally and is mitigated by an internal control measure or subjected to an action plan when necessary.

INTERNAL ALERT SYSTEM

The Group has an externally based whistleblowing platform (the URW Integrity Line), which enables all staff as well as contractors to confidentially, and anonymously, report incidents to the GCO and the CO URW NV (for the US platform). The whistleblowing procedure and platform are accessible at <<https://urw.integrityline.org/>>.

THIRD PARTY DUE DILIGENCE

The Group has a "Know Your Partner" procedure which consists of tailored due diligence to assess business partners' risk of exposure to corruption before entering into contractual relationships. The due diligence may consist of questionnaires, internal and/or external background checks and investigations. Under certain circumstances the GCO reports due diligence findings to the GCC to discuss the risk profile and provide recommendations to the relevant business owner.

Pursuant to the ACP, the Group seeks to include a compliance clause covering anti-corruption provisions in contracts with business partners, to remind the contracting party that corruption and/or unethical behaviour will not be tolerated.

ACCOUNTING CHECKS

The Group has a collective decision-making process regarding investment, divestment and procurement. The Group applies a "four eyes" principle when processing invoices and staff expenses reimbursement, meaning that the person approving the purchase order is different from the person approving the invoice. There is also a segregation of duties in the payment process. Manual entries in accounting are systematically reviewed by the chief accountant and accounts are reviewed by statutory auditors.

TRAINING

To raise awareness and entrench the compliance culture within the Group, employees are required to participate to an annual mandatory e-training covering ethics and the prevention of corruption and influence peddling (URW ACP). As at December 31, 2021 more than 78% of URW staff has completed the online training.

In addition to the online training, most exposed departments identified in the URW corruption risk mapping (investment, development, public affairs, and procurement) are required to attend classroom trainings. Several training sessions were held throughout the Group and animated by the LCC in local languages.

Finally, an ACP training session was attended by all Supervisory Board, Management Board and Executive Committee members. The objective was to present actions implemented to comply with the Sapin II Law.

DISCIPLINARY SANCTIONS

Disciplinary sanctions may be taken in cases of corruption, bribery or breaches of the ACP based on the Group's zero tolerance principle.

ACP ASSESSMENT

To ensure compliance with the ACP and constant improvement, the ACP is part of the scope of the Internal Audit department and has been audited in 2020 in Europe and in the US. A follow-up audit was completed in 2021, which helped reminding the importance of the ACP and ensuring the correct implementation of recommendations.

GIFTS, MEALS AND ENTERTAINMENT

The Gift and Entertainment Policy states that hospitality, promotional or other business expenditure, received as well as given, need to be given or received in other forms than cash or cash equivalent, reasonable in value, infrequent, permitted under local laws, directly related to the promotion of the Group's assets, know-how, products or services, the execution of a contract, or to develop and maintain cordial business relations out of any tendering phase or in the frame of the Group's CSR policy, approved (as the case may be), properly recorded in accounting and not given for any corrupt purpose or with the intent of receiving anything in return.

3. Corporate governance and remuneration

3.4 Ethics and compliance within the URW Group

SPONSORING AND CHARITABLE CONTRIBUTIONS

Donations to charities, non-profit initiatives or social projects comprise a risk of having funds or assets of value being diverted for the personal use or benefit of a public official or a private party. Particular caution needs to be observed if a potential contribution is directed towards a company having an affiliation with a public official. Any contributions above €/\$/£15,000 must be prior validated by the Group CRSO for European operations or by the Chief Operating Officer US. An annual list of all the Group's sponsoring and charitable contributions is kept and followed-up at Group level.

6 PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING

The procedure for prevention of money laundering and terrorism financing (AML) requires employees and managers to be vigilant and perform due diligences before entering into certain business relationships. These due diligences include identifying the partner company, evaluating the risk profile of the partner/operation, performing sanctions list screening and identifying potential ultimate beneficial owners and politically exposed persons through background checks via public databases.

7 DATA PROTECTION

URW Group collects data than could potentially have higher market value than similar data in other industries. Moreover Data Protection represents a major concern for customers, employees, and partners and for the URW Group as well. Aware of the risk of data misuse and the development of legislation in this regard, URW Group is working on maintaining and improving an efficient compliance program. This will help to strengthen its data market strategy. Nevertheless, technological progress and the international scale of the Group make it impossible to eliminate all potential risks despite measures implemented.

Sense of responsibility is essential during the implementation and development of the experience offered to URW customers, in a framework conducive to guaranteeing protection and exemplarity in the daily management of personal data collected in accordance with applicable national laws.

The Group therefore has (i) a clear and efficient structure with governance bodies for matters relating to the collection, use and protection of personal data, (ii) a set of robust processes to better support the daily processing of data, and (iii) a regulatory watch organised to ensure the best level of compliance in a constantly evolving legal and regulatory context.

3.4.7.1 A CLEAR AND EFFICIENT GOVERNANCE OF DATA PROTECTION

While 2018 was marked by the implementation of numerous measures to comply with the new regulations relating to the protection of personal data General Data Protection Regulation ("GDPR"), 2019 was the first financial year during which initial feedback has been conducted on the compliance measures deployed and their effects.

2020-2021 were years of consolidation and feedbacks used for continuous improvement of those measures implemented and governance of the Group's Compliance Programme on personal data. Some decisions from European national authorities also brought some clarification and reinforced the importance of keeping the Group's procedures up to date.

This active search for compliance, which represents a constantly renewed challenge, is based on a clear managerial willingness directly integrated into the various services of the Group. The Group shall ensure compliance with its legal and regulatory obligations while supporting marketing and commercial strategies, in order to offer even more innovative services to its customers, partners and other stakeholders.

The governance in place is based on different levels according to an escalation principle.

This governance is organised around:

- A Group Data Protection Officer (DPO) for the Group registered with the CNIL:

This Group DPO:

- Leads a network of local data protection correspondents or local DPOs in each continental European country where the Group is present as well as in the UK. Each local correspondent (some of whom have DPO status with local data protection entities) carries out legal and operational monitoring for the country for which they are responsible. All of the correspondents meet monthly in a dedicated committee to share best market practices;
 - Coordinates the Group's data protection strategy with the Privacy Counsel responsible for compliance with the California Consumer Privacy Act for the Group's activities in the State of California (USA);
 - Monitors and ensures with the support of corporate and local legal departments and through the network of Local Data Protection Referents the compliance with data protection regulation and in particular European Regulation N°. 2016/679, the General Data Protection Regulation (GDPR); and
 - Implement an inter-departmental approach that includes all the teams potentially involved in personal data management and data protection, in particular IT (including IT Security), Marketing and Digital, Legal and Human Resources departments.
- The management, in project mode, of personal data questions, allowing a "privacy by design" approach by the teams in charge of projects or services likely to involve the collection or use of personal data (IT, HR, marketing, brands, legal, etc.).

3. Corporate governance and remuneration

3.3 Management and Supervisory Boards Remuneration

- A Data Protection Committee composed of the Chief Customer Officer, the Group General Counsel, the Group IT Director, the Group DPO, Group Director of Digital Transformation, Group Head of Cybersecurity Et IT Governance whose purpose is to ensure the proper application of the Group strategy relating to data protection, to review the impact assessments of certain projects and the risks of exposure of the data collected, to manage and monitor any data breach, and to adopt the risk management measures deemed appropriate. It may welcome any other relevant member regarding what is at stake.

3.4.7.2 MANAGE DATA PROTECTION ON A DAILY BASIS IN A RESPONSIBLE MANNER

Mindful of its responsibilities in this area, the Group is committed to ensuring effective protection and reasonable processing of the personal data collected.

A DAILY THOROUGHNESS

URW Group continuously endeavors to improve its knowledge of tools used and type of data processing. Such knowledge is used to implement robust organizational measures at project management level.

This applies to new projects or activities that could potentially lead to the processing of personal data as well as for processing currently underway. These processes aim to strengthen the analysis and consideration of risks, particularly in terms of personal data security and processing. It follows that Data Protection Impact Assessment (DPIA) is an important tool of implementing the accountability principle. A DPIA is performed to analyze the type of risk related to the project or activity involving personal data and to recommend measures to mitigate or prevent a risk. The process is also used to take the personal data protection into account as of the design stage of an application or processing ("Privacy by design"). It can imply recommendations to minimize the amount of data collected in light of the related purpose, defining appropriate retention periods, presenting information notice or obtaining consent where required, deploying data security and confidentiality measures

In addition, significant efforts are made in terms of awareness and training on the management of personal data: each employee receives online GDPR training, and the most exposed departments are provided with personalized face-to-face training.

The Group has set up an appropriate incident response procedure and a procedure for managing data subject requests to exercise their rights (access, rectification and opposition, right to data portability, withdrawal of consent, ...). URW Group has deployed an integrated management tool in the United States, enabling it to respond quickly and appropriately to the requests of people exercising their rights in terms of personal data.

The Group has also settled a tool to digitalize records of Data processing activities tt data protection impact assessments made. Implementation of the tool within all the countries is in progress and strengthen our accountability obligations regarding Data protection.

This management also involves strengthening the Group's relationships with its partners, suppliers and providers so that they engage in a compliance process. The Group aims to only use subcontractors that provide guarantees as to their appropriate technical and organizational measures to ensure that processing and processing methodes meet GDPR requirements and guarantee the protection of the data subject's rights.

A REASONED AND CONTROLLED USE OF DATA PROTECTION

Beyond the establishment of an internal framework suitable for ensuring compliance with regulations, the effective application of this framework is subject to regular monitoring and internal audit missions carried out by the Group's dedicated teams.

SUPPORT AN EVER-CHANGING LEGAL CONTEXT

Beyond the European Regulation on the Protection of Personal Data, each Member State of the European Union has interpreted the provisions of the GDPR by the enactment of national standards and by the jurisprudence developed by its national authorities (courts and local data protection authorities). At the same time, the State of California (USA) and the united Kingdom (following Brexit), in which the Group operates, have implemented their own regulations.

This multiplication of applicable standards and regulations, combined with objectives or philosophies that may diverge, makes it increasingly complex to monitor regulatory developments. This is one of URW's endeavors to take up this major challenge on a daily basis, in order to maintain global compliance taking into account local specificities.

214 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

3. Corporate governance and remuneration

3.5 Report of the supervisory board on corporate governance

3.5 REPORT OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE

In accordance with Article L. 22-10-20 of the French Commercial Code, at its meeting held on March 3, 2022, the Supervisory Board agreed on the corporate governance report which will be submitted at the next General Meeting, at the same time as the observations of the SB concerning the Management Board report and the financial statements, it being specified that the observations are presented in the Convening notice of the 2022 General Meeting.

The report of the Supervisory Board on corporate governance is included in the paragraph 3 of the Management report available on Section 8.6.3.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 215

4. Activity review

CHAPTER 4.

Activity review

4.1 MANAGEMENT DISCUSSION AND ANALYSIS " 217

- 1 Business review and 2021 results217
- 2 Investments and divestments236
- 3 Development projects as at December 31.2021237
- 4 Property portfolio and Net Asset Value as at December 31,2021241
- 5 Financial resources260
- 6 EPRA Performance measures268

4.2 OTHER INFORMATION 275

- 1 Group consolidated data 275
- 2 Consolidated income statement by segment and region 278

(1) The Management Discussion & Analysis ("MD&A") is based on the Financial statements prepared on a proportionate basis.

216 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

4.1 MANAGEMENT DISCUSSION AND ANALYSIS^

4.1.1 BUSINESS REVIEW AND 2021 RESULTS

4.1.1.1 ACCOUNTING PRINCIPLES AND SCOPE OF CONSOLIDATION

ACCOUNTING PRINCIPLES

Unibail-Rodamco-Westfield's ("URW" or "the Group") consolidated financial statements as at December 31, 2021, were prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable in the European Union as at that date.

The Group also prepares financial statements in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis, instead of being accounted for using the equity method under IFRS. The business review and results are presented based on the financial statements on a proportionate basis, with no impact on the net results.

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g. extension of a lease term or higher Sales Based Rent ("SBR")), IFRS 16 applies. Under IFRS 16, the relief is treated as a lease incentive, which is straight-lined over the expected term of the lease as a reduction of the Gross Rental Income ("GRI").

Rent relief signed or expected to be signed, granted without any counterpart from the tenants is considered as a reduction of the receivables and is charged to the income statement as a reduction of the GRI.

Certain amounts recorded in the consolidated, financial statements reflect estimates and assumptions made by the management in the evolving context of the COVID-19 pandemic and of difficulties in assessing its impact and future prospects. In this context, management has taken into account these uncertainties on the basis of reliable information available at the date of the preparation of the consolidated financial statements, particularly with regards to the fair value of investment properties and financial instruments, the estimation of the provision for rent relief and doubtful debtors, as well as the testing of goodwill and intangible assets.

Due to inherent uncertainties associated with estimates, the Group reviews those estimates based on regularly updated information. Actual results might eventually differ from estimates made at the date of the preparation of the consolidated financial statements. In particular, no further lockdowns have been assumed, post December 2021 (beyond the ones known to date).

96% of URW's property portfolio and intangible assets related to the Shopping Centres, Offices Et Others, Convention Et Exhibition ("C&E") and Services segments were valued by independent appraisers as at December 31, 2021.

SCOPE OF CONSOLIDATION

SCOPE OF CONSOLIDATION

The principal changes in the scope of consolidation since December 31, 2020, are:

- The foreclosure of Westfield Citrus Park and Westfield Countryside in January 2021;
- The disposal of the SHiFT office building located in Issy-les-Moulineaux in January 2021;
- The foreclosure of Westfield Sarasota in February 2021;
- The disposal of the Les Villages 3, 4 and 6 office buildings in March 2021;
- The disposal of a 60% stake in Aupark in May 2021; this asset is now jointly controlled by URW and WOOD tt Company, the acquirer, and therefore accounted for using the equity method under IFRS and at 40% in the consolidated financial statements under proportionate (for the investment property and the financial debt);
- The acquisition of the 47.4% remaining stake in Westfield Trumbull and Westfield Palm Desert in May 2021;
- The foreclosure of Westfield Broward in June 2021;
- The disposal of a 45% stake in Westfield Shopping City Sud in July 2021, still fully consolidated;
- The sale and leaseback of 7 Adenauer office building in September 2021;
- The disposal of Palisade residential building at Westfield UTC in October 2021;
- The disposal of a 51% stake in Aquaboulevard and Le Sextant in October 2021, which URW jointly controls and is now accounted for using the equity method; and
- The disposal of a 70% stake in Triangle development project in October 2021, in which URW has significant influence and which is now accounted for using the equity method; and
- The foreclosure of Westfield Palm Desert in October 2021.

OPERATIONAL REPORTING

URW operates in nine regions: France, the United States of America ("US"), Central Europe, Spain, the United Kingdom ("UK"), the Nordics, Austria, Germany and The Netherlands. These regions were grouped in five main regions, i.e. Southern Europe (France, Spain, Italy), Northern Europe (Sweden, Denmark, The Netherlands), Central and Eastern Europe (Germany, Austria, Poland, Czech Republic, Slovakia), UK and US.

As Southern Europe (France) has substantial activities in all three business lines of the Group, this region is itself divided into three segments: Shopping Centres, Offices & Others and CEtE¹²¹. The other regions operate almost exclusively in the Shopping Centres segment. In the US, the Group also operates an airport terminal commercial management business.

- 1) The MD&A is based on the financial statements prepared on a proportionate basis.
- 2) C&E includes the Les Boutiques du Palais retail asset.

4. Activity review

4.1 Management discussion and analysis

4.1.1.2 COVID-19 AND THE IMPACT ON URW'S BUSINESS

This section provides a brief overview of the impact of the COVID-19 crisis on URW's operations in FY-2021.

OVERVIEW OF RESTRICTIONS IN FY-2021

The operations in URW shopping centres were particularly impacted by lockdown periods and restrictions in the first half of 2021, while operations were generally able to take place with loosened restrictions in H2-2021, except year-end which was impacted by a resurgence of the pandemic.

During the first half of the year, most of the Group's European centres had to close at various points, except for "essential" retailers and excluding the centres in Sweden and parts of Spain which remained open throughout the period, albeit with certain restrictions on F&B, cinemas and fitness. In the US, all of the centres were open throughout the first half, however restrictions on sectors like Food & Beverage ("F&B"), Entertainment and Fitness were only progressively eased during February and March.

During H2-2021, the Group's centres and all retail sectors were generally allowed to trade including indoor dining and entertainment, albeit with some remaining capacity limits or other sanitary requirements (such as a COVID-19 pass/proof of vaccination being required for dining or entertainment in several markets).

Late November and December saw some tightening of government rules, following the emergence of the "Omicron variant". Most notably, this saw the reintroduction of government guidance to work from home, restrictions for non-vaccinated persons to access shopping centres and the imposition of three further lockdowns: in Austria from November 23 to December 12, after which in Vienna restaurants remained closed and a quasi-lockdown has remained in force for unvaccinated people; in Slovakia from November 25 to December 8, and in The Netherlands, with non-essential stores and restaurants closed from December 18 until January 14, 2022, after which non-essential stores were allowed to reopen, but F&B reopened later on January 26, 2022.

At year-end, restrictions have been limited in particular due to the progress made on vaccination in all the regions the Group operates.

Overall, the Group's shopping centres were closed for an average of 68^{'''} days in H1 (vs. 67 days in H1-2020), including 92 days in Europe (vs. 60 days in 2020) and 69 days for the full year 2021 (vs. 93 days in 2020), including 94 days in Europe (vs. 84 days in 2020).

As at February 10, 2022, all of the Group's centres are able to trade with few local restrictions in place.

FOOTFALL' 2¹ AND TENANT SALES' 3¹

Overall, FY-2021 footfall figures were impacted by the lockdowns and the restrictions described above, however they showed a strong recovery when the centres were open, with higher conversion rates driving even stronger tenant sales performance versus 2019 and 2020 levels.

1) Weighted by shopping centres' Net Rental Income ("NRI") in 2019.

2) Footfall data does not include Zlote Tarasy as it is not managed by URW. Footfall in URW's shopping centres in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. Carrousel du Louvre is excluded. For the US, it includes the 19 centres for which at least one year of comparable Springboard or ShopperTrak data is available.

3) European tenant sales data does not include Zlote Tarasy as it is not managed by URW. Tenant sales performance in URW's shopping centres (except The Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, newly acquired assets and assets under heavy refurbishment. Pnmark sales are based on estimates. Carrousel du Louvre is excluded. Excluding Auto branch for Europe and Auto and Department Stores for the US.

4. Activity review

4.1 Management discussion and analysis

European footfall

In Europe, FY-2021 overall footfall compared to 2019 decreased by -34% but Increased by +5% compared to 2020 and despite more days of closure in 2021. Sweden and Spain outperformed other countries, with footfall at 77% and 76% of 2019 levels, respectively, due to less severe restrictions.

After the reopening of centres in Q2-2021, a strong recovery was seen. In Q3-2021, when all centres and sectors were able to trade throughout the period, footfall in Europe reached 79% of 2019 levels and increasing further in Q4-2021 to 82% of 2019 levels, and 84% excluding the lockdown periods in Austria, Slovakia and The Netherlands.

In total, H2-2021 footfall was 81% of 2019 levels (+23% compared to H2-2020) and 82% excluding the lockdown periods in Austria, Slovakia and The Netherlands.

US footfall

Due to data limitations, footfall is not available for all centres¹ in the US. For those assets for which reliable data is available, footfall in FY-2021 reached 72% of 2019 levels and 74% by excluding CBD assets which footfall is affected by work from home policies. This reflected an improvement in the second half to 78% of 2019 levels, following 65% in H1-2021, which remained affected by closures and restrictions affecting F&B, Entertainment and Fitness.

European tenant sales

While tenant sales were impacted by the various closures and restrictions (-27% decline compared to FY-2019 but an increase of +9% compared to FY-2020), they again showed very encouraging resilience in periods when the Group's tenants were able to trade, outperforming footfall trends.

In Q3-2021, when all centres were open throughout the period, the Group's Continental European tenant sales achieved 92% of Q3-2019 levels. The UK saw a strong improvement from 72% to 80% of 2019 levels between June and Q3, as work from home had gradually decreased. Sales in Q4-2021 continued to be strong despite the spread of new variants, reaching 91% in Continental Europe (93% excluding the lockdown periods in Austria, Slovakia and The Netherlands) and 84% in the UK.

In Q4-2021, France, Sweden and Central Europe showed strong resilience at 95%, 96% and 93% of 2019 levels, respectively, while Germany was impacted by specific restrictions on access to shopping centres in December, limited to vaccinated or recovered people at 85%.

In total, H2-2021 sales were 90% of H2-2019 levels, respectively 92% for Continental Europe and 83% for the UK. Sales were up +26% vs. H2-2020, +21% for Continental Europe and +56% for the UK.

Despite an overall improvement across Europe, sales performance in H2-2021 differed by sectors following reopening. In particular, Entertainment was -20%, F&B -13%, Fashion -12%, Health a Beauty -3% and Food Stores & Mass Merchandise -2%, while Sport was +5% above H2-2019 levels.

US tenant sales ¹²

All of the Group's US centres were open throughout the year, although tenant sales were still impacted in the first quarter by ongoing closure or limitation of sectors such as F&B, Entertainment and Fitness. These restrictions were generally imposed in California, Maryland area and NY/NJ (the Group's key US markets), for longer than in other parts of the US.

Tenant sales reached 94% of 2019 levels in FY-2021. This includes 87% in H1 and increasing to 100% in H2 after the removal of the restrictions. H2-2021 tenant sales even reached 106% of H2-2019 levels for the non-CBD Flagship assets³¹.

While this recovery was initially well supported in highly discretionary categories such as Luxury (+43% in 2021 vs. 2019) and Jewellery (+19% in 2021 vs. 2019), it became more broad-based over the year, with almost all categories near to or above 2019 levels in H2, including the key Fashion category (101% in H2-2021 vs. H2-2019). In the F&B sector, which was one of the most impacted, an improvement was seen from -23% in H1, to -4% in H2, while Entertainment remained impacted (-26% in H2-2021 vs. H2-2019).

1) Includes the 19 centres for which at least one year of comparable Springboard or ShopperTrak data is available.

2) On standing assets, excluding extensions (Westfield Valley Fair). Excluding Auto and Department stores branches.

3) I.e. excluding Westfield World Trade Center and Westfield San Francisco Centre.

4) Restated for the Westfield UTC and Westfield Montgomery cinema closures (Chapter 7 of Arclight), AMC cinema's signed and about to open in February and March 2022.

4. Activity review

4.1 Management discussion and analysis

Group tenant sales summary

Overall, and as seen in 2020, tenant sales generally outperformed footfall reflecting higher conversion rates and average baskets. The table below summarises the Group's tenant sales growth during FY-2021:

Region	TenantSalesGrowth(%)			
	HI-2021 vs.HI-2019	H2-2021 vs H2-2019	FY-2021 vs FY 2019	FY-2021 vs FY-2020
France	(53%)	(7%)	(28%)	+2%
Spain	(29%)	(10%)	(18%)	+30%
Central Europe	(43%)	(5%)	(22%)	+16%
Austria	(43%)	(19%)	(29%)	(1%)
Germany	(61%)	(12%)	(34%)	(10%)
Nordics	(25%)	(5%)	(14%)	*9%
The Netherlands	N.A.	N.A.	N.A.	N.A.
Total Continental Europe	(46%)	(8%)	(25%)	+6%
UK	(60%)	(17%)	(36%)	+28%
Total Europe	(48%)	(10%)	(27%)	+9%
US	(13%)	0%	(6%)	+69%
Total Group	(38%)	(7%)	(21%)	+24%

RENT RELIEF AND GOVERNMENT SUPPORT

Throughout the crisis, URW recognised the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, generally limited to the period of closure and based on the principle of a fair sharing of the burden. These negotiations were focused on providing a one-off rent relief, not on permanently changing lease terms or structures.

In some geographies (including the UK, Germany and certain US municipalities), legal remedies for non-payment of rent have also been temporarily limited during the crisis, while in Austria and Poland, existing and new laws respectively, even prohibited the charging of rents during closure periods. A new law in Poland applicable as from H2-2021 also provided for a 50% discount of rents to be applied over the three months following reopening.

In Sweden, Denmark, Czech Republic, Germany and Slovakia, the government created state subsidy programmes focused specifically on supporting retail tenants. In France, the government announced in November a new scheme to help retailers pay rent during the 2021 closure periods. URW helped its tenants access these subsidies whenever possible.

As a result of the negotiations and measures described above, URW recorded a total cash impact from COVID-19-related rent relief of €301 Mn in FY-2021 (vs. €313 Mn in FY-2020) which equated to 1.6 months (1.7 months for FY-2020). €252 Mn of the rent relief granted in 2020 and 2021 has been charged to the income statement in 2021 (€246 Mn for FY-2020). The balance will be straight-lined in future periods.

BANKRUPTCIES

Tenant insolvency procedures have affected 281 stores in the Group's portfolio in FY-2021 (vs. 652 in FY-2020), representing 2.4% of the stores in URW's portfolio (5.2% for full year 2020). The total leasing revenues (including service charges), which remain exposed to tenants currently in some form of bankruptcy procedure amount to €36 Mn¹¹¹ over c. 73,000 sqm of retail space. The significant reduction in the level of bankruptcies was seen consistently across the Group's markets.

RENT COLLECTION AND DEFERRED RENT

As at December 31, 2021, 85% of invoiced FY-2021 rents and service charges²¹ had been collected in Europe and 90%^{13>} in the US, representing 86% overall for the Group. Rent collection was impacted in Europe by the various lockdowns in H1-2021 and recovered in Q3 and Q4. The remainder related to lockdown periods was fully covered by rent relief or doubtful debtor provisions.

- 1) Group share. Stores still occupying premises at end of December 2021.
- 2) It should be noted that the rent collection rate is calculated compared to 100% of rents and service charges invoiced, reflecting no adjustment for deferred or discounted rent in the denominator.
- 3) Rents invoiced net of adjustments.

220 UnivcrsalRegistrationDocument2D21 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

As at February 3, 2022, the FY-2021 collection rate had increased to 88%. Overall rent collection by quarter in 2021 is shown below¹⁸:

<u>Region</u>		<u>Q1-2021</u>	
Continental Europe 80%	UK 80%	Total Europe 80%	US 91%
Rent collection (%)			
Q2-2021	Q3-2021	Q4-2021	2021
80%	94%	91%	86%
94%	93%	93%	90%
82%	94%	91%	87%
93%	93%	87%	91%
85%	93%	90%	88%

The rent collection for the Q4-2021 is below Q3-2021 levels due to technical delays and retailers which continue to optimise their treasury.

The total accounts receivable¹² from retail activities decreased by -€62.4 Mn vs. December 31, 2020. The accounts receivable are net of €94.8 Mn provisions booked in the result for the year (vs. €202.7 Mn in FY-2020), including €97.3 Mn for Shopping Centres only.

COVID-19 IMPACT ON EARNINGS FOR FY-2021

The Adjusted Recurring Earnings per Share ("AREPS") decreased from €7.28 per share to €6.91 per share, i.e. -€0.37 per share (-5.2%).

The main driver for earnings evolution was the disposal programme completed in 2020 and 2021, as part of the Group's deleveraging plan for a total amount of -€0.68 per share.

Rebased for the disposals, the AREPS would have increased by +€0.31 per share (+4.7%). This increase is mainly due to deliveries +€0.28 per share and CEtE result +€0.15 per share, partly offset by increase in financial expenses -€0.11 per share, while retail operating performance was almost stable.

- 1) Based on cash collection as at February 3, 2022, and assets at 100%.
- 2) On a proportionate basis, including Shopping Centres, Offices 6 Others and C6E.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

4.1.1.3 BUSINESS REVIEW BY SEGMENT

The Business review by segment presented below has been prepared based on the Group's European perimeter. A separate section contains the US Business review. Unless otherwise indicated, all references are to URW's European operations and relate to the period ended December 31, 2021. As described above, all the Group's operations were significantly affected by the outbreak of COVID-19 pandemic.

EUROPE - SHOPPING CENTRES

Activity

Leasing activity

Leasing activity¹¹ in 2021 showed a sizeable increase in volume compared to 2020, at a level comparable to 2019, despite the ongoing impact of the COVID-19 crisis. In 2021, URW signed 1,437 leases (vs. 971¹²¹ in 2020 and 1,442 in 2019) on standing assets for €240.9 Mn of MGR (vs. €151.0 Mn in 2020 and €250.5 Mn in 2019). These 1,437 leases include 583 leases (41%) with a maturity below or equal to three years to monitor vacancy (vs. 428 in 2020) without impacting long-term asset values. As operating conditions improved in H2-2021, the proportion of short-term deajs decreased from 43% in H1-2021 to 39% in H2-2021.

The MGR uplift on renewals and relettings was -0.5% (+1.7% in 2020) in Continental Europe and -2.2% (+1.6% in 2020) in Europe, driven by the decrease in Germany (-19.3%) and the UK (-7.6%). In the context of a challenging market characterised by conditions more favourable for tenants than landlords at the beginning of the year, the Group has selectively undertaken shorter term leases, to speed up negotiations and to mitigate vacancy until economic conditions improve. As a result, deals longer than 36 months have a MGR uplift of +4.6% for Continental Europe and +2.0% for Europe, while for leases between 12 and 36 months¹³¹ MGR uplifts were more affected at -7.4% for Continental Europe and -9.5% for Europe.

Lottings/relettings/ renewals excluding Pipeline

Region

France Spain

Southern Europe

Central Europe

Austria

Numberof leases signed

261

195

456

285

142

MGR (CMn)

58.6
26.2
84.8
37.2 17.6

(1.4%) 8.7%

1.8%

6.7%

(1.1%)

MGR uplift on deals above three years firm duration

0.3

CMn

1.2 1.3%

1.6 8.5%

2.9 3.9%

0.8 13.6%
7.8%

15.7

70.5

22.4 8.8

(1.1)

2.5

0.2

(0.0)

(11.0%)

6.0% 2.9%

(0.6%)

Northern Europe

Total Continental Europe

72,908

1,437 565,323

Figures may not add up due to rounding.

Leading retailers continue to show confidence in the value of URW's shopping centres, and the trend remains towards larger and better flagship stores which can provide a full service offering to customers. This was demonstrated in 2021 by the Group signing 71 leases (38 renewals, 33 lettings) with its existing European top 20 tenants.

Notable examples of this in the second half include the key opening of the new Zara in Westfield Les 4 Temps, which represents the largest Zara store in Western Europe (outside of Spain), and the signing of new flagship stores for Sephora at Westfield Mall of Scandinavia and for Nike at Westfield London.

The Group continued to introduce flagship stores of dynamic brands in growing sectors such as Sports (Nike, JD Sports), Automotive, Experiencing and Gaming. Overall and despite the impact of the

COVID-19 pandemic, the number of F&B and Entertainment tenants across the Group's European centres was higher as at December 2021 than at December 2019, consistent with strong consumer demand for experiences. A number of important deals were signed in these sectors, including Gamestate (an arcade gaming concept) in Westfield CentrO, Five Guys in Westfield La Part-Dieu, Popeyes (for their first UK store) in Westfield Stratford City, and a multi-site deal with Lobsta in Westfield Les 4 Temps, Westfield Forum des Halles, and Westfield Velizy 2.

The Group also signed 47 leases in 2021 with "DNVB" tenants (Digitally Native Vertical Brands). For example, Chiquelle, a well-known Swedish e-commerce brand, opened its first physical store in Westfield Mall of Scandinavia. In addition, Amazon 4-star opened its first store in a Westfield centre outside of the US at Westfield London, while Xiaomi opened its first store in Vienna in Westfield Donau Zentrum.

- 1) Leasing activity includes only deals with maturity >= 12 months, consistently with prior periods.
- 2) Including 12 deals for the five French assets sold in H1-2020.
- 3) Usual 3/6/9 leases in France are included in the short-term leases.

?? UniversalRegistrationDocument2021 / UNIRAIL - RODAMCO - WESTFIELD

4. Activity review

4.1 Management discussion and analysis

Commercial Partnerships

Despite an ongoing impact from the COVID-19 crisis, the Commercial Partnerships ("CP") activity in Europe amounted to €37.1 Mn, recording a +22% recovery compared to FY-2020, albeit remaining below 2019 levels (-18%).

As a first ever in the industry, URW successfully launched its global livestreaming platform live.westfield.com <<http://live.westfield.com>> in partnership with Lady Gaga to premiere her new album, "Love For Sale".

As a result, more than 600,000 fans were connected live, online and in 21 in-mall fanzones over the world, generating 200 million social impressions in the month leading to the event and 1.6 Mn views over two weeks on the concert video replay.

Key developments during FY-2021 include:

Media¹¹: Retail, beauty, tech and FMCG categories continued to be very dynamic and to drive spend. The Group continued the roll-out of programmatic "Drive to Store" technology in the UK, France and Spain, and launched new media products including the market-first 3D ("Deepscreen") technology on large format screens in the UK, Sweden, The Netherlands and France. Trend towards experiential media continues, with brands investing in special builds and interactive DOOH campaigns.

Retail¹²: The core demand for kiosks remained strong, with a higher quality tenant mix, such as Google which opened a pop-up store in Westfield La Maquinista.

Brand Experience¹³: Brand Experience saw a strong recovery in H2-2021, in particular thanks to Beauty with pan European activations from Dior (Czech Republic, Poland, UK, Nordics) and Paco Rabanne (France, UK, Poland, Czech Republic) and long-term brand partnerships signed with Afterpay in the US, and Clearpay and Disney in the UK with plans to extend into Europe in 2022.

Marketing & Communication

The Group maintained and further enhanced its online activities throughout the year.

The Group's CRM database at the end of the period stood at 17.9 million (vs. 14.7 million), of which 9.5 million are loyalty members (vs. 10.8 million, as a result of records deleted due to the evolution of the legal framework for data retention). The Group's apps have been downloaded 3.1 million times and URW has 9.8 million followers on social media (vs. 7.6 million).

An additional six assets in four European markets were branded as Westfield destinations in September 2021. The new branded centres are La Part-Dieu in Lyon, La Maquinista and Glories in Barcelona, Donau Zentrum and Shopping City Sud in Vienna and CentrO in Oberhausen. At December 2021, 19 Flagship shopping centres in Europe are branded as Westfield, attracting both established retailers and emerging brands in a rapidly evolving retail, lifestyle and entertainment environment, providing opportunities to leverage significant consumer audiences for multiplatform marketing and commercial activities.

Innovation

In 2021, the Group developed and tested new innovative omnichannel services for visitors and retailers such as La StationOWestfield at Westfield Velizy 2 in France (an automated delivery hub opened 24/7 developed with FM Logistic) and several initiatives in F&B in the US such as a pilot in Westfield Valley Fair with Kitchen United and an investment in Servy with deployment in the major airports operated by the Group.

URW Link further intensified relationships with promising start-ups:

- Following deployment in Europe in 2020, the partnership with "Too Good to Go" was launched in the US. Overall, more than 242,000 meals were saved in 2021 in URW assets across Europe and the US. URW re-invested twice in "Too Good to Go" in 2021 to contribute to its launch in the US;
- Two solutions to encourage second-hand shopping were tested: "CrushOn" in Westfield Les 4 Temps and "The Second Life" in Westfield Forum des Halles, with promising results.

URW also continued its partnership with blisce/, a tier-1 Venture Capital growth fund backing innovative & mission-driven direct-to-consumer tech companies.

- 1) Includes large format Digital Screens, Digital Totems, and Non-digital communication.
- 2) Includes temporary Kiosks, Seasonal Markets, Pop-ups, and Car Services.
- 3) Includes Experiential, Brand Partnerships, Event Sponsorship.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 223

4. Activity review

4.1 Management discussion and analysis

Net Rental Income

Total consolidated Net Rental Income ("NRI") was €1,052.4 Mn for Continental Europe (-9.1%) and €1,153.5 Mn for Europe (-6.7%), as a result of negative like-for-like evolution, as well as the disposals completed in 2020 and in 2021.

In 2021, the NRI was mainly impacted by vacancy and downlifts on renewals and relettings, in particular on short-term deals while doubtful debtors provisions (+€14.6 Mn) and the rent relief granted or expected to be granted for 2021 (+€4.8 Mn) were slightly lower than in 2020.

%	Net Rental Income (€Mn)
2020	
	417.2
124.8	
126.2	
1.1% (11.9%) (15.5%)	
	2.5%
France	
543.4	
616.5	
Spain	
161.5	
191.1	
Southern Europe	
86.1	
88.3	
Central Europe	
Austria	
Germany	
Central and Eastern Europe	
Nordics	
The Netherlands	
Northern Europe	
Total NRI - Continental Europe	
29.6%	
Total NRI - Europe	

Figures may not add up due to rounding.

The total net change in NRI amounted to -€82.7 Mn in Europe (including -€105.8 Mn in Continental Europe) and breaks down as follows:

- +€13.1 Mn due to deliveries with positive impact of Westfield Mall of the Netherlands and Fashion Pavilion in Westfield La Maquinista, partly offset by Westfield La Part-Dieu;
- +€6.4 Mn due to positive currency effects (GBP and SEK);
- +€3.4 Mn due to exceptional and other items;
- €2.6 Mn due to assets moved to the pipeline, primarily in France (mainly projects in Westfield Les 4 Temps and Westfield Forum des Halles), the UK, Spain and Austria;
- €47.8 Mn due to disposals of assets, mainly in France (five shopping centres in H1-2020 and Bobigny 2) and the disposal of a 60% stake in Aupark in May 2021; and
- €55.2 Mn of like-for-like NRI growth in Europe (-5.1% vs. -22.3% in 2020) (-€75.0 Mn in Continental Europe (-7.5% vs. -19.1% in 2020)).

Net Rental Income (€Mn) Like-for-like

Net Rental Income Like-for-like without COVID-19 accounting treatment¹

Region	
France	
(0.756)	
(6.2%)	
(13.9%)	
(1.1%)	
(20.0%)	
(12.8%)	
	3.5% (1.2%)_ 2.1%
(3.1%)	
(5.9%) (1.1%)	
(18.3%) (8.6%)	
3.5%	
(1.1%)	
2.1%	

Total NRI Lfl - Continental Europe

26.4%

Total NRI Lfl - Europe

Figures may not add up due to rounding.

(a) Excluding reversals, straightlining and write-off accruals related to COVID-19 rent relief.

4. Activity review

4.1 Management discussion and analysis

Like-for-like NRI based on cash rent relief and excluding accounting reversals and straightlining impacts was -4.3% for Continental Europe and -2.1% for Europe.

Net Rental Income Like-for-like evolution (%)

Region	
France	
Spain	
Southern Europe	
Central Europe	
Austria	
Germany	
Central and Eastern Europe	
Nordics	
The Netherlands Northern Europe	

Indexation

0.5% (0.1%)	
0.3% 1.2% 1.8%	
0.8%	
1.2%	
0.5%	
1.3% 0.7%	

Renewals. relettings net of departures

(4.3%) (2.9%)
 (4.0%)
 (3.3%) (7.4%)
 (7.9%)
 (5.7%)
 (3.6%)
 (9.2%) (5.2%)

COVID-19 rent discounts

(1.8%) (2.2%)
 (1.9%)
 (1.0%) 8.0%
 (4.9%)
 (0.1%)
 4.7%
 5.4% 4.9%

Doubtful debtors

3.4% 4.3%
 3.6%
 3.0% (1.0%)
 (8.3%)

(14%) 2.6%

(0.9%) 1.6%

Other

(5.6%) 0.2%
 (4.3%) (13.8%)
 (2.5%)
 0.3%
 (6.8%)
 (0.8%) 2.1%
 0.1%

Total

(7.9%)
 (0.7%) (6.2%) (13.9%)
 (1.1%)
 (20.0%)
 (12.8%)
 3.5% (1.2%)
 2.1%

Total NRI Lfl - Continental Europe

(21.4%)

Total NRI Lfl - Europe

Figures may not add up due to rounding.

Like-for-like NRI decreased by -7.5% (-19.1% in 2020) in Continental Europe, and includes:

- +0.7% of indexation (+1.3% in 2020);
- -4.8% of "Renewals and relettings net of departures" (-1.2% in 2020), as a result of increased vacancy and negative reversion on relettings and renewals on short-term deals;
- -0.3% due to rent relief granted to tenants in all regions due to COVID-19 (-11.6% in 2020). The COVID-19 rent discounts impact was overall stable compared to 2020 with differences between countries, depending on local restrictions (positive impact in Austria and Northern Europe, and a remaining negative impact in Germany and Southern Europe). The PftL impact of rent relief in 2021 for the like-for-like perimeter of Continental Europe was -€3.0 Mn (including straightlining impact) vs. €146.6 Mn in 2020;
- +1.5% due to the provisions for doubtful debtors (vs. -3.5% in 2020). reflecting the improvement of cash collection during 2021 and a decrease in the number of

bankruptcies in several countries; and

- -4.6% in "Other" (vs. -4.2% in 2020), mainly due to lower key money in France, Write-off of accruals related to COVID-19 rent relief with counterpart in Poland, lower recharge of service charges due to vacancy, partly offset by higher variable revenues (in particular parking and Commercial Partnerships).

In the UK, like-for-like NRI increased by +26.4% (vs. -49.3% in 2020), mainly driven by lower rent relief agreed or estimated in 2021 (+14.4%), significant reversals in doubtful debtors (+12.7%) with a better collection rate and lower bankruptcies, as well as an initial recovery in parking revenues and SBR, and an insurance claim covering losses of revenues in "Other" (+20.7%, including +5.6% related to SBR and +9.0% related to the insurance claim), partially offset by a negative impact of renewals and relettings (-21.4%) impacted by CVAs, administrations and higher vacancy. Excluding the insurance claim covering loss of revenue, the like-for-like NRI growth in the UK was +17.4%.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 225

4. Activity review

4.1 Management discussion and analysis

Vacancy

The Estimated Rental Value ("ERV") of vacant space in operation in the portfolio was €65.8M in Continental Europe (€79.3 Mn as at December 31, 2020) and €96.4 Mn in Europe (€108.5 Mn as at December 31, 2020), a decrease reflecting the positive impact of leasing actions during 2021.

The EPRA vacancy rate¹¹ in Continental Europe was 4.0% and 10.6% in the UK (mainly due to Westfield London). These levels are below vacancy as at December 31, 2020, for Continental Europe (4.9%) in all countries and below June 30, 2021 level (5.0%), confirming the positive trend reported as at September 30, 2021. The vacancy rate in the UK increased from 9.7% as at December 31, 2020, to 12.2% as at June 30, 2021, due to the bankruptcies suffered and retailers remaining closed after the various lockdowns in the UK, but decreased to 10.6% as at December 31, 2021, thanks to leasing activity, including short-term deals signed. Overall for Europe, the vacancy was 4.9%, below the December 31, 2020 level of 5.6%.

Region France Spain

Southern Europe

Central Europe

Austria

Germany

Central and Eastern Europe

Nordics

The Netherlands Northern Europe Total - Continental Europe UK

Total - Europe

Excluding pipeline.

Figures may not add up due to rounding.

Lease Expiry Schedule

Europe (Shopping Centres)

Expired

2022

2023

2024

2025

2026

2027

2028

2029

2030

2031

2032

Beyond

Total

Figures may not add up due to rounding.

Dec. 31,2021 CMn

Vacancy

June30.2021

Dec 31,2020

23.9 7.1

30.9 7.3 0.7 9.6

17.7

10.3 6.9

ijl^j

%

%

3.6%

3.6%

3.7%

3.6%

6.0%

4.4%

3.6%

4.2%

3.9%

3.0%

5.6%

5.5%

0.7%

1.6%

2.6%

4.6%

6.6%

5.2%

3.1%

5.2%

4.8%

7.4%

8.0%

9.3%

6.7%

8.0%

9.7%

17.2

7.1%

8.0%

9.4%

65.8

4.0%

5.0%

4.9%

30.6

10.6%

12.2%

9.7%

96.4

4.9%

6.1%

5.6%

Lease expiry schedule

MGR(€Mn)at
date of next break

MGR (CMn) at

option

Asa%oftotalexpirydate Asa%oftotal

46.0

3.3%

46.0

3.3%

215.3

15.4%

129.39

2.2%

305.0

21.8%

142.81

0.2%

225.9

16.2%

121.28

7.7%

203.7

14.6%

149.71

0.7%

141.7	10.1%	126.49.0%							
84.6	6.1%	112.68.1%							
3	2.7%	93.46.7%							
4	1.4%	87.96.3%							
4	23.21.7%	99.07.1%							
4	27.42.0%	91.16.5%							
4	18.01.3%	33.62.4%							
4	50.43.6%	165.111.8%							
						1,398.0	100%	1,398.0	100%

(1) EPRA vacancy rate: ERV of vacant spaces divided by ERV of total surfaces. 226

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

EUROPE - OFFICES & OTHERS

Office property market as at December 31, 2021¹

Take-up

Take-up in the Paris region in 2021 amounted to 1.85 million sqm, an increase of +32% compared to 2020 (1.40 million sqm), albeit still -18% below the ten-year average (2.27 million sqm).

All sub-regions saw a similar trend, except (i) Peri-Defense and Inner Rim South where the take-up is below 2020 levels; and (ii) Paris CBD and La Defense where the take-up is above the ten-year average. Indeed, in the context of remote working, companies are targeting modern and efficient office space in key business districts, as strategic locations to attract and retain talent, albeit on reduced footprints.

Available area & vacancy rate

The immediate supply in the Paris region increased by +10% year-on-year to almost 4 million sqm. At the end of 2021, the level of new or refurbished supply reached 1,091,000 sqm, which represents 27% of the overall supply (vs. 24% at the end of 2020).

The Paris region vacancy rate increased from 6.7% at the end of 2020 to 7.4% at the end of 2021, with significant discrepancies between areas (e.g. the Paris CBD vacancy rate decreased from 3.6% to 3.1%, while La Defense increased from 11.3% to 14.2% and Peri-Defense from 17.9% to 19.0%).

Rental values

The market showed an increasing differentiation in terms of rental levels based on the quality of location and of the assets. The prime rent in the CBD slightly increased in 2021 and stands at €930/sqm/year. In La Defense, the highest rent reached €600/sqm/year at URW's Trinity tower with tenant incentives in line with market practice, the highest face rent level in 20 years, while the increase of immediate and future supply is putting pressure on rental values for non-prime, second-hand and refurbished buildings.

Rent incentives reached 30% in La Defense (vs. 27% in 2020) and 17% in Paris CBD (vs. 13% in 2020).

Activity

Consolidated NRI amounted to €53.4 Mn, a -28.1% decrease due primarily to the impact of the 2020 and 2021 disposals.

Net Rental Income (CMn)

Region

(37.7%)

Nordics

Other countries

Total NRI

Figures may not add up due to rounding.

The decrease of -€20.9 Mn breaks down as follows:

- €23.6 Mn due to the impact of the disposal of SHIFT, Les Villages 3, 4 a 6 and Le Bleriot;
- +€0.6 Mn resulting mainly from assets in the pipeline (mostly due to GaTte Parking);

+€0.4 Mn mainly due to Pullman Montparnasse;
+€0.3 Mn due to currency effects of SEK; and
The like-for-like NRI growth was +€1.4 Mn (+3.3%), mainly thanks to
leasing in Versailles Chantiers and CNIT performance.

Net Rental Income (CMn) Like-for-
-like

Region France
Nordics
Other countries
43.7
42.3
Total NRI Lfl

Figures may not add up due to rounding.

In France, 99% of 2021 rents billed were collected.

47,044 weighted square metres ("wsqm") were leased in standing assets, including 35,477 wsqm in France and 8,612 wsqm in the Nordics.

The ERV of vacant office space in operation amounted to €16.9 Mn, representing an EPRA vacancy rate of 19.8% (27.2% as at December 31, 2020), of which €14.6 Mn or 21.7% (30.6% as at December 31, 2020) in France, thanks to Trinity leasing progress. In particular, leases were signed in 2021 with Sopra Steria, Technip, Altitude, Welkin a Meraki (a premium flexible office space player), Mylan, HDI and Mersen on Trinity, which is currently 63.5% let (with an average rent of c. €560/sqm^{II}).

- 1) Sources: Immostat; SNP Paribas Real Estate.
- 2) Lease incentives in line with typical incentives given in La Defense.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 227

4. Activity review

4.1 Management discussion and analysis

Lease Expiry Schedule

Leaseexpiry schedule

Europe (Offices* Others)

Expired

2022

2023

2024

2025

2026

2027

2028

2029

2030

2031

2032

Beyond

Total

0.6

MGR (CMn) at date of next break option

11.2

6.0

8.2

15.5

2.6 0.9

5.3 1.7

5.6 10.7

0.2 2.2

70.6

As a % of total 0.8*

15.8% 8.6%

11.6% 21.9%

3.7% 1.2%

7.5% 2.5%

7.9% 15.2%

0.2% 3.1%

100%

MGR(€Mn)at expiry date

0.6

6.1

5.3

1.6

11.6 2.1

11.8 5.0 2.5 7.3

10.7 0.8 5.3 70.6

As a % of total 0.8%

8.7% 7.5%

2.2% 16.4%

3.0% 16.6%

7.1% 3.5%

10.3% 15.1%

1.2% 7.5%

100%

Figures may not add up due to rounding.

CONVENTION & EXHIBITION

The year 2021 was considerably impacted by COVID-19, with a ban on all events until May 19, 2021 (except for exams and private sales) and capacity restrictions applying until end of June.

From June 30, all events were allowed with no capacity constraints, however a negative COVID-19 test or proof of vaccination remains required for attendees at all events.

In response to the challenges, Viparis maintained strong cost-saving measures in 2021, including instituting "partial activity" for its employees, reducing operating and administrative costs, renegotiating ground rents with its landlords and reducing or delaying all non-essential capital expenditures.

In total, 349 events were held in Viparis venues through December 31, of which 107 exhibitions, 44 congresses and 198 corporate events compared to the 236 and 705 events held respectively in 2020 and 2019. For the second half of 2021, Viparis hosted 278 events (o/w 102 exhibitions, 39 congresses and 137 corporate events) vs. 294 events at the same period in 2019 (o/w 104 exhibitions, 42 congresses and 148 corporate events).

Despite international travel restrictions and after nearly 15 months of closure, the recovery in 2021 showed that large exhibitions and congresses are essential for business (B2B events) and continue to attract customers (B2C events).

In particular, H2-2021 saw the following major events held:

- The "Congres de la Societe de Reanimation de Langue Franchise" (SRLF) at Palais des Congres de Paris with 2,500 attendees (vs. 3,120 in 2019);
- SILMO Paris, the international show for optical professionals at Paris Nord Villepinte with 500 exhibitors mainly from Europe (due to Asian travel restrictions) and 19,000 attendees (vs. 36,000 in 2019) (o/w 37% international vs. 56% in 2019);
- The 20th edition of Salon des Maires et Collectivites Locales at Porte de Versailles with 45,300 attendees (vs. 48,000 in 2019) and 945 exhibitors (743 exhibitors in 2019);
- The 14th edition of Foire d'Automne attracted 74,000 visitors (+30% vs. previous edition in 2019); and

- ADI congress, the key European congress for dental surgery with more than 25,000 attendees (27,000 in 2019) and 350 exhibitors (373 in 2019).

As at December 31, 2021, signed and pre-booked events in Viparis venues for 2022 amounted to c. 89% of its expected 2022 rental income, in line with previous years, and 81% of 2018 pre-bookings level for the year.

Viparis' recurring Net Operating Income ("NOI") amounted to €55.2 Mn compared to €12.1 Mn in FY-2020 and €156.9 Mn in FY-2019. The decrease compared to FY-2019 is directly attributable to the impact of COVID-19.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

US BUSINESS REVIEW Leasing activity

In the period ended December 31, 2021, 962 leases were signed on standing assets, representing 4,074,775 sq. ft. and \$130.3 Mn of MGR compared to 532 leases in FY-2020.

The uplift on relettings and renewals was -11.056. In the context of a challenging market characterised by conditions more favourable for tenants than landlords at the beginning of the year, the Group has selectively undertaken shorter term leases including a higher SBR component, to speed up negotiations and to mitigate vacancy until economic conditions improve. As a result, deals longer than 36 months have a MGR uplift of +1.0%, while for leases between 12 and 36 months MGR uplifts were more affected at -17.8%. The Shopping Centres SBR increased from \$20.6 Mn in 2019 (2.8% of NRI) to \$59.3 Mn in 2021 (10.5% of NRI), of which \$15.4 Mn is related to renewals, relettings and full SBR deals signed in 2021. On an annualised basis, these deals are expected to generate \$25.7 Mn of SBR, compensating almost fully the \$26.1 Mn of MGR reduction on those deals.

As market conditions improved, the proportion of short-term deals decreased in the course of the year, representing 72% of H1 deals vs. 56% of H2 deals, and 65% for the full year.

The letting pipeline on standing assets has a solid level of activity with 228 deals approved", broadly consistent with the 2019 level.

The tenant mix continued to evolve with the introduction of new retailers and a number of important deals signed with DNVBs, including Razer, in Westfield Century City, Westfield Garden State Plaza, and Westfield UTC, Peloton in Westfield Garden State Plaza, Westfield Topanga, Westfield Galleria at Roseville, and Westfield Old Orchard, Rhone in Westfield Century City, Allbirds in Westfield Century City and Westfield Garden State Plaza, and Knix in Westfield UTC.

With the US market recovery running ahead of Europe (due to an earlier removal of restrictions), strong demand was seen in Entertainment and F&B. Key signings in these sectors included The Escape Game in Westfield Century City, CAMP in Westfield Century City, Bowlero in Westfield Valley Fair, and a multi-site F&B deal with SBE featuring multiple brands and centres, for seven stores in total, including Knspy Rice in Westfield Santa Anita, Westfield Galleria at Roseville and Westfield UTC.

Reflecting the strong growth in the Luxury sector, the Group also made a number of important signings in this space, including Gucci, in Westfield Garden State Plaza, Westfield Topanga, and Westfield Galleria at Roseville, Marc Jacobs in Westfield Valley Fair, and Louis Vuitton in Westfield UTC. The arrival of Gucci at Westfield Galleria at Roseville in particular anchors this centre as the key luxury destination in Sacramento.

In addition, a number of key stores were opened during this period, including Chanel Fragrance & Beauty in Westfield Valley Fair, Ferragamo in Westfield Topanga, JD Sports in Westfield Valley Fair and Westfield North County, and Sweetgreen in Westfield World Trade Center.

Commercial Partnerships and Marketing

Commercial Partnerships revenue in FY-2021 amounted to \$46.2 Mn, an increase of +\$6.1 Mn (+15%) from FY-2020 albeit behind 2019 (\$34.7 Mn (-43%)) due to the continuing impact of COVID-19, particularly in New York.

Commercial Partnerships activity resumed in 2021 and was strong in H2, after a beginning of the year still impacted by COVID-19. In H2-2021, a number of prime product launches were organised by prime brands such as cars, fashion, and luxury brands, including Infinity and IWC. Leading brands also organised events in URW centres such as H&M and Heineken, with a beer garden in The Oculus. A Netflix Army of The Dead pop-up experience was also organised in Westfield Century City and Westfield Garden State Plaza.

Airports

Airport activity continued to be impacted by COVID-19 but showed an improvement vs. 2020. Enplanements and sales accelerated in H2 with significantly more strength in Domestic traffic than International. 2021 enplanements were +85% (+104% Domestic, +29% International) vs. 2020 and -35% (-18% Domestic, -68% International) vs. 2019.

UnivDrsalRegistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD 229

4. Activity review

4.1 Management discussion and analysis

Net Rental Income and Vacancy

The total net change in NRI amounted to +\$33.6 Mn and breaks down as follows:

- +\$38.5 Mn related to shopping centres and airports; and
- -\$4.9 Mn related to offices and residential.

Excluding airports, the like-for-like NRI increased by +\$44.3 Mn, i.e. +12.7%. Like-for-like NRI Shopping Centres was mainly driven by lower doubtful debtors thanks to better collection, higher SBR, parking income and commercial partnerships, partly offset by vacancy and downlifts in particular on short-term deals.

NRI Airports decreased by -\$33.0 Mn, impacted by tenants' abatements in H2-2021 recognised in full, while abatements received from the airport authorities were recognised in the financial lease over the firm duration of the concession.

Converted into euros, the +\$33.6 Mn, i.e. +6.2% NRI increase in the US represented +€12.2 Mn i.e. +2.6% due to the strengthening of the euro against US Dollar over the period.

As at December 31, 2021, the Financial vacancy¹ was 11.0% (\$133.0 Mn), down by -210 bps from December 31, 2020 (13.1%, i.e. \$162.1 Mn), of which 10.9% (-160 bps) in Flagships (negatively impacted by Westfield World Trade Center and Westfield San Francisco Centre, 9.3% excluding these two centres) and 11.3% (-300 bps) in Regionals. The decrease in vacancy was driven by the proactive leasing approach of the Group.

Occupancy on a Gross Lettable Area ("GLA")¹ basis was 90.5% as at December 31, 2021 (up by +100 bps from December 31, 2020).

Lease Expiry Schedule

Lease expiry schedule

US (Shopping Centres ■ Offices* Others)

Expired

2022

2023 2024

2025

2026 2027

MGP (CMn) at date of next break option

	3.7	
	14.6	
	69.4	
	54.6	
	57.9	
	54.3	
	53.4	
MGR(€Mn) at expiry date		
	3.7	14.6
	69.4	
	54.6	
	57.9	
	54.3	53.4

As a % of total

	0.7%	
	2.8%	
	13.2%	
	10.4%	11.0%
	10.4%	
	10.2%	

2028		
60.9		
33.1		
25.3		
23.4	23.9	
11.6%		
6.3%	4.8%	
4.5%	4.5%	
524.9		

Figures may not add up due to rounding.

1) Financial vacancy in accordance with the EPRA methodology.
2) GLA occupancy taking into account all areas, consistent with financial vacancy.
230 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

4.1.1.4 CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In 2021, the Group delivered another major set of results on its industry-leading CSR commitments - the Better Places 2030 programme - and reinforces the level of CSR integration in its activities. URW pursues its strong emphasis on its Better Places 2030 strategy with tangible implementation of projects around each of its three pillars:

- Better Spaces
 - The Group has joined the Net Zero Initiative ("NZI") to develop a framework for collective carbon neutrality, and URW's commitments for biodiversity have been recognised by the Act4nature international multi-stakeholders steering committee;
 - The Group pursued the roll-out of energy management tools across US and European assets to further optimise energy consumption and the delivery of outstanding renewable energy projects such as Westfield Shopping City Sud where the largest photovoltaic system on the roof of a shopping centre in Europe is under construction;
 - The Group's shopping centres have now more than 1,000 parking spaces equipped with electric vehicle chargers, including fast "chargers."
- Better Communities
 - In the context of the COVID-19 pandemic, URW pursued its massive effort to support communities by providing space for vaccination centres. As at year-end, 1.5 million vaccinations have been administered at URW assets;
 - Beyond the pandemic, URW actively integrated responsible consumption alternatives during the year by welcoming new second-hand stores (e.g., Beyond Retro in the UK and Sweden), sustainable and/or inclusive brands such as Allbirds, Reformation (US) or the announced opening of Cafe Joyeux (coffee shops which train and employ learning-disabled people) in Westfield Parly 2;
 - The Group also provided consumers with sustainable solutions through its partnership with Too Good To Go (over 242,000 meals saved during the year) as well as solutions to collect pre-used fashion such as The Second Life in Westfield Forum des Halles in France.
- Better Together
 - The URW Diversity and Inclusion ("DEI") framework of Be You at URW has been further embedded with the signature of the 'Be You at URW Charter' by all MB and EC members, including a commitment for 40% or more of leadership positions occupied by women by 2025 (34% in 2021 from 32% in 2020);
 - To drive change internally, the Group continued to deliver active training programmes covering topics such as climate change (including dedicated training for EC members), forced labour in the supply chain or 'unconscious bias';
 - Wellbeing webinars continued to be delivered and offered to all employees and the Group conducted a new Employee Pulse Survey to help shape effective plans for an even better working culture going forward.

This year again, the Group's ambitious CSR agenda was recognised by equity and debt investors as a value creation driver for its stakeholders. In 2021, URW inclusion in the main ESG indices was confirmed and the Group's CSR achievements were registered in ratings and awards, including:

- CDP: the Group renewed its position in the A-list of organisations committed to tackling climate change for the 4th year in a row;
- MSCI ESG: confirmed AAA rating;
- ISS ESG Corporate: retained B rating (prime status);
- Sustainalytics: URW ranked 1st in the RE industry worldwide by Sustainalytics with a "Negligible" risk rating;
- EPRA sBPR Award: For the 10th time in a row, URW received the EPRA Gold Award in 2021 for completing its 2020 reporting in accordance with the EPRA Sustainability BPR.

These recognitions are the proof that URW maintained a high engagement level and performance on CSR throughout the COVID-19 crisis.

For more information on Better Places 2030 and detailed 2021 CSR performance, please refer to Chapter 2.

4.1.1.5 2021 RESULTS

The results of the Group presented below are based on the Consolidated income statement in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis instead of being accounted for using the equity method under IFRS. The Group has structured its internal operational and financial reporting according to this proportionate format.

Unless otherwise indicated, all references below relate to the period ended December 31, 2021, and the comparisons relate to the same period in 2020.

Gross Rental Income

The Gross Rental Income ("GRI") amounted to €2,346.3 Mn (€2,451.7 Mn), a decrease of -4.3%. This decrease resulted mainly from rental downlifts and higher vacancy in connection with the COVID-19 crisis and the impact of disposals in the course of 2020 and 2021.

4. Activity review

4.1 Management discussion and analysis

	Gross Rental Income (CMn)
Region	
France Spain	
(14.9%) (0.9%)	
Southern Europe	
Central Europe	
Austria	
Germany	
Central and Eastern Europe Nordics	
The Netherlands	
Northern Europe	
(3.0%)	
4.6%	
25.7% 12.1%	
Subtotal Continental Europe - Shopping Centres	
19.4%	
Subtotal Europe - Shopping Centres	
Offices a Others	
19.5%	
Subtotal Europe	
US - Shopping Centres	
US - Offices B; Others	
Subtotal US	
Total URW	
Figures may not add up due to rounding.	

Net Rental Income

Total NRI amounted to €1,724.2 Mn (€1,790.2 Mn), a decrease of -3.7%.

	Net Rental Income (CMn)
Region France	
1.1%	
	(11.9%) (15.5%) 2.5% (20.0%)
Central and Eastern Europe	
Nordics	
The Netherlands	
Northern Europe	
Subtotal Continental Europe - Shopping Centres	
29.6%	
Subtotal Europe - Shopping Centres	
Offices a Others C6E	
Subtotal Europe	
US - Shopping Centres	
US - Offices a Others	

Subtotal US

Total URW

Figures may not add up due to rounding.

232 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

Net property development and project management income was €36.8 Mn (€34.8 Mn), as a result of URW's Design, Development a Construction ("DDEtC") activity in the US and the UK. The increase is mainly attributable to projects progress and deliveries.

Net property services and other activities income from Property Management services in France, the US, the UK, Spain and Germany was +€27.7 Mn (+€3.6 Mn), including +€23.7 Mn of on-site property services in Viparis and +€22.7 Mn of Property Management services related to shopping centres, partly offset by the amortisation of Viparis assets for -€18.7 Mn. The increase of +€24.1 Mn resulted mainly from Viparis and Property Management services in 2021 vs. 2020. However, these activities continued to be impacted by COVID-19.

Contribution of companies accounted for using the equity method" amounted to +€18.9 Mn (-€178.9 Mn), of which -€49.0 Mn for the nonrecurring activities, mainly impacted by negative valuation movements (mainly in the US, France and Central Europe). The recurring Contribution of companies accounted for using the equity method was €67.9 Mn (€50.2 Mn), with a positive impact of the contribution of the 45.8% stake in the five shopping centres disposed in May 2020, and a decrease of the contribution of Central Europe due to Zlote Tarasy (impacted by rent relief).

Administrative expenses (including Development expenses) amounted to -€215.9 Mn (-€218.5 Mn), a decrease of +€2.6 Mn due to cost savings and a decrease of expenses, offset by the negative impact of currency and 7 Adenauer sale and leaseback. As a percentage of NRI from shopping centres and offices, administrative expenses were 12.8%, vs. 12.2% in 2020, as a result of the lower NRI partly compensated by cost savings.

The Group launched a number of cost-saving initiatives to generate both short and long-term savings. In addition to the gross administrative expense savings of c. €80 Mn achieved in 2020 (vs. 2019), the Group further reduced in 2021 its gross administrative expenses by €28 Mn, in line with its target. This amount was not reflected in the net administrative expenses due to lower capitalisation of development costs.

Acquisition and other costs amounted to a non-recurring amount of -€8.9 Mn (-€83.4 Mn), mainly due to the re-branding of shopping centres in Continental Europe. Results on disposal of investment properties were +€210.6 Mn (-€85.7 Mn), reflecting the impact of the disposals of SHiFT, Les Villages 3, 4 and 6, Le Bleriot and 7 Adenauer in France (valued at historical cost as at December 2020), Q-Huset office building in Taby and a land plot in Solna in Sweden, a land plot in Osnabruck in Germany, the disposal of a 60% stake in Aupark in Slovakia and the disposal of Palisade residential building at Westfield UTC. The disposal of a 45% stake in Westfield Shopping City Slid in Austria is not reflected in the income statement but directly in the shareholders equity as there is no change of control for this asset.

The gain in the US is due to the sale of Palisade residential and to the foreclosures of Westfield Sarasota, Westfield Citrus Park, Westfield Countryside, Westfield Broward and Westfield Palm Desert net of the derecognition of the mortgage debt financing these assets, generating in total an accounting capital gain.

Valuation movements on assets amounted to -€2,065.8 Mn (€6,552.4 Mn), of which -€2,003.7 Mn (€6,493.2 Mn) for investment properties and -€62.0 Mn (-€59.2 Mn) for services.

Main decreases come from the US shopping centres (-€1,049.0 Mn) and the UK (-€364.9 Mn).

For more information, please refer to the section "Property portfolio and Net Asset Value".

The -€62.0 Mn of valuation movements in services include the amortisation for the US and UK related to DD&C and property management and airport contracts recognised as intangible assets in the Consolidated statement of financial position. These are amortised over the duration of these contracts.

Impairment of goodwill amounted to €156.4 Mn¹²¹ in 2021 vs. -€1,620.0 Mn^{3a} in 2020, including -€145.2 Mn for Central Europe and -€11.2 Mn for Germany.

The value of the goodwill allocated to France Retail and Austria was found justified as at December 31, 2021.

- 1) Contribution of companies accounted for using the equity method represents URW's share of the Net recurring result for the period of entities accounted for using the equity method which are not joint-controlled (and therefore not retreated on a proportionate basis) and interest received on loans granted to these entities. This corresponds to five shopping centres and a hotel in France (as of May 30, 2020), Triangle in France, Zlote Tarasy and Gropius Passagen in Europe and to the Blum/Centennial and Starwood Ventures entities in the US.
- 2) On a proportionate basis. Under IFRS, the impairment of the goodwill amounted to €145.9 Mn in 2021. The difference is due to a partial impairment of goodwill of Westfield Centro.
- 3) On a proportionate basis. Under IFRS, the impairment of the goodwill amounted to -€1,596.1 Mn in 2020. The difference is due to a partial impairment of goodwill of Westfield Centro.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

Financing result

Net financing costs (recurring) totalled -€512.3 Mn (after deduction of capitalised financial expenses of €58.4 Mn allocated to projects under construction) (-€486.5 Mn). This increase of -€25.8 Mn includes the impact of measures taken to preserve liquidity during COVID-19 crisis and increased financial costs following the downgrades of URW's rating in 2020 and 2021, as well as the increase in financial leases and in shareholders loans.

URW's average cost of debt for the period was 2.0% (1.7% in 2020). URW's financing policy is described in section "Financial resources".

Non-recurring financial result amounted to -€96.9 Mn, mainly due to the mark-to-market of derivatives and exchange rate losses resulting from the revaluation of bank accounts and revaluation of debt issued in foreign currencies, partially offset by the revaluation of preferred shares. URW recognises the change in value of its derivatives directly in the income statement.

Income tax expenses are due to the Group's activities in countries where specific tax regimes for property companies^{11'} do not exist or are not used by the Group.

The total income tax expenses for 2021 amounted to a credit of +€44.3 Mn. Income tax allocated to the recurring net result amounted to -€14.6 Mn (-€19.7 Mn), mainly due to a tax credit in the US and the continuous impact of COVID-19 resulting in a decrease of taxes due by companies in a regular tax regime. Non-recurring income tax amounted to a credit of +€59.0 Mn (+€313.1 Mn) mainly due to the reversal of deferred tax liabilities as a consequence of the negative valuation movements.

External non-controlling interests amounted to +€19.2 Mn comprising recurring and non-recurring external non-controlling interests. The recurring external non-controlling interests amounted to -€111.0 Mn (-€98.7 Mn) and mainly relate to French shopping centres (-€81.6 Mn, mainly Westfield Les 4 Temps, Westfield Parly 2 and Westfield Forum des Halles), to the stake of the CCIR in Viparis (+€6.0 Mn) and to URW Germany and Ruhr Park (-€20.4 Mn). The non-recurring non-controlling interests amounted to +€130.2 Mn (+€560.8 Mn), due primarily to the impact of negative valuation movements.

Net result for the period attributable to the holders of the Stapled Shares was a loss of -€972.1 Mn (-€7,212.6 Mn). This figure breaks down as follows:

- €1,005.3 Mn of recurring net result (€1,056.6 Mn) (as a result of COVID-19 crisis, increase in vacancy, disposals in 2020 and 2021 and the increase of net financing costs); and
- -€1,977.4 Mn of non-recurring net result²¹ (€8,269.2 Mn) mainly because of negative valuation movements and negative mark-to-market of financial instruments, partially offset by capital gains on disposals.

The Adjusted Recurring Earnings^{11'} reflect a profit of €957.2 Mn.

The average number of shares outstanding was 138,545,360 (138,437,274). The increase is mainly due to the issuance of performance shares in 2020 and 2021. The number of shares outstanding as at December 31, 2021 was 138,594,416.

EPRA Recurring Earnings per Share ("REPS") came to €7.26 (€7.63), a decrease of -4.9%.

Adjusted Recurring Earnings per Share (AREPS)^{3'} came to €6.91 (€7.28), a decrease of -5.2% due mainly to the disposals made in 2020 and 2021, as well as the increased cost of debt, partly compensated by deliveries and CEE performance, while the retail operating performance was almost stable. Rebased for the disposals made in 2020 and 2021, the AREPS would have increased by +4.7%.

4.1.1.6 CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows was prepared only in IFRS, not on a proportionate basis.

Unless otherwise indicated, all references below relate to the period ended December 31, 2021, and the comparisons relate to the same period in 2020.

CASH FLOW FROM OPERATING ACTIVITIES

The total cash flow from operating activities increased to +€1,720.6 Mn (+€1,423.1 Mn), reflecting the decrease of NRI due in part to disposals, more than compensated by a positive Change in working capital requirement at +€215.2 Mn (+€1.1 Mn) due to improving cash collection from tenants and higher Dividend income and result from companies accounted for using the equity method or non-consolidated (+€271.2 Mn vs. +€138.5 Mn).

- 1) For example, in France: SIIC (Societe d'Investissements Immobiliers Cotee); and in the US: REITs.
- 2) Include valuation movements, disposals, mark-to-market and termination costs of financial instruments, including bond tender premiums, impairment of goodwill or reversal of negative goodwill and other non-recurring items.
- 3) Under IFRS, the Hybrid Securities are accounted for as shareholders' equity. The AREPS are calculated based on the Recurring net result for the period attributable to the holders of the Stapled Shares minus the coupon on the Hybrid Securities (from June 1, 2018).

234 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

CASH FLOW FROM INVESTMENT ACTIVITIES

The cash flow from investment activities was +€620.8 Mn (+€81.8 Mn), reflecting a decrease in Amounts paid for works and acquisition of property assets to -€888.9 Mn (-€1,164.3 Mn) and cash flow surplus generated by the Disposal of shares or Disposal of investment properties (+€1,778.3 Mn in total in 2021 vs. +€1,520.0 Mn in 2020).

CASH FLOW FROM FINANCING ACTIVITIES

The net cash outflow from financing activities during the year amounted to -€2,243.2 Mn (+€116.5 Mn) reflecting debt repayment, including early repayment, in excess of new funds raised, due to positive cash flow generation from operating and investment activities while slightly increasing the cash on hand from €2,127.8 Mn to €2,239.7 Mn (including overdrafts).

7 POST-CLOSING EVENTS

Further to the agreement entered into on December 20, 2021, URW completed on February 1, 2022, the sale of Solna Centrum to Alecta Fastigheter for an agreed Total Acquisition Cost of €272 Mn.

On February 7, 2022, the Group also agreed the sale of a 45% stake in Westfield Carre Senart to Societe Generale Assurances and BNP Paribas Cardif for an implied offer price of c. €1.0 Bn (at 100%), in line with the last appraisal value. URW has granted the buyers a rental guarantee of up to €13.5 Mn (at 45%) for a duration of up to three years from closing of the transaction. As part of the transaction, a consortium of banks has underwritten a secured financing package of up to €310 Mn for the joint venture. The IFRS net debt reduction for URW is expected to amount to €280 Mn¹. URW will continue to control and manage the asset, which will remain fully consolidated. This deal was completed and cashed-in on February 16, 2022.

Upon closing of these transactions, URW has completed €2.5 Bn, i.e. 62% of the previously announced €4.0 Bn European disposal programme, which is expected to be completed by year-end 2022.

8 DIVIDEND

Following last year decision and the confirmed impact of the pandemic on the Group's 2021 results as well as the Group's commitment to deleverage, the Group suspends the payment of a dividend for its fiscal years 2021 and 2022.

Once the Group has completed its deleveraging programme, it will resume paying a dividend (at a significant and sustainable payout ratio), which will grow in line with the performance of its reshaped portfolio.

Given the statutory results of URW SE in 2021, the Group has no obligation to pay a dividend in 2022 for the fiscal year 2021 under the SIIC regime and other REIT regimes it benefits from. It anticipates not to have such an obligation for the fiscal year 2022 as well. Consequently, URW SE's SIIC distribution obligation, standing at €1,020.8 Mn as at December 31, 2021 (relating to fiscal years 2020 and 2021), will be delayed until URW SE has sufficient statutory results to meet this obligation.

4.1.1.9 OUTLOOK

The positive sales performance upon reopening of the centres, the sustained leasing activity for shopping centres and offices, the vacancy reduction, and the recovery of the CEIE activity, demonstrate the appeal of the Group's assets.

Thanks to the improvement in operating environment during the second half of the year and the Group's proactive leasing strategy, URW is well-positioned to capitalise on

the continued growth in 2022.

In this context, the Group forecasts its 2022 AREPS to be in the range of €8.20 to €8.40.

The main drivers of this guidance are:

- The impact of project deliveries in 2021 and 2022;
- The impact of like-for-like operations, with, in particular, reduced rent relief, improved rent collection and higher variable income streams;
- Partly offset by the impact of disposals closed in 2021 and 2022;
- The related increase in income tax amount and non-controlling interests; and
- Remaining impact of the crisis on financial expenses due to higher cash position.

In 2022, the rental income will be influenced by the level of tenant sales, due to the proactive short-term leasing strategy the Group has adopted, and the time lag in vacancy reduction. The CETE NOI is not expected to reach pre-COVID levels in 2022.

This guidance is premised on the Group's current expectation of no reintroduction of major COVID-19 related restrictions impacting the Group's operations during the year.

As operating conditions are expected to continue to improve as of 2022 and beyond, and subject to no substantial deterioration of the macro-economic and geo-strategic environment, URW is well positioned to resume its growth trajectory.

For information purposes, at this stage, with regard to the armed conflict in Ukraine, URW would like to point out that it operates neither in Ukraine nor in the Russian Federation, and that the direct effects of the current international sanctions applicable against Russian entities or nationals are not considered to have a significant impact. In parallel, the Group remains attentive to the indirect effects of the conflict and sanctions, among others, on its retailers and their supply chains, on the increased inflation and consumption impact, on the financial and investment markets environment as well as on the countries close to Ukraine where URW operates.

(1) Subject to closing adjustments. Computed as net proceeds less debt raised to finance the JV and fully consolidated.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 235

4. Activity review

4.1 Management discussion and analysis

4.1.2 INVESTMENTS AND DIVESTMENTS

Through December 31, 2021, URW invested €946.8 Mn⁽¹⁾, Group share, in capital expenditures in assets and on construction, extension and refurbishment projects, compared to €1,092.1 Mn in 2020, a slowdown mainly due to the measures taken to reduce capital expenditures in the context of COVID-19.

4.1.2.1 TOTAL CAPITAL EXPENDITURES

The total investments break down as follows:

Proportionate

2020

(€Mn)

Shopping Centres Offices & Others

Convention & Exhibition

Total Capital Expenditure

Figures may not add up due to rounding.

2 SHOPPING CENTRES

URW invested €698.9 Mn⁽²⁾ in its Shopping Centre portfolio:

- Acquisitions amounted to €36.8 Mn, mainly in France;
- €261.6 Mn was invested in construction, extension and refurbishment projects, including mainly: *Les Ateliers Gaité, Westfield Topanga and Garbera redevelopments and extensions and Westfield Hamburg (see "Development projects")*;
- €256.8 Mn was invested in enhancement and improvement projects on standing assets, including mainly Westfield Mall of the Netherlands, Westfield La Part-Dieu, Westfield Les 4 Temps and Westfield London;
- Replacement Capex amounted to €67.8 Mn; and
- Financial interest, eviction costs, external letting fees and other costs were capitalised for €34.8 Mn, €21.6 Mn, €7.0 Mn and €12.5 Mn, respectively.

This does not include the increase in the Group's stake from 10% to 50% in a project in Poland (Centrum Ursynow) for a total amount of €36.4 Mn, and the acquisition of the 47.4% stake in Westfield Trumbull and Westfield Palm Desert for a total amount of €7.3 Mn.

3 OFFICES & OTHERS

URW invested €230.8 Mn in its Offices & Others portfolio:

- Acquisitions amounted to €0.2 Mn;
- €191.4 Mn was invested in construction and refurbishment projects, mainly in France (the Triangle office building, the Pullman Montparnasse hotel and Gaité office), the UK (Westfield Stratford City and Westfield London) and Germany (Westfield Hamburg offices, residential and hotels) (see also section "Development projects");
- €10.4 Mn was invested in enhancement and improvement projects on standing assets, mainly in France and the US;
- Replacement Capex amounted to €1.6 Mn; and
- Financial interest and other costs capitalised amounted to €27.2 Mn.

4 CONVENTION & EXHIBITION

URW invested €17.1 Mn in its Convention & Exhibition portfolio:

- €0.8 Mn was invested for construction works at Porte de Versailles;
- €11.9 Mn was invested in enhancement and improvement projects on standing assets, mainly in CNIT, Porte de Versailles and Les Boutiques du Palais;
- Replacement Capex amounted to €3.8 Mn; and
- Financial interest and other costs capitalised amounted to €0.6 Mn.

5 DISPOSALS

In 2021, URW made significant progress with its deleveraging and portfolio streamlining objectives.

The European disposals that were closed during the period include:

- The SHiFT office building in Paris for a Net Disposal Price ("NDP") of €620 Mn;
- The Les Villages 3, 4 and 6 office buildings in Paris for a NDP of €215 Mn;
- A 60% interest in Aupark in Bratislava for an agreed TAC of €450 Mn¹ (at 100%), while the remaining 40% will be disposed through pre-agreed stakes in 2022, 2023 and 2024;
- A 45% interest in Westfield Shopping City Sud in Vienna for an implied offer price of €1,065 Mn² (at 100%);
- The sale and leaseback of 7 Adenauer office building in Paris for a NDP of €249 Mn;
- A 51% interest Aquaboulevard and Le Sextant in Paris with proceeds equating €88 Mn;
- A 70% interest in the Triangle Tower development project; and
- Several minor assets: the Le Bleriot office building in Paris, the Q-Huset office building in Taby, and land plots in Osnabrück and Solna for a total NDP of €92 Mn.

1) On a proportionate basis, Group share.

2) Amount capitalised in asset value.

3) In light of the impact of the ongoing COVID-19 pandemic, URW has provided a three-year rent guarantee equal to a maximum circa 2% of the Gross Market Value ("GMV") and a participative loan including an earn-out mechanism, with a maximum amount at risk equal to circa 2% of the GMV, and a potential earn-out to URW, which applies should the returns to the purchasers be lower than or exceed the agreed levels.

4) In light of the impact of the ongoing COVID-19 pandemic, URW has granted the joint venture a two-year rental guarantee capped at circa 2% of the implied offer price (at 100%).

4. Activity review

4.1 Management discussion and analysis

In total, disposals completed for European assets in 2021 amounted to €1.9 Bn, with an average premium to last unaffected book value of +6.7%.

A number of disposal processes are ongoing across Europe and for US Regional assets as part of the Group deleveraging programme.

In addition, the Group signed agreements for the disposal of:

- Solna Centrum in Stockholm, which was completed and cashed-in on February 1, 2022; and
- A 45% stake in Westfield Carre Senart to Societe Generale Assurances and BNP Paribas Cardif on February 7, 2022. This deal was completed and cashed-in on February 16, 2022.

Upon the closing of these transactions, URW has completed €2.5 Bn (including €1.1 Bn for the retail and €1.4 Bn for the Offices & Others) of its €4.0 Bn European disposal programme, representing 62%, at an average NIY of 4.4% (including 4.8% for the Retail and 3.9% for the Offices & Others), a premium to the last unaffected appraisal of +6.2% (including +1.6% for the retail and +12.3% for the Offices & Others).

In line with its strategy, the Group will continue the asset and property management for several of those assets, including Westfield Shopping City Sud, Aupark and Westfield Carre Senart and development management for the Triangle project, allowing URW to charge management fees to its JV partners and with that increase the return on investment for those assets.

The Group also continued efforts to streamline its US portfolio. In this context, URW completed the disposal of its 50% stake in the Palisade residential building at Westfield

UTC for a purchase price of \$238 Mn (at 100%), which reflected a +15% premium to the latest appraisal.

In addition, URW voluntarily foreclosed on five regional malls (Westfield Citrus Park, Westfield Countryside, Westfield Sarasota¹¹, Westfield Broward and Westfield Palm Desert) in the US and asked the servicer of its loans for the appointment of a receiver. After appointment of the receiver, URW was no longer the owner of these assets, not liable for the debt and could not recognise the revenues generated by these assets anymore. This resulted in the derecognition of \$411 Mn (in IFRS and \$477 Mn on a proportionate basis) of non-recourse debt from URW's balance sheet and a positive net capital gain of +€44 Mn.

In total, disposals and foreclosures completed in Europe and in the US in 2021 amounted to €2.3 Bn and €2.9 Bn including Solna Centrum and Westfield Carre Senart.

4.1.3 DEVELOPMENT PROJECTS AS AT DECEMBER 31,2021

As at December 31, 2021, URW's share of the Total Investment Cost ("TIC"¹² and "URW TIC"³¹) of its development project pipeline amounted to €3.2 Bn¹⁴, corresponding to a total of 0.6 million sqm of Gross Lettable Area ("GLA"⁵¹) to be re-developed or added to the Group's standing assets.

4.1.3.1 PIPELINE VARIATIONS SINCE DECEMBER 31,2020

The development pipeline decreased by -€1.2 Bn, down from €4.4 Bn as at December 31, 2020: In€Bn

•m

URW TIC

as at Dec. 31,2020

URW TIC as at Dec. 31,2021

- 1) The special servicers agreed to release URW from all obligations under the Westfield Sarasota loan and any associated guarantees, in return for a one-off payment of \$10.9 Mn.
- 2) 100% TIC is expressed in value at completion. It equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) opening marketing expenses. It excludes: (i) step rents and rent-free periods; (n) capitalised financial interests; (iii) overhead costs; (iv) early or lost NRI; and (v) IFRS adjustments.
- 3) URW TIC: 100% TIC multiplied by URW's percentage stake in the project, adjusted by specific own costs and income, if any.
- 4) This includes the Group's share of projects fully consolidated, and projects accounted for using the equity method, excluding Viparis projects and commitments on the roads for the Westfield Milano project.
- 5) GLA equals Gross Lettable Area of projects at 100%.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 237

4. Activity review

4.1 Management discussion and analysis

PROJECTS DELIVERED IN 2021

Since December 31, 2020, the Group has delivered five projects representing a URW TIC of €0.9 Bn and a total GLA of 162,289 sqm:

in H1-2021:

- The 87,053 sqm Westfield Mall of the Netherlands retail extension and renovation;
- The Fashion Pavilion project in Westfield La Maquinista in Spain; and
- Two restructuring projects in the US: the Lord & Taylor box at Westfield Annapolis and the reconfiguration of the previous JC Penney box at Westfield Garden State Plaza.

in H2-2021:

- The 51,835 sqm and 957-room Pullman Paris Montparnasse hotel, operated by Accor, which includes a 4,000 sqm conference centre in the heart of Paris opened on December 27, 2021. This project is part of the Gaité Montparnasse project, one of the most ambitious and largest urban development projects in Paris, which includes a shopping centre, one of the largest food halls in Europe with 20 restaurants and bars (operated by Food Society), 13,000 sqm of co-working space (operated by Wojo), 62 housing units built in wood, a 40-child daycare centre, a library and an urban logistics centre.

The average letting¹¹ of these deliveries stands at 94% as at December 31, 2021.

JV PARTNERSHIP

As part of the Group's strategy to join with strategic partners on select development projects, URW signed a co-investment partnership with AXA IM Alts to dispose of 70% of

the Triangle project while keeping a 30% stake and providing property, asset and project management services to the JV owning the project. Triangle is an environmental-friendly 180-metre-high tower designed by world-renowned architects Herzog Et de Meuron. It will combine office space with a conference centre with an auditorium, a cultural centre, a new shopping gallery, and a four-star hotel. A wide range of services will be available on-site, including a nursery and health centre.

PROJECT CHANGES

Since December 31, 2020, there have been changes in the delivery dates of various projects and related URW TIC, notably due to disruptions as a consequence of COVID-19 restrictions and the overheated construction market causing the TIC of Lightwell, Les Ateliers Gaité and Westfield Hamburg - Überseequartier to increase.

(1) GLA signed, all agreed to be signed and financials agreed.

238 Universal Registration Document 2Q21 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

4.1.3.2 PIPELINE PROJECTS AS AT DECEMBER 31, 2021 SUMMARY OF PIPELINE PROJECTS

Type Ownership	URW
	100%
	100% GLA TIC (sqm) (CMn)
	URW TIC (CMn)
	URW Yield Cost to Date on (€Mn) Cost ^{1*}
	Opening date ⁰¹

Project Valuation	
WESTFIELD TOPANGA RESTRUCTURING (*)	
Shopping Centres	
Extension/ Renovation	
Shopping Centres	
	France Redevelopment/ Extension
GAITE MONTPARNASSE OTHERS	
	Offices a Others
	France Redevelopment/ Extension
Shopping Centres	
Extension/ Renovation	
WESTFIELD HAMBURG -UBERSEEQUARTIER RETAIL	
WESTFIELD HAMBURG -UBERSEEQUARTIER OTHERS	
CHERRY PARK RESIDENTIAL	
TRIANGLE	
Shopping Centres	
	Offices a Others
Offices a Others	
Offices a Others	
Greenfield/ Brownfield	
At Cost	
H2-2023	
H2-2023 At Cost H2-2024 Fair Value	
H1-2026 At Cost	
33,677 sqm 160	
Total Committed Projects	
	Offices a Others
	Redevelopment/ Extension
	Offices a Others
Greenfield/ Brownfield	
2,323 sqm 40	
Total Controlled Projects	
URW TOTAL PIPELINE	

- 1) Figures subject to change according to the maturity of projects.
- 2) URW share of the expected stabilised NRI divided by the URW TIC increased by rent incentives (step rents and rent-free periods), and for redevelopment projects only, the Gross Market Value of the standing assets at the launch of the project.
- 3) In the case of staged phases in a project, the date corresponds to the opening date of the main phase.
- 4) Formerly named Gaité Montparnasse Retail.
- 5) Including Extension Phase 1 opened on November 24, 2021.

(*) Units acquired for the project are included in the TIC at their acquisition cost.

4. Activity review

4.1 Management discussion and analysis

DETAILED OVERVIEW

URW DEVELOPMENT PIPELINE BY GROUPING (€3,250 Mn)

Controlled £880 Mn 27%

Compared to December 31, 2020, the Committed pipeline now includes the 8,454 sqm second phase of the Garbera extension project following the successful delivery of first phase (11,182 sqm, 95% pre-let¹⁾), a restructuring project at Westfield Forum des Halles and the Triangle project (at 30%) following the start of construction works at year-end.

55% of the total Committed pipeline URW TIC was already spent as at December 31, 2021, representing an amount of €1,300 Mn, of which €865 Mn was on the Retail pipeline and €435 Mn on Offices Et Others²⁾.

Of the €1,070 Mn still to be invested for Committed projects, €400 Mn has already been contracted.

Only 11% of the total Controlled pipeline URW TIC was spent, representing an amount of €100 Mn, including land costs, mainly on Offices Et Others projects.

URW COST TO DATE PER COUNTRY (€1,400 Mn)

1) Excluding one large unit reletting in restructuring of standing part of the asset.
2) Figures may not add up due to rounding.

URW DEVELOPMENT PIPELINE PER TYPE AND BUSINESS¹

URWTIC
(€3,250 Mn)
GLA
(594,596 Sqm)

Greenfield/ \ Brownfield Retail €790 Mn 24%
Redevelopment/Extension¹ Offices & Others €220 Mn 7%
Extension/Renovation/ Redevelopment Retail €640 Mn 20%
Retail Greenfield / Brownfield 66,020 sqm

(1) Including Residential and Hotel units.

The Group has an increasing focus on mixed-use projects (notably including offices Et hotels), such as GaTte Montparnasse or Westfield Hamburg - Uberseequartier projects. The latter encompasses retail, office and residential, and now accounts for 44% of URW TIC. Its retail part is 47% pre-let. In terms of GLA, the Retail sector now accounts for only 30% of pipeline GLA (and 44% of TIC), of which 10% relates to dining and leisure extensions, while offices account for 46%, residential for 15% and hotels for 9%. The Group's presence in areas with substantial interest from other investors and developers for urban regeneration is expected to reinforce the respective catchment areas and the position of URW's destinations.

As evidenced by the Triangle transaction, the Group's strategy, particularly for the Offices Et Others controlled projects, is to join with strategic capital partners prior to launching these projects, in order to reduce the capital allocation on the balance sheet of the Group, whilst leveraging on existing projects and generating development and management fees.

3 DELIVERIES EXPECTED IN 2022 AND PRE-LETTING PROGRESS

Five projects representing a URW TIC of c. €0.5 Bn, of which €0.4 Bn has been spent already, are scheduled to be delivered in 2022:

- Les Ateliers Gaité;
- "Rue de la Boucle" project at Westfield Forum des Halles;
- Gaité Montparnasse Office project;
- Westfield Topanga extension on former Sears box; and
- Westfield Les 4 Temps Porte de Paris.

The average pre-letting¹²¹ on those 2022 deliveries stands at:

- 72% for Retail; and
- 100% for Offices a Others.

4 INVESTMENTS IN 2021

See section "Investments and divestments".

URW's NRV amounted to €159.60 per share as at December 31, 2021, a decrease of -€7.20 per share (-4.3%) compared to the NRV as at December 31, 2020 (€166.80 per share).

The NRV includes €5.64 per share of goodwill not justified by the fee businesses or tax optimisations and which is mainly related to the Westfield acquisition. Net of this goodwill, the NRV would be €153.96 per share.

URW's NDV amounted to €110.30 per share as at December 31, 2021, a decrease of -€0.20 per share (-0.2%) compared to the NDV as at December 31, 2020 (€110.50 per share). URW's NDV does not include any goodwill.

TO COVID-19

For hotels, as from the December 31, 2020 valuation, the appraisers in Europe and in the US included a material valuation uncertainty statement in the appraisal reports. Since the valuation as at June 30, 2021, this statement was withdrawn.

1) Figures may not add up due to rounding.

2) GLA signed, all agreed to be signed and financials agreed.

4. Activity review

4.1 Management discussion and analysis

4.1.4.1 PROPERTY PORTFOLIO

Unless otherwise indicated, the data presented in the property portfolio are on a proportionate[™] basis as at December 31, 2021, and comparisons are with values as at December 31, 2020.

The total GMV of URW's portfolio¹²¹ amounted to €54.5 Bn (€56.3 Bn), a decrease of -3.3%, of which -2.4% in H1-2021 and -0.9% in H2-2021. On a like-for-like basis, the GMV decreased by -4.1% (or -€1,956 Mn), of which -2.3%[™] (or -€1,104 Mn) in H1-2021 and -1.8% (or -€852 Mn) in H2-2021.

INVESTMENT MARKET RETAIL AND OFFICE

Total real estate investment volumes in Continental Europe[™] were well above the ten-year average levels with €261.3 Bn transacted in 2021, 16% above the €224.8 Bn in 2020. In the UK, total investment volumes⁴⁴¹ amounted to €77.9 Bn in 2021, up +42% from €55.0 Bn in 2020.

Total retail investment volumes⁴⁴¹ in Continental Europe were €23.0 Bn (down -22%), including shopping centre transactions accounting for 31% of this amount (vs. 32% in 2020).

Total retail investment volumes⁴⁴¹ in the UK were €10.3 Bn (up +35%), including shopping centre transactions accounting for 15% of this amount (vs. 22% in 2020).

US retail investment volumes saw a +95% year-on-year increase in November YTD, with total transactions reported by Real Capital Analytics of \$64.3 Bn. For shopping centres, the increase in deal volume was +127%.

Total office investment volumes⁴⁴¹ in Continental Europe were €76.5 Bn in 2021, -8% lower than in 2020.

URW's portfolio

Asset portfolio valuation (including transfer taxes)[™]

Shopping Centres Offices 6 Others

Convention & Exhibition

Like-for-like change net of investment-2021^{-bl}

CMn
(1,841)
93
(50)

Dec 31, 2020

CMn
47,905
4,409 2,701

85% 8%

5%

Services

Total URW

Figures may not add up due to rounding.

a) On a proportionate basis, including transfer taxes and transaction costs (see Section "Proportionate, IFRS and Group share figures for the property portfolio" for IFRS and Group share figures).

The portfolio valuation includes:

-The appraised or at cost value of the entire property portfolio, whether fully consolidated or under joint control (for URW's share); -The fair value of the Westfield trademark; and

-The equity value of URW's investments in assets not controlled by URW (Zlote Tarasy, Gropius Passagen, Fonciere Crossroads, Triangle and the Blum/Centennial and Starwood Ventures entities). The equity value of URW's share investments in assets not controlled by URW amounted to €1,195 Mn (€1,189 Mn). The valuations consider the negative cash flows related to rents paid on concessions or leaseholds, which are accounted for as financial debt in the consolidated statement of financial position.

The portfolio neither includes €1.0 Bn of goodwill not justified by the fee business, nor financial assets such as the cash and cash equivalents on the Group's consolidated statement of financial position as at December 31, 2021.

b) Excluding the currency effect, investment properties under construction, assets not controlled by URW, assets at bid value and changes in scope (including acquisitions, disposals and deliveries of new projects) through December 31, 2021. Changes in scope consist mainly of the:

-Acquisition of the 47.4% remaining stake in the JVs holding two assets in the US: Westfield Palm Desert and Westfield Trumbull; -

Disposal of a 60% stake in Aupark in Slovakia;

-Disposal of the SHiFT, Village 3, Village 4, Village 6, Le Bleriot and 7 Adenauer office buildings in France;

-Disposal of an office building in Taby Centrum in Sweden;

-Disposal of a 51% stake in Aquaboulevard and Le Sextant in Paris;

-Disposal of a 70% stake in the development project of Triangle Tower in Paris;
 -Foreclosure of five assets in the US: Westfield Broward, Westfield Citrus Park, Westfield Countryside, Westfield Palm Desert and Westfield Sarasota; and -Delivery of Westfield Mall of the Netherlands, Westfield Annapolis restructuring, Westfield Garden State Plaza restructuring, Westfield La Maquinista Fashion Pavilion and the hotel project at Gaité Montparnasse.

The like-for-like change in the portfolio valuation is calculated excluding the changes described above.

- 1) The sum of the GMV for the assets fully consolidated, the ownership at share of the GMV of assets jointly controlled accounted for using the equity method and the equity values for assets not controlled by URW.
- 2) Including the Group's services business, the airport activities, the Westfield trademark, transfer taxes and transaction costs. Does not include the goodwill not justified by the fee business nor the impact of the application of IFRS 16.
- 3) The change compared to the -2.3% (or €1,094 Mn) communicated in H1-2021 is due to changes in the like-for-like perimeter, which consists mainly of the removal of Solna Centrum, Garbera, 7 Adenauer, Le Sextant, Westfield North County, Westfield South Shore and Palisade at Westfield UTC.
- 4) Source: Cushman & Wakefield, estimates as at January 24, 2022.

242 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

URW Valuation as at Dec. 31, 2020 (€Mn)

Like-for-like revaluation

Revaluation of non like-for-like assets Revaluation of shares

Capex/Acquisitions/Transfers Disposals
 56,314

(1,956) (182)

(14)

1,063

(1,939)

Constant Currency Effect

URW Valuation as at Dec. 31, 2021 (€Mn)

Figures may not add up due to rounding.

- a) Non like-for-like assets include IPUC valued at cost or at fair value, assets delivered in 2021 and assets at bid value.
- b) Revaluation of the shares in companies holding the assets not controlled by URW.
- c) Includes the acquisition of the 47.4% remaining stake in the JVs holding Westfield Palm Desert and Westfield Trumbull.
- d) Value as at December 31, 2020, of the assets disposed or foreclosed.
- e) Currency impact of ^€1,187 Mn, including +£987 Mn in the US and +€257 Mn in the UK, partly offset by -€58 Mn in the Nordics, before offsets from foreign currency debt and hedging programmes.

Appraisers

In March 2021, as part of the rotation recommended by RICS, URW signed new appraisal mandates with two international and qualified appraisal firms, Cushman & Wakefield and Jones Lang LaSalle, to value its Shopping Centre and Offices & Others portfolio. In Continental Europe, URW rotated the assets appraised by these two firms: in H1-2021, the appraisers were rotated for Central Europe, Spain, Nordics, France Offices a Others and The Netherlands and in H2-2021, URW rotated appraisers for France Shopping Centres, Germany and Austria.

URW has allocated properties across independent appraisers by region for comparison and benchmarking purposes. The valuation process has a centralised approach, intended to ensure that capital market views on the Group's portfolio are taken into account. Assets are appraised twice a year (in June and December), except services companies, which are externally appraised once a year.

46%

% of total portfolio Dec. 31,2021

%oftotal portfolio Dec. 31,2020

49%

France/Germany/Central Europe/The Netherlands/Italy

Duff a Phelps PwC""

8% 8%

8% 8%

Central Europe/US

At cost, under sale agreement or internal

100%

Figures may not add up due to rounding.

- a) The Group's UK Shopping Centre portfolio was valued by Cushman & Wakefield and Avison Young.
b) PwC assesses the Convention & Exhibition venues as well as all of the Group's services activities and the Westfield trademark.

Fees paid to appraisers are determined prior to the valuation process and are independent from the value of properties appraised. A detailed report, dated and signed, is produced for each appraised property. None of the appraisers have received fees from URW representing more than 10% of their turnover.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

Valuation methodology

Appraisal methods used by appraisers are compliant with international standards and guidelines as defined by RICS, IVSC (International Valuation Standards Council) and FSIF (Federation des Societes Immobilières et Foncières).

Valuation scope

96% of URW's portfolio was appraised by independent appraisers as at December 31, 2021.

Investment Properties Under Construction ("IPUC") for which a value could be reliably determined are required to be accounted for at fair value and were assessed by external appraisers.

IPUC are taken at fair value once management considers that a substantial part of the project's uncertainty has been eliminated, such that a reliable fair value can be established.

The Gaité offices have been carried at fair value since June 30, 2019, Les Ateliers Gaité since December 31, 2019, and the "Rue de la Boucle" project at Westfield Forum des Halles since June 30, 2021. The Garbera extension was assessed at fair value for the first time as at December 31, 2021.

Since and as a result of the acquisition accounting for the Westfield transaction, the main projects in the US, the UK and Italy were carried at fair value as at December 31, 2021.

Refer to the table in the Section "Development projects as at December 31, 2021" for the valuation method used for each development project in the Group's pipeline.

The remaining assets of the portfolio (4%) were valued as follows:

- At cost for IPUC for which a reliable value could not yet be established. These include assets under development: Westfield Hamburg -Uberseequartier, as well as most development projects included in the "Controlled" category (see Section "Development projects as at December 31, 2021" for more details);
- Internal valuations were performed by URW as at December 31, 2021, for a few minor office assets in the US; and
- At bid value for assets subject to an agreement pursuant to which these will be disposed: mainly Solna Centrum.

The total value of the IPUC amounted to €3.1 Bn, of which €1.6 Bn valued at fair value and €1.5 Bn valued at cost (73% of the value at cost was tested with an external valuation as at December 31, 2021).

Unless otherwise indicated, valuation changes and references to asset values include transfer taxes and transaction costs.

Valuation including transfer taxes in (CMn)

June 30, 2021

Shopping Centres/Offices a Others	
Shopping Centres/Offices a Others	
Shopping Centres/CaE	
Other appraisers	
Impact of the assets valued by two appraisers Assets valued at cost and/or not appraised	
Total Europe	
Cushman a Wakefield	
Duff a Phelps PwC	
Other appraisers	
Internal valuation	
Assets valued at cost and/or not appraised	
Shopping Centres/Offices a Others	
Shopping Centres/Offices a Others	
Shopping Centres	
Shopping Centres	
Shopping Centres/Offices a Others Shopping Centres/Offices a Others	
7,168	
	4,612 580 60

6B
 Total US
 Services
 Total URW
 Figures may not add up due to rounding.

Shopping Centre portfolio

The value of URW's Shopping Centre portfolio is the value of each individual asset as determined by the Group's appraisers, except as noted above. The Westfield trademark is split by the region in which the Group operates Westfield branded shopping centres and is included within the Flagships category valuation. The airport activity is included within Flagships in the US.

4. Activity review

4.1 Management discussion and analysis

Evolution of URW's Shopping Centre portfolio valuation

The value of URW's Shopping Centre portfolio amounted to €47,109 Mn (€47,905 Mn).

URW Valuation as at Dec. 31, 2020 (€Mn)	47,905
Like-for-like revaluation	(1,841)
Revaluation of non like-for-like assets	(218)
Revaluation of shares	(14)
Capex/Acquisitions/Transfers	833
Disposals	(638)
Constant Currency Effect	1,083
URW Valuation as at Dec. 31, 2021 (CMn)	47,109
Figures may not add up due to rounding.	

based on an asset value excluding estimated transfer taxes and transaction costs, the Shopping Centre division's Net Initial Yield (NIY) increased from 4.3% to 4.6% yoy.

The Potential Yield including the leasing of vacant space at ERV increased from 5.0% to 5.1%.

For the US, the NIY and the Potential Yield were impacted by the foreclosure of the five assets in 2021 which had higher NIY and Potential Yield than the average US shopping centres. The NIY as at December 31, 2020, restated for these five assets would have been at 4.0% (vs. 4.2%) for the US and 4.5% for the Group. The Potential Yield as at December 31, 2020, restated for these five assets would have been at 4.7% (vs. 4.9%) for the US and 4.9% (vs. 5.0%) for the Group.

		Dec 31, 2020
		Valuation including transfer taxes (CMn)
13,673		
3,585		
		Valuation excluding estimated transfer taxes (CMn)
13,178	3,504	
		Net Initial Yield
4.4%		
4.9%		
		Potential Yield
4.7%		
5.2%		
		Valuation including transfer taxes (CMn)
13,781		
3,596		
		Valuation excluding estimated transfer taxes (€Mn)
13,281		
3,514		
		Net Initial Yield
4.4%		
4.6%		
		Potential Yield
4.6%		
4.9%		
Southern Europe		
Central Europe		
2,277		
3,319	10,393	3,031
1,820	4,851	
2,279		
3,269	10,562	
3,034		
1,560		
4,594		
4.6%	4.7%	4.8%
4.1%	5.3%	4.4%
4.8%		
5.0%	5.1%	4.5%
6.2%	5.0%	
Subtotal Continental Europe		

2,594
Subtotal Europe
12,099
Total URW

Figures may not add up due to rounding.

(a) Restated from Westfield Mall of the Netherlands delivered in 2021, the NIY for the Netherlands as at December 31, 2021 would have been 5.7% and the Potential Yield as at December 31, 2021 would have been 6.2%.

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD 245

A. Activity review

4.1 Management discussion and analysis

The following table shows the breakdown for the US Shopping Centre portfolio, which was significantly impacted by a positive currency impact of +€952 Mn:

Oec.31.2020

US Shopping Centre portfolio by category Flagships US^{***}

Valuation Including transfer

10,392

Valuation excluding estimated transfer taxes (€Mn)

10,291

NetInitial Yield

3.7%

Potential Yield

4.6%

Valuation including transfer taxes (CMn)

10,066

Valuation excluding estimated transfer taxes (CMn)

9,962

NetInitial Yield

3.7%

Potential Yield

4.3%

Regionals US

Total US

Figures may not add up due to rounding. »

(a) The airport activities and the Westfield trademark for the US are included in the valuation of the US Flagships for a total amount of £601 Mn as at December 31, 2021, and for a total amount of €580 Mn as at December 31, 2020.

In USD, the valuation including transfer taxes of the US Shopping Centre portfolio decreased by -9.2% from \$14,993 Mn to \$13,612 Mn.

The following table shows the bridge of the US Shopping Centre portfolio in USD from December 31, 2020, to December 31, 2021, with the split by category:

Total US	Flagships US ^{m1}
URW Valuation as at Dec. 31, 2020 (\$Mn)	
Like-for-like revaluation	
Revaluation of non like-for-like assets	
Revaluation of shares	
Capex/Acquisitions/Transfers	
Disposals	
URW Valuation as at Dec. 31, 2021 (\$Mn)	

Figures may not add up due to rounding.

(a) The airport activities and the Westfield trademark for the US are included in the valuation of the US Flagships for a total amount of \$681 Mn as at December 31, 2021, and for a total amount of \$711 Mn as at December 31, 2020.

Sensitivity

The table below shows the sensitivity on URW's Shopping Centre portfolio value for assets fully consolidated or under joint control, excluding assets under development, the Westfield trademark and the airport activities.

Sensitivity

-25 bps in NIY +25 bps in DR +10 bps m ECR -5% in appraisers' ERV

Impact in CMn

(2,255)

(748)_

(639)

(1,740)

Impact in %

(5.2%)

(1-7%)

(1.5%) (4.0%)

Like-for-like analysis

On a like-for-like basis, the value of URW's Shopping Centre portfolio, after accounting for works, capitalised financial expenses and eviction costs, decreased by €1,841 Mn (-4.4%), of which -€1,036 Mn (-2.5%") in H1-2021 and -€805 Mn (-1.956) in H2-2021. This decrease was the result of a yield impact of -3.4% and a rent impact of -1.0%.

The valuations are supported by the achieved or agreed disposal prices of stakes in Aupark, Westfield Shopping City Sud and Westfield Carre Senart, as well as the disposal of Solna Centrum.

Shopping Centres - Like-for-like ("LIL") change by semester

	Lfl change 2021 (€Mn)	Lflchange 2021 (%)
Rent impact	Lflchange 2021 -	Lflchange 2021 -
Yield impact	Lfl change HI-2021 (CMn)	Lflchange HI-2021 (%)
	Lflchange H2-2021 (CMn)	Lflchange H2-2021 (%)
France		
(5.7%)		
Southern Europe		
Central Europe		
Austria		
Germany		
Central and Eastern Europe		
Nordics		
The Netherlands		
Northern Europe		
Subtotal Continental Europe		
(14.0%)		
Subtotal Europe		
(5.2%)		
Total URW		
Figures may not add up due to rounding.		

The 53 Flagship shopping centres represent 91% of URW's retail exposure (excluding assets under development, the airport activities and the Westfield trademark).

Shopping Centres - Like-for-like ("LIL") change by semester

	Lflchange 2021 (CMn)	Lflchange 2021 (%)
Rent Impact	Lflchange 2021 -	Lflchange 2021 -
Yield impact	Lflchange HI-2021 (CMn)	Lflchange HI-2021 (%)
	Lflchange H2-2021 (CMn)	Lflchange H2-2021 (%)
Flagships Continental Europe		
Flagships UK		
Subtotal European Flagships		
Flagships US		
Subtotal Flagships		
Regionals (Europe and US)		
Total URW		
Figures may not add up due to rounding.		

Non like-for-like analysis

The value of URW's non like-for-like Shopping Centre portfolio, after accounting for works, capitalised financial expenses and eviction costs, decreased by -€216 Mn (-4.6%), mainly due to the shopping centre projects at fair value (including a negative impact on Westfield Milano), the depreciation on projects valued at cost and the Airport business and the Westfield trademark, partly compensated by the standing shopping centres delivered in 2021 (including Westfield Mall of the Netherlands). The latter benefitted from a positive revaluation of +€91 Mn in 2021 following its successful delivery.

(1) The change compared to the -€1,068 Mn (-2.5%) communicated in H1-2021 is due to changes in the like-for-like perimeter, which consists mainly of the removal of Solna Centrum, Garbera, Westfield North County and Westfield South Shore.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 247

4. Activity review

4.1 Management discussion and analysis

Offices & Others portfolio Evolution of URW's Offices & Others portfolio valuation

The Offices & Others portfolio includes the offices, the hotels (except the hotels at Porte de Versailles) and the residential projects. The total value of URW's Offices & Others portfolio amounted to €3,510 Mn (€4,409 Mn).

URW Valuation as at Dec. 31, 2020 (€Mn) 4,409

Like-for-like revaluation

Revaluation of non like-for-like assets

Revaluation of shares

Capex/Acquisitions/Transfers

Disposals

Constant Currency Effect

URW Valuation as at Dec. 31, 2021 (€Mn)

Figures may not add up due to rounding.

93

The split by region of the total Offices & Others portfolio was the following:

Dec 31, 2020

Valuation of Offices & Others portfolio (including transfer taxes) France

Nordics

Other countries

Subtotal Continental Europe

460

Subtotal Europe

186

Total URW

Figures may not add up due to rounding.

For occupied offices and based on an asset value excluding estimated transfer taxes and transaction costs, the Offices & Others division's NIY was stable at 4.9%.

Dec. 31, 2021

Valuation including transfer taxes (€Mn)

1,416

Valuation excluding estimated transfer

1,370

138

NetInitial Yield

4.7% 6.6%
Valuation
1,744
4.5%

8.0%
143
1,683
139

Other countries
Subtotal Continental Europe
UK
Subtotal Europe
3.8%
Total URW
Figures may not add up due to rounding.

Valuation excluding
including estimated
transfer transfer
taxes taxes
(€Mn) (CMn) Net Initial Yield

4. Activity review

4.1 Management discussion and analysis

Sensitivity

The table below shows the sensitivity on URW's Offices & Others portfolio value occupied and vacant spaces for assets fully consolidated or under joint control, excluding assets under development.

Sensitivity	Impact in CMn %	Impact in
^25 bps in NIY	(140) (6.5%)	

Like-for-like analysis

The value of URW's Offices & Others portfolio, after accounting for the impact of works and capitalised financial expenses, increased by +€93 Mn (+6.3%) on a like-for-like basis, of which +€28 Mn (+1.9%") in H1-2021 and +€65 Mn (+4.3%) in H2-2021, due to a rent impact of +6.6% and a yield impact of -0.3%. This increase was mainly due to the increase in

value of the Trinity office building in France which is currently 63.5% let, the increase in value of the Nordics portfolio, supported by the disposal price of an office building in Taby, and the increase in value of the German and Austrian portfolios. The increase in France was supported by the disposal price of 7 Adenauer.

Offices & Others - Like-for-like ("Lfl") change by semester

	Lflchange 2021 (€Mn)	Lflchange 2021 (%)	Lflchange 2021-Rentimpact	Lflchange 2021-Yield impact	Lflchange H1-2021 (CMn)	Lflchange H1-2021 (%)	Lflchange H2-2021 (CMn)	Lflchange H2-2021 (%)
France								

Nordics

Other countries

Subtotal Continental Europe

(0.0%)

Subtotal Europe

(30.2%)

Total URW

Figures may not add up due to rounding.

(1) The change compared to the +€71 Mn (+3.6%) communicated in H1-2021 is due to changes in the like-for-like perimeter, which consists mainly of the removal of Solna Centrum offices, 7 Adenauer, Le Sextant and Palisade at Westfield UTC.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 249

4. Activity review

4.1 Management discussion and analysis

Convention & Exhibition portfolio

Valuation methodology

The valuation methodology adopted by PwC for the venues is mainly based on a discounted cash flow model applied to the total net income projected over the life of the concession or leasehold (net of the amounts paid for the concession or leasehold) if it exists, or otherwise over a ten-year period, with an estimate of the asset value at the end of the given time period, based either on the residual contractual value for concessions or on capitalised cash flows over the last year, including the remaining capital expenditures to be spent on Porte de Versailles (€198 Mn).

Evolution of the Convention & Exhibition valuation

The value of URW's Convention & Exhibition venues, including transfer taxes and transaction costs, amounted to €2,655 Mn (€2,701 Mn).

URW Valuation as at Dec. 31,2020 (CMn)

2,701 (a)

Like-for-like revaluation (50)

Revaluation of non like-for-like assets (27)

Capex/Acquisitions/Transfers 31

URW Valuation as at Dec. 31, 2021 (€Mn) 2,655 (a)

Figures may not add up due to rounding.

(a) Excluding the Convention 6 Exhibition space in Carrousel du Louvre and CNIT, 100%-owned by URW, the valuation for Viparis (including Palais des Sports, Les Boutiques du Palais and the hotels at Porte de Versailles) was £2,584 Mn as at December 31, 2020, and €2,549 Mn as at December 31, 2021.

On a like-for-like basis, net of investments, the value of Convention Et Exhibition venues decreased by €50 Mn (-1.9%), of which -€37 Mn (-1.4%) in H1-2021 and -€14 Mn (-0.5%) in H2-2021. This decrease was mainly driven by the increase in Weighted Average Cost of Capital to reflect the uncertainty of the current environment.

Services

The Services portfolio is composed of URW's French, German, UK and US property services companies.

URW's Services portfolio is appraised annually by PwC as at each year-end to include all significant fee business activities in the portfolio at their market value for the calculation of URW's NAV. In URW's Consolidated statement of financial position, intangible assets are not revalued but recognised at cost less amortisation charges and/or impairment losses booked.

The value of the Services portfolio decreased by -€158 Mn (-12.2%) on a like-for-like basis, of which -€60 Mn (-4.7%) in H1-2021 and -€98 Mn (-7.7%) in H2-2021. The negative like-for-like revaluation was mainly impacted by the decrease of the DD&C business in the US following the delivery of various projects and the Property Management Fee business in the US and the UK.

URW Valuation as at Dec. 31, 2020 (CMn)	1,299
Like-for-like revaluation	(158)
Constant Currency Effect	58
URW Valuation as at Dec. 31, 2021 (CMn)	1,199

Figures may not add up due to rounding.

Proportionate, IFRS and Group share figures for the property portfolio

The figures presented previously in the chapter are on a proportionate basis.

The following tables also provide the IFRS GMV and the Group share level (in GMV) for URW's assets:

6%	Proportionate
3,510	

URW Asset portfolio valuation - Dec 31, 2021

Shopping Centres	47,109 86%
------------------	------------

Offices & Others

Group share

40,519 3,236

Convention & Exhibition

Services

Total URW

URW Asset portfolio valuation - Dec 31, 2020

Shopping Centres

Offices & Others

Convention & Exhibition

Services

Total URW

URW Like-for-like change - net of Investments - 2021

Shopping Centres

Offices & Others

Convention & Exhibition Services

Total URW

URW Like-for-like change - net of Investments - 2021 - Split rent/yield impact Shopping Centres

Offices & Others

URW Net Initial Yield

Shopping Centres¹

Offices & Others - occupied space¹

Figures may not add up due to rounding.

- a) Shopping centres under development and shopping centres not controlled by URW are not included in the calculation. Shopping centres held by companies accounted for using the equity method are not included in the calculation of IFRS and Group share but are included in the proportionate for the ones under joint control.
- b) Offices under development and offices not controlled by URW are not included in the calculation. Offices held by companies accounted for using the equity method are not included in the calculation of IFRS and Group share but are included in the proportionate for those in joint control.

Bridge between Proportionate and IFRS as at Dec. 31, 2021 CMn

Asset portfolio valuation (including
transfer taxes)

Total URW on a proportionate basis

(-) Assets joint-controlled on a proportionate basis

(+) Share investments in assets joint-controlled

Total URW under IFRS

Figures may not add up due to rounding.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

Additional valuation parameters - IFRS 13

URW complies with the IFRS 13 fair value measurement and the position paper¹ on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

industry in Europe.

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, URW believes it is appropriate to classify its assets under Level 3. In addition, unobservable inputs, including appraisers' assumptions on growth rates and ECR, are used by appraisers to determine the fair value of URW's assets.

In addition to the disclosures provided above, the following tables provide quantitative data in order to assess the fair valuation of the Group's assets.

Shopping Centres

All shopping centres are valued using the discounted cash flow and/or yield methodologies using compound annual growth rates as determined by the appraisers.

Renting per

	Discount Rate ^a	Capitalisation Rate ^b	Exit Rate ^c	Rate ^d
10.7%				
France				
Weighted average				
8.5%				
Central Europe				
Weighted average				
11.8%				
Spain				
Weighted average				
Max				
Min				
Weighted average				
Max				
Weighted average				
6.4%				
Austria				
Weighted average				
8.4%				
The Netherlands				
Weighted average				
Max				
Min				
Weighted average				
6.5%				
6.3%				
Weighted average				

NIY, DR and ECR weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation, under development or not controlled by URW, the Westfield trademark and the airport activities are not included in this table.

- a) Average annual rent (MGR + SBR) per asset per sqm.
- b) Rate used to calculate the net present value of future cash flows.
- c) Rate used to capitalise the exit rent to determine the exit value of an asset.
- d) CAGR of NRI determined by the appraiser (between six and ten years depending on duration of DCF model used).

4. Activity review

4.1 Management discussion and analysis

The data for The Netherlands are positively impacted by the delivery of Westfield Mall of the Netherlands which was included in the computations as from 2021.

The data for the US are positively impacted by the foreclosure of the five assets. In addition, the currency effect had a positive impact on the rent in € per sqm of +8.6% for the US and of +6.4% for the UK.

For the US, the split between Flagships and Regionals was as follows:

Rent in € per

sqm^{1"}

Exit
Discount Capitalisation Rate^{1"1} Rate^{1"}

1,736

US Flagships

Weighted average

10.3%

US Regionals

Weighted average

NIY, DR and ECR weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW, the Westfield trademark and the airport activities are not included in this table.

- a) Average annual rent (MGR + SBR) per asset per sqm.
- b) Rate used to calculate the net present value of future cash flows.
- c) Rate used to capitalise the exit rent to determine the exit value of an asset.
- d) CAGR of NRI determined by the appraiser (ten years).

The CAGR of NRI in tables above is based on 2021 NRI, which was impacted by the COVID-19 crisis. Compared to 2019, the average CAGR of NRI assumed by appraisers has decreased from 3.4% in the December 2019 valuations to 2.5% in the December 2020 valuations, 2.3% in the June 2021 valuations, and 2.2% in the December 2021 valuations including reductions in all regions in particular in the US and the UK, partly compensated by a slight NRI growth in The Netherlands following the Westfield Mall of the Netherlands delivery.

CAGR of NRI determined by the appraisers in the DCF

	Valuations as at Dec. 31, 2021	Valuations as at Dec 31, 2020	Valuations as at Dec 31, 2019
France			
Central Europe			
Spain , Nordics			
Germany Austria			
The Netherlands ^{1"}			
US Flagships			
US Regionals			
1.8%			
1.9%			
2.6%			
2.0%			
1.7% 4.1%			
2.6%			
1.0%			
2.5%			
3.1%			
3.4%			
2.8%			
2.5%			
3.2%			
4.2% 3.6%			
3.0%			
3.3%			
4.4%			
3.3%			
2.2%			

4.3%
6.8% 4.8%
2.5%
3.1% 3.4%
2.8% 2.5% 3.2%
4.2% 3.6%
4.2%
Average URW

(a) Impacted by the delivery of Westfield Mall of the Netherlands. Restated from Westfield Mall of the Netherlands, the 2021 CAGR of NRI starting from 2019 for The Netherlands would be 2.0% and 2.2% for the Group.

The NRI of the exit year used by appraisers in December 2021 valuations slightly increased in Continental Europe (+0.5%) compared to the exit year NRI of the December 2020 valuations and decreased in the US (-5.0%) and in the UK (-7.7%).

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD 253

4. Activity review

4.1 Management discussion and analysis

4.1.4.2 EPRA NET ASSET VALUE METRICS CALCULATION

The EPRA measures¹ are calculated by adjusting the equity attributable to the holders of the Stapled Shares, as shown in the Consolidated statement of financial position (under IFRS), for the items as described below. These apply differently to each metric.

EQUITY ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES

As at December 31, 2021, the Equity attributable to the holders of the Stapled Shares (which excludes both the Hybrid securities and the External non-controlling interests) came to €16,927 Mn.

The Equity attributable to the holders of the Stapled Shares incorporated the net recurring profit in the period of €1,005 Mn and the net negative impact in the period of -€1,977 Mn as a result of negative valuation movements and the negative mark-to-market of financial instruments.

REVALUATION TO FAIR VALUE OF INVESTMENT PROPERTIES, DEVELOPMENT PROPERTIES HELD FOR INVESTMENT AND OTHER NON-CURRENT INVESTMENTS

No adjustment was made for the purpose of the EPRA NRV, EPRA NTA and EPRA NDV calculation. The operating asset of URW (7 Adenauer, Pans 16th), previously held at cost under IAS 16, was sold on September 2021.

DEFERRED TAX IN RELATION TO FAIR VALUE MOVEMENTS IN INVESTMENT PROPERTY

In the Group's IFRS consolidated accounts, deferred tax on property assets was calculated in accordance with accounting standards as at December 31, 2021.

As a result, and consistent with the EPRA methodology, for the purpose of the EPRA NRV calculation, deferred taxes (€1,866 Mn) were added back for the calculation of EPRA NRV, and for the calculation of the EPRA NTA. For the EPRA NTA calculation, -€933 Mn of effective deferred taxes were then deducted. The EPRA NDV was not adjusted.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value adjustment of financial instruments recorded in the IFRS consolidated statement of financial position was added back by URW for the EPRA NRV and EPRA NTA calculation for a total amount of €711 Mn (excluding exchange rate hedging) and remained at the IFRS value for the EPRA NDV.

Fair value movements of foreign currency hedging instruments (fair value hedges or net investment hedges) recorded in the balance sheet and associated with foreign exchange retranslation remains in all three NAV metrics (NRV, NTA and NDV) to offset the movement in the underlying investment being hedged.

GOODWILL AS A RESULT OF DEFERRED TAXES

Goodwill booked on the balance sheet as a result of deferred taxes as at December 31, 2021, was excluded for an amount of -€177 Mn from the EPRA NRV, EPRA NTA and EPRA NDV.

OTHER GOODWILL AS PER THE IFRS BALANCE SHEET

Goodwill booked on the balance sheet (which is mainly related to the Westfield acquisition) was deducted for an amount of -€903 Mn from the EPRA NTA and EPRA NDV (net of the goodwill resulting from deferred taxes already deducted).

INTANGIBLES AS PER THE IFRS BALANCE SHEET

Intangible assets have been deducted for an amount of -€845 Mn from the EPRA NTA.

FAIR VALUE OF FIXED INTEREST RATE DEBT

The value of the fixed rate debt on the balance sheet of the Group is equal to the nominal value of the UR debt and the fair value of the Westfield debt at the accounting combination date (May 31, 2018). Taking fixed rate debt at its fair value would have a negative impact of -€513 Mn as at December 31, 2021. This impact was taken into account in the EPRA NDV calculation.

REVALUATION OF INTANGIBLES TO FAIR VALUE

When the fair value of an intangible asset can reliably be determined and is not already included within goodwill or otherwise recorded on the balance sheet, it is added to the EPRA NRV. The basis of valuation is disclosed. URW uses an external valuer at least annually to determine the valuation of such intangible assets and discloses the name of the firms undertaking the valuations. Care is taken that no double counting takes place with the goodwill on the balance sheet.

The appraisal of property services companies in France, the US, the UK and Germany, the airport activities (excluding LAX and Chicago), the Westfield trademark and of [the operations ("fonds de commerce") of Viparis Porte de Versailles, Paris Nord Villepinte, Palais des Congres de Paris and Palais des Congres d'Issy-les-Moulineaux, meet the criteria of this adjustment and have been so valued. This gave rise to an unrealised capital gain of +€1,105 Mn, which was added only for the purpose of the EPRA NRV calculation.

REAL ESTATE TRANSFER TAX

As at December 31, 2021, the transfer taxes and costs deducted from asset values in the statement of financial position (in accordance with IFRS) amounted to €1,753 Mn. This amount is taken into account in the EPRA NDV. For the purpose of the EPRA NRV calculation, this amount was added back.

For the purpose of the EPRA NTA calculation, the Group used the optimised net property value. Transfer taxes and transaction costs are estimated after taking into account the likely disposal scenario: sale of the asset or of the company that owns it. As at December 31, 2021, these estimated transfer taxes and other transaction costs compared to transfer taxes and costs already deducted from asset values on the statement of financial position (in accordance with IFRS) came to a positive net adjustment of +€475 Mn.

FULLY DILUTED NUMBER OF SHARES

Dilution from securities giving access to share capital as at December 31, 2021, was computed for such instruments "in the money" and having fulfilled the performance conditions.

In accordance with IFRS, financial instruments and the ORNANes were recorded on URW's statement of financial position at their fair value with the impact of the change in fair value included in the income statement and thus in the equity attributable to the holders of the Stapled Shares.

The ORNANes issued in 2015 were not restated for the EPRA measures calculation as they were "out of the money" as at December 31, 2021, and therefore had no impact on the number of shares.

(1) Refer to the EPRA website for more detail: <https://www.epra.com/application/files/3115/7287/4349/EPRA_BPR_Guidelines_241019.pdf>.

254 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

The exercise of "in the money" stock options and performance shares with the performance conditions fulfilled as at December 31, 2021, would have led to a rise in the number of shares by +418,750, without any impact on the equity attributable to the holders of the Stapled Shares as they relate only to performance shares.

As at December 31, 2021, the fully-diluted number of shares taken into account for the EPRA measures calculations was 139,013,166.

URW'S EPRA NRV

URW's EPRA NRV stood at €22,186 Mn or €159.60 per share (fully diluted) as at December 31, 2021. The EPRA NRV per share decreased by -€7.20 (or -4.3%) compared to December 31, 2020.

The decrease of -€7.20 compared to December 31, 2020, was the sum of: (i) -€3.56 per share of changes in Equity attributable to the holders of the Stapled Shares representing the sum of: (a) -€13.81 per share representing the revaluation of investment properties, the impairment of goodwill and intangible assets and the capital gains on disposals, (b) the Recurring Earnings Per Share of +€7.26, and (c) other effects of +€2.99 per share (mainly related to a positive FX impact of +€4.03 per share); and (ii) -

€3.64 per share of changes due to NAV adjustments representing the sum of: (a) -€1.57 per share of impact of fair value of financial instruments adjustment, (b) -€1.12 per share of impact of deferred taxes on Balance sheet, (c) the loss of the revaluation of the operating asset (7 Adenauer) of URW for -€0.39 per share, and (d) -€0.56 per share of other effects.

URW'S EPRA NTA

URW's EPRA NTA stood at €17,122 Mn or €123.20 per share (fully diluted) as at December 31, 2021. The EPRA NTA per share decreased by -€4.90 (or -3.8%) compared to December 31, 2020.

The decrease of €4.90 compared to December 31, 2020, was the sum of:

i) -€3.56 per share of changes in Equity attributable to the holders of the Stapled Shares representing the sum of: (a) -€13.81 per share representing the revaluation of investment properties, the impairment of goodwill and intangible assets and the capital gains on disposals, (b) the Recurring Earnings Per Share of +€7.26, and (c) other effects of +€2.99 per share (mainly related to a positive FX impact of +€4.03 per share); and (ii) -€1.34 per share of changes due to NAV adjustments representing the sum of: (a) -€1.57 per share of impact of fair value of financial instruments adjustment, (b) -€0.56 per share of impact of deferred taxes on Balance sheet and effective deferred taxes, (c) the loss of the revaluation of the operating asset (7 Adenauer) of URW for -€0.39 per share, and (d) +€1.18 per share of other effects.

URW'S EPRA NDV

URW's EPRA NDV stood at €15,335 Mn or €110.30 per share (fully diluted) as at December 31, 2021. The EPRA NDV per share decreased by -€0.20 (or -0.2%) compared to December 31, 2020.

The decrease of -€0.20 compared to December 31, 2020 was the sum of: (i) -€3.56 per share of changes in Equity attributable to the holders of the Stapled Shares representing the sum of: (a) €13.81 per share representing the revaluation of investment properties, the impairment of goodwill and intangible assets and the capital gains on disposals, (b) the Recurring Earnings Per Share of +€7.26, and (c) other effects of +€2.99 per share (mainly related to a positive FX impact of +€4.03 per share); and (ii) +€3.36 per share of changes due to NAV adjustments representing the sum of: (a) +€2.53 per share of impact of fair value adjustment of fixed interest rate debt, (b) the loss of the revaluation of the operating asset (7 Adenauer) of URW for -€0.39 per share, and (c) +€1.21 per share of impact of impairment or changes in goodwill.

4. Activity review

4.1 Management discussion and analysis

4.1.4.3 EPRA NET ASSET VALUE METRICS TABLE

Dec. 31.2021

Equity attributable to the holders of the Stapled Shares (IFRS)

Include/Exclude:

i) Hybrid instruments

Diluted NAV

Include:

ii.a) Revaluation of IP (if IAS 40 cost option is used)

ii.b) Revaluation of IPUC¹¹ (if IAS 40 cost option is used)

ii.c) Revaluation of other non-current investments¹¹ iii) Revaluation of tenant leases held as finance leases¹¹

iv) Revaluation of trading properties¹¹

Diluted NAV at Fair Value

Exclude:

v) Deferred tax in relation to fair value gains of IP⁵¹ detailed below: v.a) Reversal of deferred taxes on Balance sheet

v.b) Effective deferred taxes on capital gains vi) Fair value of financial instruments

vii) Goodwill as a result of deferred tax

viii.a) Goodwill as per the IFRS balance sheet (net of vii)

viii.b) Intangibles as per the IFRS balance sheet

Include:

ix) Fair value of fixed interest rate debt

x) Revaluation of intangibles to fair value

xi) Real estate transfer tax¹¹

22,186

Fully diluted number of shares

NAV per share

Figures may not add up due to rounding.

- 1) Difference between development property held on the balance sheet at cost and fair value of that development property.
- 2) Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.
- 3) Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.
- 4) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
- 5) Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.
- 6) Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.
 - "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted.
 - "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

4. Activity review

4.1 Management discussion and analysis

Dec.31,2020

EPRANDV

Equity attributable to the holders of the Stapled Shares (IFRS)

Include/Exclude:

i) Hybrid instruments

Diluted NAV

Include:

n.a) Revaluation of IP (if IAS 40 cost option is used) ii.b) Revaluation of IPUC" (if IAS 40 cost option is used)

ii.c) Revaluation of other non-current investments"" in) Revaluation of tenant leases held as finance leases""

54 0

iv) Revaluation of trading properties""

Diluted NAV at Fair Value

Exclude:

v) Deferred tax in relation to fair value gains of IP"" detailed below:

v.a) Reversal of deferred taxes on Balance sheet v.b) Effective deferred taxes on capital gains vi) Fair value of financial instruments

vn) Goodwill as a result of deferred tax

viii.a) Goodwill as per the IFRS balance sheet (net of vii)

viii.b) Intangibles as per the IFRS balance sheet

Include:*

ix) Fair value of fixed interest rate debt

x) Revaluation of intangibles to fair value

xi) Real estate transfer tax""

15,334

Fully diluted number of shares

NAV per share

Figures may not add up due to rounding.

- 1) Difference between development property held on the balance sheet at cost and fair value of that development property.
- 2) Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.
- 3) Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.
- 4) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
- 5) Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.
- 6) Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted. "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

4. Activity review

4.1 Management discussion and analysis

Equity attributable to the holders of the Stapled Shares (IFRS)

Include/Exclude:

l) Hybrid instruments

Diluted NAV

Include:

ii.a) Revaluation of IP (if IAS 40 cost option is used) ii.b) Revaluation of IPUC" (if IAS 40 cost option is used)

54

0

ii.c) Revaluation of other non-current investments¹²¹

iii) Revaluation of tenant leases held as finance leases⁹¹

iv) Revaluation of trading properties*

16,927 17,345 17,447

Exclude:

v) Deferred tax in relation to fair value gains of IP⁵¹ detailed below:

v.a) Reversal of deferred taxes on Balance sheet

v.b) Effective deferred taxes on capital gains

vi) Fair value of financial instruments

vii) Goodwill as a result of deferred tax

viii.a) Goodwill as per the IFRS balance sheet (net of vii)

viii.b) Intangibles as per the IFRS balance sheet

Include:

ix) Fair value of fixed interest rate debt

x) Revaluation of intangibles to fair value

xi) Real estate transfer tax⁶¹

EPRA NRV

Fully diluted number of shares

EPRA NRV per share

% of change over six months

% of change over one year

Figures may not add up due to rounding.

1) Difference between development property held on the balance sheet at cost and fair value of that development property.

2) Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.

3) Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.

4) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.

5) Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.

6) Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

"Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted. "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

Evolution of EPRA NRV, EPRA NTA and EPRA NDV- per share (fully diluted)

As at Dec. 31, 2020, per share

Recurring Net Result

Revaluation of Investment Properties^{'''}

Shopping Centres

Offices & Others

Convention & Exhibition

Depreciation or impairment of intangibles Impairment of goodwill Capital gain on disposals^{'''}

Subtotal revaluations, impairments and capital gain on disposals

Mark-to-market of debt and financial instruments

Taxes on non-recurring result

Other non-recurring result

Subtotal non-recurring financial expenses, taxes and other

Distribution

Other changes in Equity attributable to the holders of the Stapled Shares

Total changes in Equity attributable to the holders of the Stapled Shares

Impact of potential issuance of Stock Options and number of shares

Revaluation of Investment Properties (operating assets)^{'''}

Impact of deferred taxes on Balance sheet and effective deferred taxes

Impact of fair value of financial instruments adjustment

Impact of impairment or changes in goodwill as per the IFRS balance sheet

Impact of real estate transfer tax

Impact from intangibles assets

Impact of fair value adjustment of fixed interest rate debt

Impact of change in the number of fully-diluted Stapled Shares

Total changes due to NAV adjustments

As at Dec. 31, 2021, per share (fully diluted)

Figures may not add up due to rounding.

a) Revaluation of property assets is -€12.69 per share on a like-for-like basis, of which -€11.05 due to the yield effect and -€1.64 due to the rent effect.

b) Capital gain on disposals includes the sale and leaseback of 7 Adenauer. It should be netted from the revaluation of Investment Properties (operating assets), which was included in the NAV calculation as at December 31, 2020.

4. Activity review

4.1 Management discussion and analysis

4.1.5 FINANCIAL RESOURCES

In 2021, the rates and credit markets were characterised by volatility driven by macroeconomic factors, the evolution of the COVID-19 pandemic globally and Central Banks' announcements.

In the first half-year, accelerated vaccine rollout, positive signs towards global economic recovery and Central Banks easing policy supported the credit markets despite the surge of the COVID-19 delta variant. In this context, URW took advantage of the favourable market conditions to launch a €1.25 Bn dual tranche bond (long seven-year and 12-year maturities).

In the second half, volatility increased with new variants concerns and Central Banks adopting a more hawkish position in view of increasing inflation. Specifically:

- The ECB announced its plan to discontinue PEPP net purchases in March 2022;
- The Fed started its tapering in November 2021, while indicating plans for rates hike starting in 2022;
- The Bank of England increased, in mid-December 2021, its Bank Rate for the first time since the beginning of the pandemic.

Overall, in 2021, URW raised €5,551 Mn of medium to long-term funds in the bond and bank markets including credit facility renewals. As at December 31, 2021, the Group had €12.1 Bn of cash on hand and undrawn credit lines (€12.3 Bn on a proportionate basis).

To optimise the use of its cash, the Group proactively reimbursed in anticipation €1,099 Mn of debt in 2021 including:

- €400 Mn of two Euro mortgage loans maturing in December 2021 and in December 2023;
- €257 Mn of the EMTN bond maturing in October 2022; and
- \$500 Mn of the 144A bond maturing in April 2022.

As at December 31, 2021:

- The Interest Coverage Ratio ("ICR") was 3.3x (3.5x);
- The Funds From Operations ("FFO") to Net Financial Debt Ratio ("FFO/NFD") was 5.0% (4.8%);
- The Loan-to-Value ("LTV") ratio¹²¹ was 43.3%¹²¹ (44.7%).

The average cost of debt for the period was 2.0% (1.7%), representing the blended average cost of 1.5% for Euro and SEK denominated debt and 3.9% for USD and GBP denominated debt.

4.1.5.1 DEBT STRUCTURE AS AT DECEMBER 31, 2021

	IFRS		Proportionate ^s	
	Hee 31 2rj_0~ ^	Dec 31.2020		
Gross debt ^{6m1}	€24,856 Mn	€26,385 Mn	€26,926 Mn	€28,324 Mn
Cash on hand	€2,256 Mn	€2,138 Mn	€2,442 Mn	€2,270 Mn
Net debt ¹¹	€22,600 Mn	€24,248 Mn		
	€24,484 Mn	€26,054 Mn		

In 2021, the decrease in net debt is primarily a result of:

- The completion of disposals mainly SHIFT, the Les Villages 3, 4 and 6 office buildings, the 60% stake in Aupark, 7 Adenauer, the 45% stake in Westfield Shopping City Slid, and the 51% stake in Aquaboulevard and Le Sextant;
- The foreclosure of five US assets (Westfield Sarasota, Westfield Citrus Park, Westfield Broward, Westfield Countryside and Westfield Palm Desert), following which URW will not own the assets and will not be liable for the \$411 Mn¹¹ non-recourse mortgage debt secured by these assets;
- Retained cashflow over the period;

Partly offset by:

- The full consolidation of Westfield Trumbull (US) non-recourse mortgage debt following the acquisition of the JV partners' 47% stake in this asset. As at December 31, 2021, a corresponding debt amount of \$152 Mn was accounted for on an IFRS and proportionate basis (vs. \$0 Mn on a IFRS and \$80 Mn on proportionate basis as at December 31, 2020);
- Capital expenditures spent over the period; and
- Foreign exchange evolution on the debt raised in USD, GBP and SEK (impact of €359 Mn)^{1,0m1}.

Pro-forma for the receipt of the proceeds from the disposal of Solna Centrum and a 45% stake in Westfield Carre Senart, the net financial debt would decrease to €22,063 Mn (and €23,947 Mn on a proportionate basis).

The medium to long-term corporate debt issued by the various URW entities is cross guaranteed. No loans are subject to prepayment clauses linked to the Group's credit ratings.¹¹

- 1) As the Group's financial covenants are calculated in accordance with IFRS, unless otherwise indicated, the financial information in this section is presented in accordance with IFRS. The Group also provides such information on a proportionate basis (see comparative tables). For definitions, refer to the Glossary. Unless otherwise indicated, comparisons to ratios, debt outstanding, average cost of debt, the amount of undrawn credit lines and cash on hand relate to December 31, 2020.
- 2) Net financial debt as shown on the Group's balance sheet, after the impact of derivative instruments on debt raised in foreign currencies/total assets, including transfer taxes (44.8% excluding transfer taxes).
- 3) Excluding €960 Mn of goodwill not justified by fee business as per the Group's European bank debt leverage covenants (€1,031 Mn on a proportionate basis).
- 4) Hybrid securities are accounted for as equity. The hybrid securities are deeply subordinated perpetual instruments with a coupon deferral option and are required to be classified as equity under IFRS. Details on the hybrid securities are available at: <https://images-urw.azureedge.net/-/media/Corporate-o-Sites/Unibail-Rodamco-Corporate/Files/Homepage/INVESTORS/Financing-Activity/Bond-Issues/>Prospectuses-5> The sum of: (i) IFRS debt, and (ii) the Group's share of debt at joint ventures in joint control accounted for using the equity method under IFRS, most of which is secured by assets held in joint ventures.
- 6) After impact of derivative instruments on debt raised in foreign currencies. Excluding financial leases accounted as debt under IFRS 16.
- 7) The gross financial debt includes €500 Mn of net share settled bonds convertible into new and/or existing URW Stapled Shares (ORNANE) issued in April 2015 and maturing on January 1, 2022,
- 8) Excluding partners' current accounts.
- 9) \$477 Mn on proportionate basis as at December 31, 2020.
- 10) Based on following exchange rates as at December 31, 2021: EUR/USD 1.1326, EUR/GBP 0.8403 and EUR/SEK 10.2503 vs. exchange rates as at December 31, 2020: EUR/USD 1.2271, EUR/GBP 0.8990 and EUR/SEK 10.0343.
- 11) On a proportionate basis: €470 Mn.
- 12) Barring exceptional circumstances (change of control).

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

GROSS DEBT BREAKDOWN AS AT DECEMBER 31,2021" Breakdown by financing sources

IFRS DEBT

Convertible Bonds Short-term paper B Bank loans, mortgages and overdrafts

PROPORTIONATE DEBT

64,016 Mn 16%
€98 Mn

€952 Mn 4%

0%

EUR ■ GBP □ SEK

FUNDS RAISED Bond market

Despite the challenging market conditions, the Group secured additional liquidity and increased its debt maturity, through the following public EMTN Bonds issued on May 25, 2021:

- €650 Mn with a 0.75% coupon and seven-year and five-month maturity; and
- €600 Mn with a 1.375% coupon and 12-year maturity.

In total, €1,250 Mn of bonds were issued with a weighted average maturity of 9.6 years and a weighted average coupon of 1.05%.

Short to medium-term paper

URW also accessed the money markets by issuing short-term paper. The average outstanding amount of short-term paper¹²¹ in 2021 was

€682 Mn below 2020 (€1,364 Mn on average in 2020) due to higher liquidity position in 2021.

Credit facility and cash

The signing of €3,950 Mn of credit facilities were completed in 2021, including:

- The largest sustainability-linked revolving credit facility for a REIT in Europe, for an amount of €3,100 Mn, with a five-year maturity. The credit facility replaces €1,600 Mn of credit lines that were scheduled to mature in 2021 and €800 Mn due to mature in 2022, 2023 and 2024. It includes new funding for an amount of €700 Mn either from new banks or existing banks increasing their exposure to URW;
- A €850 Mn of bilateral credit facilities with an average maturity of four years.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 261

4. Activity review

4.1 Management discussion and analysis

Mortgage debt

- In the context of the disposal of a 45% stake in Westfield Shopping City Slid, a non-recourse mortgage loan was put in place on July 21, 2021, for a total amount of €351 Mn with a seven-year maturity at a current cost of 1.39%. This debt will be fully consolidated in URW's accounts".
- Mortgage debt was also raised by JV's consolidated under the equity method, in which URW has joint control:
 - €229.5 Mn in the Aupark JV in which URW has a 40% stake, (€92 Mn in URW's proportionate debt); and
 - €103.8 Mn in the Aquaboulevard and Le Sextant JV in which URW has a 49% stake, (€51 Mn in URW's proportionate debt).

DEBT MATURITY AS AT DECEMBER 31, 2021

The average maturity of the Group's debt, taking into account the undrawn credit lines²¹ and cash on hand, stood at 8.6 years and at 7.6 years without taking into account the undrawn credit lines and cash on hand.

The following chart illustrates the split by maturity date of URW's net financial debt as at December 31, 2021.

DEBT MATURITY PROFILE AS AT DECEMBER 31, 2021 €Bn 18

16
14
12
10

SB

Lessthanlyear 1-2years

Without undrawn credit lines and cash on hand

2-3years 3-4years

With undrawn credit lines and cash on hand

LIQUIDITY NEEDS

IFRS

Proportionate

Overall, URW's debt repayment needs for the next 12 months are fully covered by the cash on hand as shown in the table below:

£523 Mn

£523 Mn

Liquidity needs over next 12 months

€500 Mn

€500 Mn €250 Mn

Bonds

€250 Mn

Convertible bonds

€259 Mn

€610 Mn

Short-term paper

€1,532 Mn

€1,882 Mn

Bank loans, Mortgage 6 overdraft

€2,442 Mn

€2,256 Mn

Total liquidity needs

Cash on hand

As at December 31, 2021, the total amount of undrawn credit lines³¹ was €9,859 Mn (€9,240 Mn), including a \$3.2 Bn (c. €2.8 Bn) multi-currency revolving credit facility.

The average residual maturity of these undrawn credit lines stands at 2.8 years.

The credit facilities maturing over the next 12 months amount to €704 Mn. URW is contemplating opportunities to extend or renew part of these lines.

AVERAGE COST OF DEBT

The average cost of debt as at December 31, 2021, was 2.0% (1.7%), representing the blended average cost of 1.5% for Euro and SEK denominated debt and 3.9% for USD and GBP denominated debt.

This average cost of debt was in particular impacted by:

- The cost of carry of the undrawn credit lines and of the cash kept on its balance sheet;
- The cost of the mortgage debt put in place in the context of partial disposals;
- The impact of rating downgrades in 2020 and 2021 on the cost of the Group's credit lines and financing;
- The coupons of bonds raised in 2020 and 2021 to increase the Group's liquidity position; and
- Lower use of the Group's short-term paper programme.

- 1) As Westfield Shopping City Slid will remain fully consolidated, the €351 Mn non-recourse debt raised by the JV, held at 55% by URW and owning the asset, is fully consolidated at 100% in URW's IFRS and proportionate debt.
- 2) Subject to covenants.
- 3) Subject to covenants.

262 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

4.1.5.2 RATINGS

URW has a solicited rating from both Standard & Poor's ("S&P") and Moody's.

On March 4, 2021, Moody's downgraded URW's long-term rating from "Baa1" to "Baa2" and changed the outlook from "rating under review for downgrade" to "stable".

On May 14, 2021, S&P published a credit update confirming the "BBB+" long-term rating of the Group and its "Negative" outlook.

On November 18, 2021, S&P published a bulletin with no action on the long-term rating of the Group.

4.1.5.3 MARKET RISK MANAGEMENT

Market risks can generate losses resulting from fluctuations in interest rates, exchange rates, raw material prices and share prices. URW's risk mainly relates to interest rate fluctuations on the debt it has taken out to finance its investments and maintain the cash position it requires and exchange rate fluctuations due to the Group's activities in countries outside the Eurozone, in particular in the US and the UK. URW risk management policy is described in the notes to the consolidated financial statements.

INTEREST RATE RISK MANAGEMENT

In 2021, the Group swapped to floating rate €1.25 Bn of bonds issued and adjusted its hedging position for a cost of €86.6 Mn in view of its current disposal and investment plans, the existing debt¹ and hedging programme as well as the debt the Group expects to raise in the coming years.

As a consequence, the Group's net interest rate position is fully hedged for 2021 and the following years.

ANNUAL PROJECTION OF AVERAGE HEDGING AMOUNTS AND FIXED RATE DEBT UP TO 2026 (AS AT DECEMBER 31,2021)

€5Bn ' Pro-forma¹' Net Financial Debt
€23.9 Bn

2022 2023 2024 2025 2026

H Debt kept at fixed rate Q Macro hedges (swaps S caps) Optional

(a) Pro-forma for the receipt of the proceeds from disposal of Solna Centrum and a 45% stake in Westfield Carre Senart.

N.B. : The hedging instruments used to hedge the variable rate debt and the fixed rate debt immediately converted into variable rate debt through the Group's macro hedging

Net: The hedging instruments used to hedge the variable rate debt and the fixed rate debt immediately converted into variable rate debt, through the Group's macro hedging.

Measuring interest rate exposure

Based on the estimated average proportionate net debt position of URW in 2022, if interest rates²¹ (Euribor, Libor, Stibor) were to rise/decrease, the recurring result would be impacted by:

	Total eq. EUR
-25 bps interest rate	
+25 bps interest rate	
>100 bps interest rate	
'200 bps interest rate	

The impact of rate increase on the recurring financial expenses would remain limited in case of an increase of +100 bps or +200 bps thanks to hedging instruments in place.

- 1) On a proportionate basis.
- 2) The impact on exchange rates due to this theoretical increase or decrease of 25 bps in interest rates is not taken into account. The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at December 31, 2021: 3m Euribor (-0.572%), 3m USD Libor (0.209%) and 3m GBP Libor (0.262%).
- 3) Including SEK.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

FOREIGN EXCHANGE RISK MANAGEMENT

The Group is active in countries outside the Eurozone. When converted into euros, the income and value of the Group's investments may be influenced by fluctuations in exchange rates against the euro. The Group's policy objective is to apply a broadly consistent¹ LTV by currency allowing it to match part of the foreign currency asset value

IFRS - In millions' Assets^{3a}

Net Financial Debt IFRS LTV

and income with debt and financial expenses in the same currency, thus reducing the exchange rate effects on the Group's balance sheet and earnings. Foreign exchange risk can be hedged by either matching investments in a specific currency with debt in the same currency or using derivatives to achieve the same risk management goal.

Euros ^{1a}	USD	GBP	Total eq. EUR
37,701			
	12,792	2,713	52,223
17,716	4,470	788	22,600
47.0%	34.9%	29.0%	43.3%

Proportionate - In millions' Assets^{1a}

Net Financial Debt Proportionate LTV^{1a}

^{1a} In local currencies.

The Group's FX main exposures are in USD, GBP and SEK. A change of 10% of EUR/USD, EUR/GBP or EUR/SEK (i.e. a +10% increase of EUR against the USD, GBP or SEK in 2022) would have an impact on shareholders' equity and on the recurring net result as follows:

	Impact on	
	Shareholder's	Net Recurring
	in CMn	Equity Result
+10% in EUR/USD	(552.3)	(17.5)
+10% in EUR/GBP	(134.3)	(9.9)
+10% in EUR/SEK	(186.6)	(7.4)

The impact on the recurring net result (or conversely a positive impact in case of a decrease of EUR vs. these currencies) would be offset by the FX hedging that the Group has put in place against EUR/USD, EUR/ GBP, EUR/SEK fluctuations.

4.1.5.4 FINANCIAL STRUCTURE

Financial ratios-IFRS		HI-2021		2020
Net debt		€22,600 Mn	€23,467 Mn	€24,248 Mn
GMV		€52,223 Mn	€52,798 Mn	€54,192 Mn
LTV		43.3%	44.4%	44.7%
ICR		3.3x	2.9x	3.5x
Net debt/EBITDA		13.7x	16.6x	14.6x
FFO/Netdebt		5.0%	4.3%	4.8%
	Euros ^{2*}	USD	GBP	Total eq. EUR
	38,357	14,081	3,096	54,473
	18,215	5,625	1,095	24,484
	47.5%	39.9%	35.4%	44.9%

Financial ratios-Proportionate		HI-2021		2020
Net debt		€24,484 Mn	€25,306 Mn	€26,054 Mn
GMV		€54,473 Mn	€54,966 Mn	€56,314 Mn
LTV		44.9%	46.0%	46.3%
ICR		3.0x	2.7x	3.1x
Net debt/EBITDA		14.4x	17.3x	15.2x
FFO/Netdebt		4.5%	3.9%	4.4%

The LTV ratio⁶¹ decrease is mainly due to the net debt reduction partly offset by lower valuations.

Pro-forma for the receipt of the proceeds from the disposal of Solna Centrum and a 45% stake in Westfield Carre Senart, the LTV would stand at 42.5% (and 44.2% on a proportionate basis).

Although it is not part of URW's corporate debt covenants, the Group has set itself a Net debt/EBITDA¹⁷¹ target of 9x. The 2021 Net debt/ EBITDA of 13.7x takes into account the COVID-19 impact on EBITDA.

- 1) On a proportionate basis.
- 2) Including SEK.
- 3) Including transfer taxes and excluding €960 Mn of goodwill not justified by fee businesses.
- 4) Including transfer taxes and excluding €1,031 Mn of goodwill not justified by fee businesses.
- 5) 46.7% excluding transfer taxes.
- 6) Excluding €960 Mn of goodwill not justified by fee businesses as per the Group's European leverage covenants (€1,031 Mn on a proportionate basis).
- 7) On last 12-month basis.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

LTV¹ ICR
 FFO/NFD
 Secured debt ratio
 Unencumbered leverage ratio
 : 65%

> 1.5x
 ■ 65%

Rule 44A US Credit and Reg S facility Bonds covenants level level

N.A.
 > 1.5x
 < 45%
 N.A.
 1.25x
 < 50%
 > 1.5x

Secured debt non-recourse

The non-recourse mortgage debt raised by certain entities of the Group includes financial covenants:

7%-7.5%
 21%

	Covenant level range	% of non-recourse mortgage incl. this feature in such covenant
1.25x-3.5x		
46%		
Debt Yield covenants		
55%-125%		
58%		
ICR covenants		
LTV covenants		

- Any breach under these covenants would not lead to a cross-default on the Group's borrowings.
- In any case in Europe, due to the exceptional circumstances linked to COVID-19 pandemic, waivers on cashflow related financial covenants have been granted on various secured mortgage loans on European assets for periods ranging between six months and 18 months.
- In the US, as a result of the COVID-19 pandemic, the financial covenants of some mortgage loans were not met leading to a funding of cash reserves. This situation does not generate a default of these loans. In any case, defaults under these loans are not expected to have a material adverse effect on the Group's finances.

Short-term debt

There are no financial covenants (such as loan-to-value or interest coverage ratios) in the Neu MTN, the Neu CP and the ECP programmes of URW.

Due to the exceptional circumstances linked to the COVID-19 pandemic with the significant closure of URW shopping centres and C&E in H1-2021 and its impact on the Group's operations, a waiver of the FFO/Net financial debt ratio test in H1 and FY-2021 has been granted by URW's lending banks for its corporate bank debt. This ratio remained above the minimum level required under the credit facilities' covenants.

(1) Ratio calculated based on European bank debt covenant.

4. Activity review

4.1 Management discussion and analysis

4.1.5.5 LTV RECONCILIATION WITH THE BALANCE SHEET (B/S)
A) UNDER IFRS:

Dec. 31,2021 IFRS
June 30,2021 IFRS
Dec 31,2020 IFRS

Amounts accounted for in B/S		
Investment properties at fair value		
Investment properties at cost		
Shares and investments in companies accounted for using the equity method		
Other tangible assets		
Goodwill		
Intangible assets		
Properties or shares held for sale		
Adjustments		
Transfer taxes		
Goodwill not justified by fee business ^{1m}		
Revaluation intangible and operating assets		
IFRS adjustments, including		
<i>Financial leases</i>		
Other,		
Total assets, including Transfer Taxes (=A)		
Total assets, excluding Transfer Taxes (=B)		
Amounts accounted for in B/S		
Net share settled bonds convertible into new and/or existing shares (ORNANE)		
Non-current bonds and borrowings		
Current borrowings and amounts due to credit institutions		
Liabilities directly associated with properties or shares classified as held for sale		
	602.4	24,688.3
	2,140.6	
	0.0	
	600.3	
		24,310.5
Total financial liabilities		2,584.1
	20.4	(1,318.7)
	(16.2)	
	47.3	
		(1,269.2)
Accrued interest issue fees		(8.7)
Total financial liabilities (nominal value)		
Cash & cash equivalents		
Net financial debt (=C)		
LTV ratio including Transfer Taxes (=C/A)		
LTV ratio excluding Transfer Taxes (=C/B)		
Figures may not add up due to rounding.		

(1) Adjustment of goodwill according to bank covenants.

266 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

B) ON A PROPORTIONATE BASIS:

Dec. 31,2021 Proportionate					
June 30,2021 Proportionate					
Dec 31.2020 Proportionate					
Amounts accounted for in B/S					
Investment properties at fair value					
Investment properties at cost					
Shares and investments in companies accounted for using the equity method					
Other tangible assets					
53,458.1					
					48,095.2 1,431.7 1,172.3 131.8
54,659.5					
48,579.4 1,382.0 1,188.7					
280.0					
Goodwill					
Intangible assets					
Properties or shares held for sale Adjustments					
Transfer taxes					
Goodwill not justified by fee business"					
Revaluation intangible and operating assets IFRS adjustments, including					
<i>Financial leases</i>					
<i>Other</i>					
871.5					
454.9 1,507.5					
2,030.0					
(1,181.4) 1,492.4					
(833.4)					
					(1,002.9) 169.5
876.5					
1,038.2 1,654.4 2,069.9					
(1,195.4)					
1,453.2					
(673.2)					
(837.3) 164.1					
Total assets, including Transfer Taxes (=A)					
Total assets, excluding Transfer Taxes (=B)					
Amounts accounted for m B/S					
Net share settled bonds convertible into new and/or existing shares (ORNANF)					

Non-current bonds and borrowings	
Current borrowings and amounts due to credit institutions	
Liabilities directly associated with properties or shares classified as held for sale	
Total financial liabilities	
Adjustments	
Mark-to-market of debt	
Current accounts with non-controlling interests	
Impact of derivative instruments on debt raised in foreign currency	
Accrued interest issue fees	
31.1 (1,318.7)	
(16.2)	
42.1	
61.3	
	(1,269.2) (8.7)
(88.0)	
Total financial liabilities (nominal value)	
Cash & cash equivalents	
Net financial debt (=C)	
LTV ratio Including Transfer Taxes (=C/A)	
LTV ratio excluding Transfer Taxes (=C/B)	
Figures may not add up due to rounding.	
(1) Adjustment of goodwill according to bank covenants.	

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

4.1.6 EPRA PERFORMANCE MEASURES

In compliance with the EPRA¹¹¹ Best Practices Recommendations¹²¹, URW summarises the Key Performance measures of 2021 and 2020 below.

4.1.6.1 EPRA EARNINGS

EPRA earnings are defined as "recurring earnings from core operational activities" and are equal to the Group's definition of recurring earnings.

A) SYNTHESIS

EPRA Earnings	£Mn	1,005.3 1,056.6
EPRA Earnings/share	€/share	7.26 7.63
Growth EPRA Earnings/share	%	(4.9%) (40.0%)

B) BRIDGE BETWEEN EARNINGS PER IFRS STATEMENT OF INCOME AND EPRA RECURRING EARNINGS

Recurring Earnings perShare

Net Result of the period attributable to the holders of the Stapled Shares (CMn)	(972.1)	(7,212.6)
<i>Adjustments to calculate EPRA Recurring Earnings, exclude:</i>		
i) Changes in value of investment properties, development properties held for investment and other interests	(1,197.3)	(4,837.2)
ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	208.3	(86.3)
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties		
iv) Tax on profits or losses on disposals	(7.6)	0.0
v) Impairment of goodwill	(145.9)	(1,596.1)
(vi) Changes in fair value of financial instruments and associated close-out costs	(95.1)	(569.1)
(vii) Acquisition and other costs on share deals and non-controlling joint venture interests	(8.9)	(83.4)
(vm) Deferred tax in respect of EPRA adjustments	55.7	301.0
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(916.8)	(1,958.9)
(x) External non-controlling interests in respect of the above	130.2	560.8
EPRA Recurring Earnings	1,005.3	1,056.6
Average number of shares	138,545,360	138,437,274
EPRA Recurring Earnings per Share (REPS)	€7.26	€7.63
EPRA Recurring Earnings per Share growth	(4.9%)	(40.0%)

Figures may not add up due to rounding.

1) EPRA: European Public Real estate Association.

2) Best Practices Recommendations. See www.epra.com <<http://www.epra.com>>.

268 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

4.1.6.2 EPRA NRV, NTA AND NDV

For a more detailed description of the EPRA NRV, NTA and NDV new metrics, please see the "Property portfolio and Net Asset Value", included in this chapter.

A) SYNTHESIS

Dec 31.2020

EPRA NRV

EPRA NTA

EPRA NDV

B) DETAILED CALCULATIONS AS AT DECEMBER 31,2021

Equity attributable to the holders of the Stapled Shares (IFRS)

/ndude/Exdude':

(i) Hybrid instruments

Diluted NAV

Include':

n.a) Revaluation of IP (if IAS 40 cost option is used)

11.b) Revaluation of IPUC" (if IAS 40 cost option is used)

ii.c) Revaluation of other non-current investments^{2'}

iii) Revaluation of tenant leases held as finance leases^{1'}

iv) Revaluation of trading properties^{1'}

Diluted NAV at Fair Value

Exclude":

v) Deferred tax in relation to fair value gains of IP^{1'} detailed below: v.a) Reversal of deferred taxes on Balance sheet

v.b) Effective deferred taxes on capital gains

1,866 (933)

vi) Fair value of financial instruments

vii) Goodwill as a result of deferred tax

viii.a) Goodwill as per the IFRS balance sheet (net of vii)) vin.b) Intangibles as per the IFRS balance sheet

Include':

ix) Fair value of fixed interest rate debt

x) Revaluation of intangibles to fair value

xi) Real estate transfer tax^{1'}

22,186

Fully diluted number of shares

NAV per share

Figures may not add up due to rounding.

1) Difference between development property held on the balance sheet at cost and fair value of that development property.

2) Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.

3) Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.

4) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.

5) Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.

6) Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

" "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted. " "Exclude"

indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.1 Management discussion and analysis

C) DETAILED CALCULATIONS AS AT DECEMBER 31,2020

Dec 31,2020

EPRA NDV

Equity attributable to the holders of the Stapled Shares (IFRS)

Include/Exclude:

i) Hybrid instruments

Diluted NAV

Include:

ii.a) Revaluation of IP (if IAS 40 cost option is used)

ii.b) Revaluation of IPUC" (if IAS 40 cost option is used)

ii.c) Revaluation of other non-current investments²¹

in) Revaluation of tenant leases held as finance leases"

iv) Revaluation of trading properties"

Diluted NAV at Fair Value

Exclude:

v) Deferred tax in relation to fair value gains of IP⁵¹ detailed below: v.a) Reversal of deferred taxes on Balance sheet

v.b) Effective deferred taxes on capital gains

vi) Fair value of financial instruments

2,023

(1,011) 929

vii) Goodwill as a result of deferred tax

viii.a) Goodwill as per the IFRS balance sheet (net of vii)) viii.b) Intangibles as per the IFRS balance sheet

Include:

ix) Fair value of fixed interest rate debt

x) Revaluation of intangibles to fair value

xi) Real estate transfer tax^{1a}

23,148

Fully diluted number of shares

NAV per share

Figures may not add up due to rounding.

- 1) Difference between development property held on the balance sheet at cost and fair value of that development property.
- 2) Revaluation of intangibles are presented under adjustment (x). Revaluation of Intangibles to fair value is not under this line item.
- 3) Difference between finance lease receivables held on the balance sheet at amortised cost and the fair value of those finance lease receivables.
- 4) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
- 5) Deferred tax adjustment for NTA calculated in line with the EPRA guidelines.
- 6) Real estate transfer taxes were adjusted in accordance with the EPRA guidelines.

* "Include" indicates that an asset (whether on or off balance sheet) should be added to the shareholders' equity, whereas a liability should be deducted. " Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.

4. Activity review

4.1 Management discussion and analysis

4.1.6.3 EPRA NET INITIAL YIELDS

The following table provides the Group yields according to the EPRA Net Initial Yield definitions per Segment for URW's Net Initial Yields (on a proportionate basis):

A) SYNTHESIS

	^		Shopping	Offices &
URW yields	4.6%	4.9%	4.5%	4.9%
Effect of vacant units		(1.3%)		(1.1%)
Effect of EPRA adjustments on NRI	0.1%	0.0%	0.1%	0.0%
Effect of estimated transfer taxes and transaction costs	(0.1%)	(0.1%)	(0.1%)	(0.1%)
EPRA topped-up yields ¹	4.6%	3.5%	4.5%	3.7%
Effect of lease incentives	(0.2%)	(0.7%)	(0.2%)	(0.9%)
EPRA Net Initial Yields ²	4.3%	2.8%	4.4%	2.8%

Figures may not add up due to rounding.

- 1) EPRA topped-up yield: EPRA Net Initial Yield adjusted in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
- 2) EPRA Net Initial Yield: annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the Gross Market Value of the portfolio.
- 3) Assets under development or not controlled by URW, the trademark and the airport activities are not included in the calculation.

B) DETAILED CALCULATION

		^			Shopping	Offices S
					Centres ¹	Others ¹
EPRA topped-up NRI (A)	CMn	1,979	74	1,983		107
Valuation including transfer taxes (B)	CMn	43,426	2,137	43,843		2,876
EPRA topped-up yields (A/B)	%	4.6%	3.5%	4.5%		3.7%
EPRA NRI (C)	CMn	1,877	59	1,914		81
Valuation including transfer taxes (B)	£Mn	43,426	2,137	43,843		2,876
EPRA Net Initial Yields (C/B)	%	4.3%	2.8%	4.4%		2.8%

(1) Assets under development or not controlled by URW, the trademark and the airport activities are not included in the calculation.

4. Activity review

4.1 Management discussion and analysis

4.1.6.4 EPRA VACANCY RATE

The EPRA vacancy rate is defined as the ERV of vacant spaces divided by the ERV of total space (let plus vacant).

A) SYNTHESIS

	*****Q	Dec. 31.2020
EPRAvacancyrate-totalURW		
ERV of vacant space (A)	CMn	236.8 295.5
ERV of the whole portfolio (B)	CMn	3,079.5 3,170.0
EPRA vacancy rate (A/B)	%	7.7% 9.3%

B) DETAIL PER REGION

	*****n	Dec.31.2020
EPRA vacancy rate-per region		
Shopping Centres - Continental Europe		
France	3.6%	3.7%
Central Europe	3.0%	5.5%
Spain	3.6%	4.4%
Nordics	7.4%	9.3%
Austria	0.7%	2.6%
Germany	4.6%	5.2%
The Netherlands	6.7%	9.7%
Total Shopping Centres - Continental Europe	4.0%	4.9%
UK	10.6%	9.7%
Total Shopping Centres - Europe	4.9%	5.6%
Offices & Others		
France	21.7%	30.6%
Total Offices ft Others - Continental Europe	19.8%	27.2%
US - Shopping Centres	11.0%	13.1%
US Flagships	10.9%	12.5%
US Regionals	11.3%	14.3%
US - Offices a Others	43.6%	28.4%
Total US	11.8%	13.6%
Total Shopping Centres	7.0%	8.3%
Total Offices a Others	25.2%	27.4%
Total URW	7.7%	9.3%

4. Activity review

4.1 Management discussion and analysis

4.1.6.5 EPRA COST RATIOS

Proportionate

EPRA references (€Mn)

Include:

General expenses

Development expenses

(i-3)

00

(iii)

(iv)_

(v)

Operating expenses

Net service charge costs/fees

Management fees less actual/estimated profit element

Other operating income/recharges intended to cover overhead expenses Share of Joint Ventures expenses

Exclude (if part of the above):

Investment Property Depreciation

Ground rents costs

Service charge costs recovered through rents but not separately invoiced

EPRA Costs (including direct vacancy costs) (A)

Direct vacancy costs

EPRA Costs (excluding direct vacancy costs) (B)

(x) (xi) (xii)

GRI less ground rents

Less: service fee and service charge costs component of GRI (if relevant) Add Share of Joint Ventures (GRI less ground rents)

2,096.5

EPRA Cost Ratio (including direct vacancy costs) (A/C)

EPRA Cost Ratio (excluding direct vacancy costs) (B/C)

Figures may not add up due to rounding.

(1) The calculation is based on the EPRA recommendations and is applied on Shopping Centres and Offices 6 Others sectors.

4. Activity review

4.1 Management discussion and analysis

4.1.6.6 CAPITAL EXPENDITURE

Proportionate

2020

Group share

Acquisitions¹⁾ Development²⁾

Like-for-like portfolio³⁾

Other⁴⁾

Total Capital Expenditures

Conversion from accruals to cash basis

Total Capital Expenditures on cash basis

Figures may not add up due to rounding.

1) In 2021, includes mainly acquisitions in France.

2) In 2021, includes mainly the capital expenditures related to investments in the Les Ateliers Gaité, Pullman Montparnasse hotel, Gaité office, Westfield Topanga and Garbera redevelopments and extensions projects and to the Westfield Hamburg - Überseequartier and Triangle new development projects.

3) In 2021, includes mainly the capital expenditures related to Westfield Mall of the Netherlands, Westfield La Part-Dieu, Westfield Les 4 Temps and Westfield London. Capital expenditure on the like-for-like portfolio includes capital expenditure spent on extension and works on standing assets or refurbishments recently delivered. In 2021, URW spent £84.7 Mn on replacement capex, Group share.

4) In 2021, includes eviction costs and tenant incentives, external letting fees (internal letting fees are included in Administrative expenses), capitalised interest relating to projects and other capitalised expenses of €22.0 Mn, €9.3 Mn, €55.4 Mn and €16.9 Mn, respectively (amounts in Group share).

4. Activity review

4.2 Other Information

4.2 OTHER INFORMATION 4.2.1 GROUP CONSOLIDATED DATA LEASING ACTIVITY - SHOPPING CENTRES

Lettings/relettings/renewals excluding Pipeline

Region

Continental Europe UK

Number of leases signed^(a)

1,265

172

MGR (CMn)

186.6

54.3

MGR uplift on deals above three-year firm duration

4.3

CMn

(1.5)

4.6%

(3.7%)

Total Europe

378,559

Total URW

Figures may not add up due to rounding.

(a) Excluding leases below one year. The number of leases signed for the Group was 1,503 in 2020 and 2,359 in 2019.

Lettings/re-lettings/renewals excluding Pipeline

Number of deals below or equal to three-year firm duration

Region

Continental Europe

UK

Total Europe

400

Total URW

Total URW

Figures may not add up due to rounding.

NET RENTAL INCOME BY SEGMENT

Net Rental Income (£Mn)

Segment

Shopping Centres

Offices a Others

Change (%)

(3.9%) (29.7%)

Like-for Like change (%)

(1.2%*) (6.6%)

Convention & Exhibition

Total URW

Figures may not add up due to rounding.

a) Excluding Airports.

b) Including Airports.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

4. Activity review

4.2 Other Information

NET RENTAL INCOME - SHOPPING CENTRES

Net Rental Income (£Mn)

Region

NRI - Continental Europe

NRI UK

Total NRI - Europe

NRI US including Airports

Total NRI - URW including Airports

Figures may not add up due to rounding.

Net Rental Income (CMn) Like-for-like

Region

Lfi NRI - Continental Europe

Lfi NRI UK

Total Lfi NRI - Europe

Lfi NRI US excluding Airports

Total Lfi NRI - URW excluding Airports

Figures may not add up due to rounding.

Net Rental Income Like-for-like evolution (%)

Renewals, relettings net of departures S indexation

(4.0%)

(21.4%)

COVID-19 rent
0.0%

5.6%

discounts Sales Based Rent

(0.3%)

14.4%

Total excl. Straight lining*

(4.3%) 27.0%

Total Lfi NRI - Europe

Lfi NRI US excluding Airports

Total Lfi NRI - URW excluding Airports

Figures may not add up due to rounding.

(a) Excluding reversals, straightlining and write-off accruals related to COVID-19 rent relief.

NET RENTAL INCOME - OFFICES & OTHERS

Net Rental Income (£Mn)

Region France

Like for like change(%)

2.4%

Nordics

Other countries

Total NRI - Europe

(40.1%)

Total NRI - URW

Figures may not add up due to rounding.

4. Activity review

4.2 Other Information

VACANCY - SHOPPING CENTRES

Vacancy

June 30, 2021

Region

4.0% 10.6%

5.0% 12.2%

4.9% . 9.7%

Total Europe

14.0%

Total URW

Figures may not add up due to rounding.

LEASE EXPIRY SCHEDULE

Lease expiry schedule

Total URW (Shopping CentresOffices & Others)

Expired

2022

2023

2024 2025 2026

2027

2028 2029

2030

2031

2032

Beyond

MGR(€Mn)at date of next break option

50.2 241.0 380.5

288.6

277.2

198.7

138.9 93.1

82.0

61.9

63.5

41.6 76.4

As a % of total

2.5%

12.1%

19.1% 14.5%

13.9%

10.0% 7.0% 4.7%

4.1% 3.1%

3.2%

2.1%

3.8%

MGR (CMn) at expiry date

50.2

150.0

217.4

177.3

219.2 182.9

177.7

148.9 151.3 139.3

127.1

57.0

194.3

As a % of total

2.5%

7.5%

10.9%

8.9% 11.0% 9.2%

8.9%

7.5% 7.6%

7.0%

6.4% 2.9%

9.7%

1,993.5

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 277

4. Activity review

4.2 Other information

4.2.2 CONSOLIDATED INCOME STATEMENT BY SEGMENT AND REGION

proportionate basis	Recurring recurring			2020 restated ¹	
	Net result	by segment	on a	Non-	activities Result
	(CMn)				
SHOPPING CENTRES					
Gross rental income	627.2	=	627.2	713.0	= 713.0
Operating expenses and net service charges	(83.8)	-	(83.8)	(96.5)	96.5
Net rental income	543.4	-	543.4	616.5	- 616.5
SOUTHERN Contribution of companies accounted for using the equity method	^73	(8.6)	28.7	20.7	(72.5) (51.8)
EUROPE Gains/losses on sales of properties	-	(11.5)	(1JL5)	-	(5^9) (54.9)
Valuation movements on assets ^m	-	(364.5)	(364.5)	-	(1,930.9) (1,930.9)

	<u>valuation movements on assets</u>		<u>(1,049.0) (1,049.0)</u>		<u>(1,049.0) (1,049.0)</u>	
	Impairment of goodwill	-	-	-	-	(104.6) (104.6)
	Result from operations Shopping Centres Southern Europe	580.7	(384.5)	196.2	637.3	(2,162.9) (1,525.6)
	Gross rental income	759.0	-	759.0	801.6	^{801A} -
	Operating expenses and net service charges	(280.0)	-	(280.0)	(339.1)	(339.1)
	<u>Net rental income</u>	<u>479.0</u>	<u>-</u>	<u>479.0</u>	<u>462.5</u>	<u>- 462.5</u>
^	Contribution of companies accounted for using the equity method	5.2	(17.2)	(12.0)	(1.2)	(99.4) (100.6)
	<u>Gains/losses on sales of properties</u>	<u>-</u>	<u>57.7</u>	<u>57.7</u>	<u>-</u>	<u>(28.5) (28.5)</u>
	Valuation movements on assets	-	(1,049.0)	(1,049.0)	-	(2,046.0) (2,046.0)
	Impairment of goodwill	-	-	-	-	(710.4) (710.4)
	Result from operations Shopping Centres US	484.2	(1,008.5)	(524.3)	461.3	(2,884.3) (2,423.0)
	Gross rental income	419.5	-	419.5	432.5	- 432.5
	Operating expenses and net service charges	(78.5)	-	(78.5)	(41.2)	(41.2)
	Net rental income	341.0	-	341.0	391.3	391.3
Aki^**1"	<u>Contribution of companies accounted for using the equity method</u>	<u>25.5</u>	<u>(23.4)</u>	<u>2.1</u>	<u>30.6</u>	<u>(57.2) (26.6)</u>
AND						
EASTERN	<u>Gains/losses on sales of properties</u>	<u>-</u>	<u>4.6</u>	<u>4.6</u>	<u>-</u>	<u>(0.2) (0.2)</u>
EUROPE	<u>Valuation movements on assets</u>	<u>-</u>	<u>-</u>	<u>(311.5)</u>	<u>(311.5)</u>	<u>(754.0) (754.0)</u>
	Impairment of goodwill	-	(156.4)	(156.4)	-	(102.3) (102.3)
	Result from operations Shopping Centres Central and Eastern					
Europe				366.5		(486.7) (120.2)
422.0	(913.7) (491.8)					
	<u>Gross rental income</u>	<u>201.1</u>	<u>-201.1</u>	<u>179.4</u>	<u>-</u>	<u>150.3</u>
	Operating expenses and net service charges	(33.1)	(29.1)	(29.1)	-	167.9
	<u>Net rental income</u>	<u>-</u>	<u>167.9</u>	<u>-</u>	<u>167.9</u>	<u>150.3</u>
NORTHERN	<u>Contribution of companies accounted for using the equity method</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EUROPE	Gains/losses on sales of properties	-	56.9	56.9	(0.4)	(0.4)
	<u>Valuation movements on assets</u>	<u>-</u>	<u>14.5</u>	<u>14.5</u>	<u>-</u>	<u>(456.8) (456.8)</u>
	Impairment of goodwill	-	(132.2)	(132.2)	-	(132.2)
	Result from operations Shopping Centres Northern Europe	167.9	71.4	239.4	150.3	(589.4) (439.1)
	Gross rental income	169.2	169.2	169.2	141.7	141.7
	Operating expenses and net service charges	(68.1)	(63.7)	(63.7)	-	-
	<u>Net rental income</u>	<u>101.1</u>	<u>-101.1</u>	<u>78.0</u>	<u>-</u>	<u>141.7</u>
	Contribution of companies accounted for using the equity method	-	-	-	-	-
	Gains/losses on sales of properties	-	-	-	-	-
	Valuation movements on assets"	-	(364.9)	(364.9)	(1,002.8)	(1,002.8)
	Impairment of goodwill	-	(320.5)	(320.5)	-	-
	Result from operations Shopping Centres UK	101.1	(364.9)	(263.8)	78.0	(1,323.2) (1,245.2)
1)	Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.					
2)	Following the transfer of one asset from UK region to France region in 2021, 2020 figures were accordingly restated.					
	<u>TOTAL RESULT FROM OPERATIONS SHOPPING CENTRES</u>	<u>1,700.5</u>	<u>(2,173.2)</u>	<u>(472.8)</u>	<u>1,748.9</u>	<u>(7,873.6) (6,124.7)</u>

4. Activity review

4.2 Other Information

2020 restated^{1"}

Net result by segment on a proportionate basis (€Mn)
Non-Recurring recurring activities activities

Recurring activities
Nonrecurring activities

OFFICES a OTHERS

Gross rental income

Operating expenses and net service charges

Net rental income

Contribution of companies accounted for using the equity method Gains/losses on sales of properties

Valuation movements on assets Impairment of goodwill

Result from operations Offices a Others France

Gross rental income

Operating expenses and net service charges

(2.3)

34.9

(0.0)

_34.9 36.3

(11.0)

_0.2 74.3

135.7

210.1

(2.3)

34.9

0.1

74.3

135.7

245.0

36.3 (11.6)"

161.0J_ 56.0

(0.3) 26.9

82.7

40.6 (11.1)

Net rental income

OTHER COUNTRIES

Contribution of companies accounted for using the equity method

Gains/losses on sales of properties

- 28.5

Valuation movements on assets

- 21.5

_28.5 21.5

0.0

(1.4) (56.6)

Impairment of goodwill

Result from operations Offices a Others Other countries

TOTAL RESULT FROM OPERATIONS OFFICES a OTHERS

CONVENTION a EXHIBITION

Gross rental income

Operating expenses and net service charges

Net rental income

On-site property services net income

Contribution of companies accounted for using the equity method Valuation movements, depreciation, capital gains

Impairment of goodwill

TOTAL RESULT FROM OPERATIONS C&E

Net property development and project management income

Other property services net income

Impairment of goodwill related to the property services

Corporate expenses

Depreciation of other tangible assets

Development expenses

(214.4)

(1.4) (0.1)

Acquisition and other costs

NET OPERATING RESULT

Result from non-consolidated companies

Financing result

1,130.9 (2,166.5) (1,035.6)

income tax expenses

1,155.3 (8,830.0) (7,674.8)

External non-controlling interests

NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES

- 1) Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.
- 2) Following the transfer of one asset from UK region to France region in 2021, 2020 figures were accordingly restated.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

CHAPTERS.

Financial statements as at December 31,2021

5.1 CONSOLIDATED FINANCIAL STATEMENTS281

511 Consolidated statement of comprehensive income282

512 Consolidatedstatementoffinancialposition284

3 Consolidated statement of cash flows285

4 Consolidated statement of changes in equity286

2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 287

FINANCIAL STATEMENTS 201

3	STATUTORY FINANCIAL STATEMENTS AS AT DECEMBER 31,2021	363
1	Income statement as at December 31,2021	363
2	Balance sheet as at December 31,2021	364
3	Breakdown of balance sheet and income statement by entity	365
4	NOTES TO THE STATUTORY FINANCIAL STATEMENTS	366
5	STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	400
6	STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	407
7	STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS	412
8	OTHER INFORMATION	414
1	Supplier and customer payment dates	414
2	Results for Unibail-Rodamco-Westfield SE over the past five financial years	415

5. Financial statements as at December 31,2021

5.1 Consolidated financial statements

On February 7, 2022, the Management Board prepared the consolidated financial statements. These consolidated financial statements will be submitted to the approval of the financial statements of Unibail-Rodamco-Westfield SE (URW SE) for the year ended December 31, 2021, and the Supervisory Board authorised their publication on February 9, 2022.

5.1 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are presented in millions of euros, rounded to the nearest hundred thousand. As a result, there may be slight differences between rounded figures.

5. Financial statements as at December 31,2021

5.1 Consolidated financial statements

5.1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(CMn)

Gross rental income Ground rents paid

Service charge income

Notes 4.2.1/4.4.1 4.2.1/14.4.2

4.2.1/4.4.2

1,897.7

(13.7) 317.4

Service charge expenses

Property operating expenses

Operating expenses and net service charges Net rental income

Property development and project management revenue

Property development and project management costs

(389.4)

(449.5)

1,448.2

251.9 (217.2)

Net property development and project management income

Property services and other activities revenues

Property services and other activities expenses Net property services and other activities income

Share of the result of companies accounted for using the equity method Income on financial assets

179.1

(175.5)				
				<u>3.6</u>
(1,652.4)				
24.8				
Contribution of companies accounted for using the equity method				
Corporate expenses				
<u>(1,627.6)</u>				
				(207.4)
Depreciation of other tangible assets				
Development expenses				
Administrative expenses				
Acquisition and other costs				
Proceeds from disposal of investment properties				
Carrying value of investment properties sold				
Result on disposal of investment properties and loss of control ¹				
Valuation gains on assets				
Valuation losses on assets				
Valuation movements on assets				
Impairment of goodwill				
(2.1) (2.6)				
				(212.1) (83.4) 656.3 "(742.7)
				(86.3) 71.3 (4,908.5)
(4,837.2)				
(1,596.1)				
NET OPERATING RESULT				
<i>Result from non-consolidated companies Financial income</i>				
Financial expenses Net financing costs				
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNANE)				
Fair value adjustments of derivatives, debt and currency effect				
(6,956.4)				
1,0248.1				
(679.7)				
				(431.5) 1.8
(570.9)				
<u>Debt discounting</u>				
RESULT BEFORE TAX				
Income tax expenses				
NET RESULT FOR THE PERIOD				
Net result for the period attributable to:				
• The holders of the Stapled Shares				
• External non-controlling interests				
NET RESULT FOR THE PERIOD				
Net result for the period attributable to the holders of the Stapled Shares analysed by amount				
attributable to:				
• Unibail-Rodamco-Westfield SE members				
• Unibail-Rodamco-Westfield N.V. members				
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES				
Average number of shares (undiluted)				
<u>Net result for the period (Holders of the Stapled Shares)</u>				
<u>Net result for the period per share (Holders of the Stapled Shares) (€)</u>				
Net result for the period restated (Holders of the Stapled Shares) ² Average number of shares (diluted)				
Diluted net result per share (Holders of the Stapled Shares) (€) ³¹				

5. Financial statements as at December 31,2021

5.1 Consolidated financial statements

Net comprehensive- income (CMn)	Notes 2020	
NET RESULT FOR THE PERIOD		(991.3) (7,674.8)
Foreign currency differences on translation of financial statements of subsidiaries and net investments in these subsidiaries		<u>560.0</u> (553.9)
Other comprehensive income that may be subsequently recycled to profit or loss		<u>560.0</u> (553.9)
Employee benefits		1.4 (0.2)
Fair Value of Financial assets		(2.7) (14.9)
Other comprehensive income not subsequently recyclable to profit or loss		(1.3) (15.1)
OTHER COMPREHENSIVE INCOME		558.7 (569.0)
NET COMPREHENSIVE INCOME		(432.5) (8,243.8)
External non-controlling interests		(18.8) (462.2)
NET COMPREHENSIVE INCOME (HOLDERS OF THE STAPLED SHARES)		(413.8) (7,781.6)

- 1) The result on disposal of investment properties and loss of control includes both the result on disposal of assets and the result on disposal of shares.
- 2) The impact of the fair value of the ORNANE and the related financial expenses are restated from the net result of the period if it has a dilutive impact.
- 3) In case of a negative net result for the period, the diluted net result per share is equal to the net result for the period per share.

5. Financial statements as at December 31,2021

5.1 Consolidated financial statements

5.1.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CMn)	
NON CURRENT ASSETS	
Investment properties	
<i>Investment properties at fair value</i>	
<i>Investment properties at cost</i>	
Shares and investments in companies accounted for using the equity method	
Other tangible assets Goodwill	
Intangible assets	
Investments in financial assets	
Deferred tax assets	
Derivatives at fair value	
5.2.2	5.4.2 5.3.2 _7.3.1_ 8.3
7.4	
39,623.6	
1,324.1	8,370.3
279.2	
1,248.1	
876.3	
303.6	26.5
826.8	
CURRENT ASSETS	
Properties or shares held for sale Inventories	
Trade receivables from activity	
Tax receivables	
Other receivables	
Cash and cash equivalents	
TOTAL ASSETS	
<u>Equity attributable to the holders of the Stapled Shares</u>	
Share capital	
Additional paid-in capital Consolidated reserves	
Hedging and foreign currency translation reserves Consolidated result	
<ul style="list-style-type: none"> • <i>Equity attributable to Unibail-Rodamco-Westfield SE members</i> • <i>Equity attributable to Unibail-Rodamco-Westfield N.V. members</i> 	
Hybrid securities	
External non-controlling interests	
57,277.8	17,393.5 692.4
13,480.7	
10,980.8	
(547.8)	
(7,212.6)	17,375.3
18.2	
1,988.5	
3,413.0	
TOTAL SHAREHOLDERS' EQUITY	
NON CURRENT LIABILITIES	
Non-current commitment to external non-controlling interests	
Net share settled bonds convertible into new and/or existing shares (ORNANE) Non-current bonds and borrowings Non-current lease liabilities Derivatives at fair value	
3.5.1	
7.3.4	
7.3.9_ 7.3.3 7.4	
94.5	
497.7	
	24,310.5 796.6
1,502.3	
Deferred tax liabilities	
Non-current provisions	

Guarantee deposits
Amounts due on investments Other non-current liabilities
CURRENT LIABILITIES
Liabilities directly associated with properties or shares classified as held for sale
Current commitment to external non-controlling interests
Amounts due to suppliers and other creditors
Amounts due to suppliers
Amounts due on investments
Sundry creditors
Other current liabilities
Net share settled bonds convertible into new and/or existing shares (ORNAME) Current borrowings and amounts due to credit institutions
Current lease liabilities
Current provisions
TOTAL LIABILITIES AND EQUITY

10_ 7.3.4	
7.3.9	
7.3.3	
3,557.8	
4.8	
473.7	
542.0	
667.4	
500.3	
1,073.7	
32.3	
34.6	
54,919.4	
<u>4,827.4</u>	
203.5	
6.1	
1,185.3	
	1,244.7 229.0
479.9	
493.6	
681.0	
102.6	
2,584.1	
32.2	
32.7	
57,277.8	211.8

5. Financial statements as at December 31,2021

5.1 Consolidated financial statements

5.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (€Mn)

Notes[^]

2020

OPERATING ACTIVITIES			
Net result	≈	(99JK3)	(7,674.8)
Depreciation 6 provisions ¹⁾		9.3	73.0
Impairment of goodwill		145.9	1,596.1
Changes in value of property assets		<u>1,197.3</u>	<u>4,837.2</u>
Changes in value of financial instruments		95.1	569.1
Charges and income relating to stock options and similar items		12.5	12.8
Net capital gains/losses on disposal of investment properties ¹¹⁾		[^] OiS [^]	<u>86.3</u>
Share of the result of companies accounted for using the equity method	6.2	570.5	1,652.4
Income on financial assets	6.2	(25.1)	(24.8)
Dividend income from non-consolidated companies		(2.5)	(1.0)
Net financing costs	<u>72J</u>	<u>465.9</u>	<u>431.5</u>
Income tax charge (income)		<u>(32.9)</u>	<u>(281.1)</u>
Cash flow before net financing costs and tax		1,236.4	1,276.9
Income on financial assets		25.1	24.8
Dividend income and result from companies accounted for using the equity method or non-consolidated		271.2	138.5
Income tax paid		<u>(27.3)</u>	<u>(18.2)</u>
Change in working capital requirement		215.2	1.1
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		<u>1,720.6</u>	<u>1,423.1</u>
INVESTMENT ACTIVITIES			
Property activities		625.0	65.8
Acquisition of subsidiaries, net of cash acquired	3.4.1	(28.2)	(70.1)
Amounts paid for works and acquisition of property assets	5.6	(888.9)	(1,164.3)
Repayment of property financing		14.6	19.6
Increase of property financing		(250.8);	(239.4)
Disposal of shares	<u>3A2</u>	<u>854.7</u>	<u>1,026.7</u>
Disposal of investment properties		923.6	493.3
Financial activities		(4.2)	16.0
Acquisition of financial assets		(9.8)	(10.1)
Repayment of financial assets		5.9	18.4
Change in financial assets		(0.3)	7.7
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		<u>620.8</u>	<u>81.8</u>
FINANCING ACTIVITIES			
Capital increase of parent company		3.6	2.8
Purchase of own shares		-	(0.5)
Change in capital from companies with non-controlling shareholders		4.3	4.5
Hybrid securities		-	(0.3)
Distribution paid to parent company shareholders	12.3	-	(747.4)
Dividends paid to non-controlling shareholders of consolidated companies		(74.7)	(93.6)
Coupon on the Hybrid Securities		(48.1)	(48.1)
New borrowings and financial liabilities		1,832.5	5,669.6
Repayment of borrowings and financial liabilities		(3,437.6)	(4,082 ⁸⁾)
Financial income	7.2.1	204.6	242.7
Financial expenses	<u>7[^]1</u>	<u>(662.2)</u>	<u>(628.8)</u>
Other financing activities	<u>737</u>	<u>(65.6)</u>	<u>(201.6)</u>
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		<u>(2,243.2)</u>	<u>116.5</u>
<u>Change in cash and cash equivalents during the period 98.2</u>		<u>1,621.4</u>	
<u>Net cash and cash equivalents at the beginning of the year 2,127.8</u>		<u>486.0</u>	
<u>Effect of exchange rate fluctuations on cash held 13.7</u>		<u>20.4</u>	
<u>Net cash and cash equivalents at period-end</u>	<u>7.3.9</u>	<u>2,239.7</u>	<u>2,127.8</u>

1) Includes straight lining of key money and lease incentives.

2) Includes capital gains/losses on property sales, disposals of short term investment and disposals of operating assets.

5. Financial statements as at December 31,2021

5.1 Consolidated financial statements

5.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT EVENTS 288

1. Significant events of 2021 . 288
2. Significant eventsof 2020 290

NOTE 2. ACCOUNTING POLICIES 293

1. IFRS basis adopted 293
2. Estimatesandassumptions 293
3. Climate change and risks 294

NOTE 3. SCOPE OF CONSOLIDATION 295

1. Accounting principles 295
2. Consolidation of Unibail-Rodamco-Westfield N.V.296
3. Description of significant controlled partnerships296
4. Share deals: acquisitions and disposals298
5. Non-controlling interests and commitment

to purchase non-controlling interests 299

6. Description of significant joint operations299

NOTE 4. NET RECURRING RESULT AND SEGMENT REPORTING300

1. Accounting principles 300
2. Consolidated financial statements
3. Net recurring result definition 303
4. Net result by segment on a proportionate basis304
5. Other information by segment on a proportionate basis 310

on a proportionate basis 301

NOTE 5. INVESTMENT PROPERTIES, TANGIBLE AND INTANGIBLE ASSETS, GOODWILL 315

1. Investment properties 315
2. Tangible assets 320
3. Intangible assets 321
4. Goodwill 323
5. Valuation movements on assets 326
6. Amounts paid for works and acquisition of property assets (Consolidated statement of cash flows) 326

NOTE 7. FINANCING AND FINANCIAL INSTRUMENTS 332

1. Accounting principles	332
2. Financing result	334
3. Financial assets and liabilities	335
4. Hedging instruments	341
5. Management of exchange risks	341
6. Risk management policy	342
7. Carrying value of financial instruments per category	345

NOTE 8. TAXES 348

1. Accounting principles	348
2. Income tax expenses	349
3. Deferred taxes	350

NOTE 9. PROVISIONS 351

NOTE 10. OTHER CURRENT LIABILITIES 351

NOTE 11. EMPLOYEE REMUNERATION AND BENEFITS 352

1. Headcount	352
2. Personnel costs	352
3. Employee benefits	353

NOTE 12. SHARE CAPITAL AND DIVIDENDS 357

1. Capital management	357
2. Number of shares	357
3. Dividends	358

NOTE 13. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES 358

1. Commitments given	358
2. Commitments received	360
3. Contingent liabilities	360

NOTE 14. SUBSEQUENT EVENTS 360

NOTE 6. SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD 327

1. Accounting principles	327
2. Shares and investments in companies	327
3. Joint ventures	328
4. Associates	330
5. Transactions with related parties	331

(joint ventures and associates) 331

NOTE 15. LIST OF THE MAIN

CONSOLIDATED COMPANIES 361

NOTE 16. RELATIONSHIP WITH THE

STATUTORY AUDITORS 362

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

NOTE 1. SIGNIFICANT EVENTS 1.1 SIGNIFICANT EVENTS OF 2021 1.1.1

COVID-19 PANDEMIC

The COVID-19 pandemic continued to have a significant impact on URW's business over the course of 2021.

OVERVIEW OF RESTRICTIONS IN 2021

The operations in URW shopping centres were particularly impacted by lockdown periods and restrictions in the first half of 2021, while operations were generally able to take place with loosened restrictions in H2-2021, except year-end which was impacted by a resurgence of the pandemic.

During the first half of the year, most of the Group's European centres had to close at various points, except for "essential" retailers and excluding the centres in Sweden and parts of Spain that remained open throughout the period, albeit with certain restrictions on Food & Beverage ("F&B"), cinemas and fitness. In the US, all of the centres were open throughout the first half, however restrictions on sectors like F&B, entertainment and fitness were only progressively eased during February and March.

During H2-2021, the Group's centres and all retail sectors were generally allowed to trade including indoor dining and entertainment, albeit with some remaining capacity limits or other sanitary requirements (such as a COVID-pass/proof of vaccination being required for dining or entertainment in several markets).

Late November and December saw some tightening of government rules, following the emergence of the "Omicron variant". Most notably, this saw the reintroduction of government guidance to work from home, restrictions for non-vaccinated people to access shopping centres and the imposition of some further lockdowns in Austria, Slovakia and The Netherlands.

At year-end, restrictions have been limited in particular thanks to the progress made on vaccination in all the regions in which the Group operates.

RENT RELIEF AND GOVERNMENT SUPPORT

Throughout the crisis, URW recognised the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, generally limited to the period of closure and based on the principle of a fair sharing of the burden. These negotiations were focused on providing a one-off rent relief, not on permanently changing lease terms or structures.

In some geographies (including the UK, Germany and certain US municipalities), legal remedies for non-payment of rent have also been temporarily limited during the crisis, while in Austria and Poland, existing and new laws respectively, even prohibited the charging of rents during closure periods. A new law in Poland applicable as from H2-2021 also provided for a 50% discount of rents to be applied over the 3 months following reopening.

In Sweden, Denmark, Czech Republic, Germany and Slovakia, the government created state subsidy programmes focused specifically on supporting retail tenants. In France, the government announced in November a new scheme to help retailers pay rent during the 2021 closure periods. URW helped its tenants access these subsidies whenever possible.

ACCOUNTING PRINCIPLES

The accounting principles used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2020.

As at December 31, 2021, rent relief signed or expected to be signed regarding 2021 closures amounted to an estimated cash impact of €250 Mn (€301 Mn under proportionate), €212 Mn of which has been charged to the income statement during this period (€252 Mn under proportionate). The difference will be straight-lined in future periods.

The Group carried out a detailed review of all tenants receivables as at December 31, 2021, and the provision for doubtful debtors was estimated according to IFRS 9 (see note 7.6.3. "Credit risk").

The total accounts receivable from Retail activities (gross amounts) decreased by -€43.6 Mn vs. December 31, 2020 (€62.4 Mn under proportionate). During 2021, €67.8 Mn (€97.3 Mn under proportionate) of accounts receivable provision, net of reversals, were charged to the income statement, for the Shopping Centres, under the item "Property operating expenses".

As at December 31, 2021, the provision for doubtful debtors in the Consolidated statement of financial position amounted to €234.3 Mn (€317.0 Mn under proportionate) compared to €207.0 Mn (€285.1 Mn under proportionate) at the end of December 31, 2020.

1.1.2 ACQUISITIONS/DISPOSALS IN 2021 ACQUISITIONS

The Group acquired the remaining 47.4% stake in Westfield Trumbull and Westfield Palm Desert in May 2021 for a total amount of €7.3 Mn and the associated entities previously in joint control are fully consolidated from this date. The revaluation of the previously held investment amounts to €13.2 Mn (\$16.0 Mn) and was booked in the "Result on disposal of investment properties and loss of control" in the Consolidated statement of comprehensive income.

The Group increased its stake from 10% to 50% in the jointly owned company CH Warszawa U SP. z o.o., owner of a project in Poland (Centrum Ursynow) for a total amount of €36.4 Mn.

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

DISPOSAL OF A 60% STAKE IN AUPARK

On April 28, 2021, URW entered into an agreement for the phased disposal of Aupark Bratislava, a 59,600 sqm Flagship destination in Slovakia. WOOD & Company, as transaction leader, together with its joint venture partner Tatra Asset Management ("the Purchasers"), initially acquired a 60% interest on the basis of an agreed Total Acquisition Cost ("TAC") of €450 Mn (at 100%). The remaining 40% will be acquired through pre-agreed stakes in 2022, 2023 and 2024 ("Tranches two, three, four"). The joint venture formed by URW and the Purchasers has also refinanced the existing debt of Aupark by obtaining non-recourse bank financing of €229.5 Mn. In light of the impact of the ongoing COVID-19 pandemic, URW has provided:

- A three-year rent guarantee equal to a maximum c. 2% of the Gross Market Value ("GMV"); and
- A participative loan including an earn-out mechanism, with a maximum amount at risk equal to c. 2% of the GMV, and a potential earn-out to URW, which apply should the returns to the Purchasers be lower than or exceed the agreed levels.

This transaction was completed on May 27, 2021.

The joint venture is governed by a board of directors with six members, three of which are designated by URW and three designated by the Purchasers. The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of the asset.

Decision on these relevant activities require the approval of both partners.

URW will continue to manage the property, together with WOOD & Company, until the asset has been fully acquired by the Purchasers and the earn-out mechanism settled, in return for market standard property and asset management fees.

As a result, URW has joint control over the joint venture which is accounted for using the equity method.

The new shareholders benefit from call option windows every six months on all the shares in the respective entity still held by URW, and URW benefits from put options on shares to be acquired by the Purchasers for tranches two to four.

In case the Purchasers default on their obligation to acquire the pre-agreed stakes, URW has a drag along right for not less than 80% of the agreed valuation of Aupark and is entitled to take over the control of the joint venture.

The net disposal result amounted to +€6.9 Mn, including the value of the rental guarantee and the transaction costs.

The revaluation of the 40% previously held investments for +€14.9 Mn and the exit of the goodwill for -€23.0 Mn are also part of the net disposal result.

DISPOSAL OF A 45% STAKE IN WESTFIELD SHOPPING CITY SUD

On July 21, URW closed the disposal of a 45% minority stake in Westfield Shopping City Slid (138,600 sqm owned GLA) in Vienna (Austria) to Credit Agncole Assurances. URW retains a controlling stake in the JV holding the asset and remains the asset and property manager. The implied offer price for the asset is €1,065 Mn (at 100%), representing a discount of -3% to the last unaffected appraisal value (December 31, 2020). In light of the impact of the ongoing COVID-19 pandemic, URW has granted the joint venture a two-year rental guarantee capped at circa 2% of the implied offer price (at 100%). The JV put in place a nonrecourse seven-year mortgage loan at a 1.39% cost for a total amount of €351 Mn corresponding to a Loan-To-Value ("LTV") below 35% at closing.

URW benefits from an earn-out clause in case the existing receivables at date of closing, which were not reflected in the purchase price, are recovered post-closing. Within a three-year period from closing, 45% of net amount paid by tenants after closing on these receivables will be paid to URW shareholders as an earn-out. This earn-out is calculated on a quarterly basis.

URW has kept the control of the asset which continues to be fully consolidated (see note 3.3 Description of significant controlled partnerships). As a consequence, the result of the transaction was recorded in the equity attributable to the holders of the Stapled Shares for -€20.9 Mn including the value of the rental guarantee and the transaction costs.

FORECLOSURE OF US ASSETS

With respect to several regional malls in the US, URW defaulted on the loans and asked the servicer of its loans for the appointment of a receiver. During 2021, these assets were taken over by their respective mortgage lenders, the receiver was appointed by the relevant court which transferred the management and control of each related asset and derecognised as of the date of the respective receivership.

Since the appointment dates, URW is no longer the owner of these assets, is not liable for the debt and does not recognise the revenues generated by these assets. This

includes Westfield Citrus Park and Westfield Countryside in Florida with an effective transfer on January 13, 2021, the Westfield Sarasota in Florida with an effective transfer on February 23, 2021, Westfield Broward in Florida, with an effective transfer on June 23, 2021 and Westfield Palm Desert in California on October 14, 2021. The special servicers agreed to release URW from all obligations under the Westfield Sarasota loan and any associated guarantees, in return for a payment of €9.2 Mn (\$10.9 Mn).

However, for Westfield Palm Desert and Westfield Boward, URW is still at risk for financial guarantees associated with the loans until final foreclosure by the bank.

The expected credit loss of €40.8 Mn (\$48.2 Mn) for the financial guarantee contracts related to Westfield Broward and Westfield Palm Desert is recognised within the disposal result.

The loss of control led to a profit of €44.4 Mn (\$52.5 Mn) recorded in the "Result on disposal of investment properties and loss of control" in the Consolidated statement of comprehensive income.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 289

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

DISPOSAL OF OFFICE BUILDINGS

On January 21,2021, further to an agreement entered into on October 12, 2020, URW announced the completion of the disposal of the SHiFT office building, located in Issy-les-Moulineaux (Paris region), to a consortium of French institutional buyers (Primonial REIM, La Franchise and EDF Invest). The Disposal Price¹¹¹ of the transaction is €620 Mn.

On March 17, 2021, URW announced the completion of the disposals of the Les Villages 3, 4 and 6 office buildings, located in La Defense (Paris region) to French institutional investors. Agreements for the disposals were signed in December 2020. Village 3 was sold to an institutional fund managed by La Franchise Real Estate Managers on March 4, 2021. Village 4 and 6 were sold to institutional funds managed by Perial AM on March 17, 2021. The total Net Disposal Price¹² of both transactions is €215 Mn.

On September 16, 2021 Unibail-Rodamco-Westfield completed the sale and leaseback agreement with a French institutional investor for the 7 Adenauer office building in Paris (URW's global headquarters, accounted for at cost). The Net Disposal Price of €249 Mn represents a premium to the last unaffected book value. Further to the new standard lease on the building, 7 Adenauer will remain its global headquarters. The rights retained by the Group amounted to €25 Mn and are booked as a right of use within the Other tangible assets and the total disposal result amounted to €86 Mn. A lease liability of €44 Mn was recognised in the consolidated financial statements.

PARTNERSHIP WITH AXA FOR THE TRIANGLE TOWER PROJECT IN PARIS

On November 1, 2021, URW signed a co-investment partnership with AXA IM Alts, a global leader in alternative investments acting on behalf of clients, for the Triangle Tower, a major new development in Paris. URW ownership is 30% and AXA IM Alts owns the remaining 70% in the newly created JV (SNC Triangle Renan).

The JV is governed by the steering committee in which the partner has the majority and is also the chairman. The AMO Manager (AXA's affiliate) holds large powers and has the control over the leasing, the financing and the follow up of the building's construction. The initial annual budget as well as the business plan are approved by a simple majority, thus by the partner. Only a limited number of reserved matters require the approval of URW.

As a result URW only exercises a significant influence on the new entity which will be accounted for using the equity method.

OTHER DISPOSALS

URW also disposed of several minor assets:

- Le Bleriot, an office building located in the Paris region;
- The Q-Huset office building located in Taby;
- URW's 50% stake in the Palisade residential building at Westfield UTC; and
- 51% stake in Aquaboulevard and Le Sextant in October 2021, which URW jointly controls and is now accounted for using the equity method.

1.2 SIGNIFICANT EVENTS OF 2020

1.2.1 COVID-19 PANDEMIC

CLOSING AND REOPENING OF THE GROUP'S SHOPPING CENTRES

The COVID-19 pandemic has significantly impacted URW's business in 2020.

The operations in URW shopping centres in 2020 were impacted by a series of lockdown and restriction periods that affected the assets and activities of the Group.

During H1, due to the COVID-19 first wave, most of the Group's shopping centres had to close in mid-March, except for "essential" retailers, with the closure period varying by location. All of the Group's European centres had reopened by June 15, although restrictions, primarily on leisure and the Food Et Beverage sector, have remained in some regions. In the US, all of the Group's centres, except Westfield World Trade Center, had reopened by July.

However, on July 13, California again ordered all indoor operations of shopping centres to close. The Californian centres outside Los Angeles reopened on September 2, while the Group's five L.A. centres remained closed until October 7. Westfield World Trade Center reopened on September 9.

During H2, following the increase in COVID-19 cases seen globally since September 2020, the authorities imposed new restrictions and/or lockdown periods mainly in 0.4 in most of the Group's regions, which impacted the opening of URW's shopping centres. In many countries only "essential" retailers and those able to offer curbside pick-up or fulfil delivery orders from the store could continue to trade. In the US, various municipalities imposed limitations on the capacity both within centres (typically between 20% and 50% depending on the state and county) and within individual stores.

TENANT NEGOTIATIONS AND RENT RELIEF

From the start of the COVID-19 crisis, the Group first adopted a global policy of allowing temporary deferral of rents, before starting discussions with tenants about the terms of any support, such as rent relief, offered by URW.

In some geographies (including the UK, Germany and certain US municipalities), legal remedies for non-payment of rent have been temporarily limited, which also hampered the enforceability of rents. In certain regions, existing laws (Austria) or new laws (Poland) even prohibited rents during the closure period.

In Sweden, Denmark, Czech Republic and Slovakia, the government created state subsidy programmes focused specifically on supporting retail tenants.

(1) Total Acquisition Cost (TAC) reduced by the Transaction Tax incurred by the buyer. As per standard market practice, the remaining lease incentives will be paid by the vendor.

(2) Net Disposal Price: Total Acquisition Cost incurred by the acquirer minus all transfer taxes and transaction costs.

290 UniversalRegistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

Once negotiations commenced, they were done on a case-by-case basis. They recognise the issues the Group's tenants faced due to administrative closures or trading restrictions and the need to provide relief, are generally limited to the period of closure and are based on the principle of a fair sharing of the burden. In many cases they entail concessions by tenants in exchange for such relief.

ACCOUNTING PRINCIPLES

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g. extension of a lease term or higher Sales Based Rent), IFRS 16 applies, under which, the relief is treated as a lease incentive which is straight-lined over the expected term of the lease as a reduction of the Gross Rental Income.

Rent relief for which a counterpart is expected and not yet signed are part of the receivables on which an expected credit loss is calculated.

As a reminder, the provision for doubtful debtors is recorded in the Net rental income (NRI) as an Operating expense.

In accordance with IFRS 16, rent relief without changes to the lease contract, imposed by laws in force before an event giving rise to the relief, such as in Austria, or pursuant to a provision in the existing lease contract allowing for rent modification, is directly charged to the income statement as a reduction of the Gross Rental Income.

Rent relief signed or expected to be signed, granted without any counterpart from the tenants are considered as a reduction of the receivables and are charged to the income statement as a reduction of the Gross Rental Income in 2020.

As at December 31, 2020, the Group estimates it is close to 90% through the rent relief negotiation process in Europe¹ for the first COVID-19 wave.

In the US, the Group completed rent relief negotiations with tenants representing approximately 87% of the leasing revenue by December 31, 2020³¹.

As at December 31, 2020, rent relief signed or expected to be signed regarding 2020 closures (including the second wave until December 31) amounted to an estimated cash impact of €313 Mn¹³¹, €246 Mn of which have been charged to the income statement during this period. The difference will be straight-lined over the expected term of the lease.

The Group carried out a detailed review of all the tenants receivables as at December 31, 2020, and the provision for doubtful debtors was estimated according to IFRS 9 (see note 7.6.3. "Credit risk").

The total accounts receivable (net of provision for doubtful debtors) from the Group's tenants increased by €26.4 Mn vs. December 31, 2019 (€92.2 Mn under proportionate). Over fiscal year 2020, €126.6 Mn (€202.7 Mn under proportionate) of accounts receivable provision were charged to the income statement under the item "property operating expenses".

As at December 31, 2020, the provision for doubtful debtors in the Consolidated statement of financial position amounted to €207.0 Mn (€285.1 Mn under proportionate) compared to €88.2 Mn (€107.3 Mn under proportionate) at the end of December 31, 2019.

VALUATION OF INVESTMENT PROPERTIES

As for each closing, investment properties have been valued by external independent appraisers as described in the note 5.1 "Investment properties".

For the valuation as at June 30, 2020, the appraisers in Europe and in the US included a material valuation uncertainty statement in the appraisal reports. For the valuation as at December 31, 2020, this statement was withdrawn from the appraisal reports, except for the hotels which represented €0.5 Bn of the Group's GMV. However, according to the appraisers, this material valuation uncertainty does not mean their hotel valuations cannot be relied upon.

In 2020, valuation of investment properties decreased by -€4,722.3 Mn (-€6,437.5 Mn on a proportionate basis).

RECOVERABLE VALUE OF GOODWILL

The Group also performed an impairment test of goodwill as at December 31, 2020, based on assumptions described in the note 5.4 "Goodwill" and recognised an impairment of -€1,596.1 Mn on a cumulated basis.

LIQUIDITY POSITION

In 2020, all financial markets were affected by the COVID-19 pandemic. The credit markets were severely hit, with a significant increase in credit spreads and a few periods in which markets were effectively closed.

However, the extraordinary scale of the intervention by Central Banks (ECB, US Federal Reserve and the Bank of England) supported the credit markets and the access to liquidity for issuers. Moreover, market sentiment improved at year end following the announcement of vaccine candidates in November 2020.

Against this backdrop, URW raised €4,750 Mn of medium to long-term funds in the bond and bank markets including credit facilities extension. As at December 31, 2020, the Group had €11.4 Bn of cash on hand and undrawn credit lines (€11.5 Bn on a proportionate basis).

- 1) As a percentage of Minimum Guaranteed Rents (MGR) and includes tenants with financial terms agreed.
- 2) Includes tenants with financial terms agreed.
- 3) On a proportionate basis.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 291

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

1.2.2 DISPOSAL OF FIVE FRENCH SHOPPING CENTRES AND OTHER CHANGES IN THE SCOPE OF CONSOLIDATION

On May 29, 2020, URW completed the disposal of a portfolio of five shopping centres in France to the entity, "Fonciere Crossroads", formed by Credit Agricole Assurances, La Franchise and URW. The consortium of investors comprised Credit Agricole Assurances and La Francaise, which holds 54.2% of Fonciere Crossroads, and URW 45.8%. Fonciere Crossroads owns the following assets: Aeroville and So Ouest in the Paris region, Rennes Alma in Rennes, Toison d'Or in Dijon and Confluence in Lyon.

The implied offer price for the assets at 100% was €2,032 Mn. A syndicate of banks funded an underwritten €1.0 Bn secured financing for the new entity, with a seven-year maturity.

In light of the COVID-19 crisis and reflecting URW's confidence in the strength of these assets, the Group made some adjustments to provide comfort to the co-investors.

The net proceeds amounted to €1.5 Bn and the net disposal result to -€58.8 Mn, including the fair market value of the rental guarantees and the transaction costs. According to the governance of Fonciere Crossroads (see note 6.4. "Associates"), the Group has a significant influence on it and as a result Fonciere Crossroads has been accounted for using the equity method from May 30, 2020.

The other changes in the scope of consolidation were the following :

- The disposal of Westfield Meriden, a non-core shopping centre in the US on June 5, 2020;
- The disposal of units owned in Bobigny 2 in France on June 23, 2020;
- *The acquisition of the 50% remaining stake in JVs holding five assets in Florida (Westfield Brandon, Westfield Broward, Westfield Citrus Park, Westfield Countryside and Westfield Sarasota) on October 30, iblO;*
- The disposal of Westfield Siesta Key, a non-core shopping centre in the US on October 30, 2020; and
- The disposal of Westfield Sunrise, a non-core shopping centre in the US on December 31, 2020.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

NOTE 2. ACCOUNTING POLICIES

In accordance with EC regulation no. 1606/2002 of July 19, 2002, on the application of international accounting standards, URW has prepared its consolidated financial statements for the financial year ending December 31, 2021, under International Financial Reporting Standards (IFRS) as adopted in the European Union and applicable at this date.

These can be consulted on the website:

<http://ec.europa.eu/finance/company-reporting/ifrs-financialstatements/index_en.htm>.

2.1 IFRS BASIS ADOPTED

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2020, except for the application of the new obligatory standards and interpretations described below.

STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF JANUARY 1, 2021

- Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2; and
- Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 19 to 1st January, 2023.

These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at December 31, 2021.

URW has applied the IFRIC recommendation related to the application of IAS 19 for the past service costs. The impact on URW's consolidated accounts is not significant.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT MANDATORILY APPLICABLE AS OF JANUARY 1, 2021

The following text has been adopted by the European Union as at December 31, 2021, but not applied in advance by the Group:

- IFRS 17: Insurance Contracts, including Amendments to IFRS 17;
- Amendments to:
 - IFRS 3 Business Combinations;
 - IAS 16 Property, Plant and Equipment;
 - IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements 2018-2020.

The following texts were published by the IASB but have not yet been adopted by the European Union:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information.

The measurement of the potential impacts of these texts on the consolidated accounts of URW is ongoing; no significant impacts are expected.

2.2 ESTIMATES AND ASSUMPTIONS

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by the management in the evolving context of the COVID-19 pandemic and of difficulties in assessing its impact and future prospects. In this context, management has taken into account these uncertainties on the basis of reliable information available at the date of the preparation of the consolidated financial statements, particularly with regards to the fair value of investment properties and financial instruments, the estimation of the provisions for rent relief and doubtful debtors, as well as the testing of goodwill and intangible assets.

Due to inherent uncertainties associated with estimates, the Group reviews those estimates based on regularly updated information. Actual results might eventually differ from estimates made at the date of the preparation of the consolidated financial statements.

The most significant judgements and estimates are set out in the following notes: for the valuation of investment properties, in Note 5.1 "Investment properties", for the intangible assets and goodwill, in Notes

3 "Intangible assets" and 5.4 "Goodwill", for provision for rent relief in Note 4.4.1 "Gross rental income", for provision for doubtful debtors in Note 7.6.3 "Credit risk", and for fair value of financial instruments in Note

4 "Hedging instruments" respectively. Actual future results or outcomes may differ from these estimates. The property portfolio and intangible assets related to the Shopping Centres, Offices Et Others and Convention Et Exhibition segments are valued by independent appraisers. Appraisers make their independent assessments of current and forward-looking cash-flow profiles and usually reflect risk either in the cash-flow forecasts (e.g. future rental levels, growth, investment requirements, void periods and incentives), in the applied required returns or discount rates or in the yield applied to capitalise the exit rent to determine an exit value.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

2.3 CLIMATE CHANGE AND RISKS

Climate change mitigation and resilience are part of the priorities of the Group Corporate Social Responsibility (CSR) strategy, Better Places 2030, and form an essential component of the CSR risks analysis. URW analyses the physical and transitional risks associated with climate change. These risks are in turn integrated into the Enterprise Risk Management framework. As a consequence, the main management measures are designed and discussed as part of this framework.

The Group has set ambitious Green House Gas (GHG) emission reduction targets as part of Better Places 2030, addressing its entire value chain including the wide scope of indirect carbon emissions resulting from construction works, transportation of visitors and employees, and energy consumption of tenants, committing to reduce significantly its global GHG emissions.

On top of addressing climate change mitigation, Better Places 2030 also addresses climate adaptation through the resilience of its assets to climate change both for development projects (integrated into the sustainability design guidelines) and its standing assets.

The implementation of this programme is reflected in URW's financial statements, mainly through its investment strategy and the implementation of expenditures and expenses specifically incurred to meet environmental challenges.

Indeed, the projects associated with mitigation and adaptation to climate change are incorporated in the Group five-year budget for standing assets and development projects to ensure alignment between CSR objectives and business decisions.

The Group has also started to implement a sustainable financing strategy.

GREENLOANS

During 2021, URW signed the largest sustainability-linked revolving credit facility for a real estate investment trust (REIT) in Europe, for an amount of €3.1 Bn, with a five-year maturity.

Its margin is linked to the Sustainable Target Score of the Group. This score is based on key performance indicators (KPIs) including energy intensity, carbon emission reductions, the percentage of assets with BREEAM In-Use certification and the percentage of URW employees that have participated in CSR training.

The score will be evaluated annually over five years and if URW achieves or exceeds the objectives, the interest rate of the credit facility will be reduced.

Independently of reaching its targets, the Group has pledged to invest the equivalent amount of the potential savings from this credit facility in internal CSR projects within the Group.

In December 2021, the total credit lines featuring with green or sustainable indicators stands at €4.1 Bn.

GREEN BONDS

The Group has decided to develop a stringent Green Bond framework to finance new development projects, and/or standing assets which meet all social and environmental criteria for the construction and operational phases defined in the "Use of Proceeds" procedure. Green Bonds are only used to finance resilient "best in class" assets, in line with a clear procedure for allocating funds ("Procedure for asset analysis, selection and monitoring under the "Green Bonds" system").

Green Bonds were issued in February 2014 and April 2015 based on this framework.

As at December 31, 2021, the outstanding nominal value of Green Bonds amounts to €1.1 Bn.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

NOTE 3. SCOPE OF CONSOLIDATION

3.1 ACCOUNTING PRINCIPLES

3.1.1 SCOPE AND METHODS OF CONSOLIDATION

The scope of consolidation includes all companies controlled by URW and all companies in which the Group exercises joint control or significant influence.

According to IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group considers all facts and circumstances when assessing whether it controls an investee. The control over an investee is reassessed if facts and circumstances indicate that there are changes to one or more of the elements mentioned above.

The method of consolidation is determined by the type of control exercised:

- Control: the companies are fully consolidated;
- Joint control: is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement;
 - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party shall account for the assets which it has rights to, liabilities which it has obligations for, revenues and expenses relating to its interests in a joint operation;
 - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.
- Significant influence: accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but it is not control or joint control of those policies. It is presumed where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, unless it can be clearly demonstrated that this is not the case.

3.1.2 FOREIGN CURRENCY TRANSLATION

GROUP COMPANIES WITH A FUNCTIONAL CURRENCY DIFFERENT FROM THE PRESENTATION CURRENCY

The Group's consolidated financial statements are presented in euros. The financial statements of each consolidated Group company are prepared in its functional currency. The functional currency is the currency of the principal economic environment in which it operates.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency, the euro, are translated into the presentation currency as follows:

- The assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the foreign exchange rate at the closing date;
- Income and expenses and other comprehensive income (OCI) are translated into euros at rates approximating the foreign exchange rates ruling at the dates of the transactions;
- All resulting exchange rate differences are recognised as a separate component of equity (currency translation reserve); and
- When a Group company is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

FOREIGN CURRENCY TRANSACTIONS

The Group's entities can realise operations in a foreign currency which is not their own functional currency. These transactions in foreign currencies are translated into euros at the spot exchange rate on the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currency are translated into functional currency at the exchange rate on that date. Foreign exchange differences arising on translation or on settlement of these transactions are recognised in the income statement account, with the exception of:

- Unrealised translation results on net investments; and
- Unrealised translation results on intercompany loans that, in substance, form part of the net investment.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity, whereas those relating to the ineffective portion are recognised in the income statement account.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate on the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at exchange rates on the dates the fair value was determined, and are reported as part of the fair value gain or loss.

<5j

SA
-1(0

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 295

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

3.1.3 BUSINESS COMBINATIONS

To identify whether a transaction is a business combination the Group notably considers whether an integrated set of activities is acquired besides the investment property. The criteria applied may include the number of property assets held by the target company, the extent of the acquired processes and, particularly, the auxiliary services provided by the acquired entity. If the acquired assets are not a business, the transaction is recorded as an asset acquisition.

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest

in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are recorded as expenses. For the companies accounted for using the equity method, acquisition costs are capitalised in the value of the shares.

At the date of acquisition and in accordance with IFRS 3 Revised, identifiable assets, liabilities and contingent liabilities of the acquired company are valued individually at their market value regardless of their purpose based upon current best estimates at such date. It is possible

3.2 CONSOLIDATION OF UNIBAIL-RODAMCO-WESTFIELD N.V.

After the completion of the Westfield acquisition by Unibail-Rodamco-Westfield SE (formerly Unibail-Rodamco SE), Unibail-Rodamco-Westfield N.V. (formerly WFD Unibail-Rodamco N.V.), is held 60% directly by Unibail-Rodamco-Westfield shareholders (Stapled Share principle) and 40% directly by URW SE.

As a result of the Stapled Share Principle and consistent with the legal set up of the transaction and governance of URW N.V., the entity and its subsidiaries are fully consolidated.

The holders of the Stapled Shares are entitled to the same rights and obligations with respect to URW SE and URW N.V. As a consequence, the 60% economic interest in URW N.V. directly held by such holders is reflected under the caption "Net result for the period attributable to the holders of the Stapled Shares", which is split between:

- "Net result of the period attributable to the holders of the Stapled Shares analysed by amount attributable to Unibail-Rodamco-Westfield SE members", and
- "Net result for the period attributable to the holders of the Stapled Shares analysed by amount attributable to Unibail-Rodamco-Westfield N.V. members" on the face of the consolidated statement of comprehensive income.

On the face of the statement of financial position, the caption "Equity attributable to the holders of the Stapled Shares" is split between "Equity attributable to Unibail-Rodamco-Westfield SE members" and "Equity attributable to Unibail-Rodamco-Westfield N.V. members".

that further adjustments to initial evaluation may be recognised within twelve months of the acquisition in accordance with IFRS rules.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability will be recognised in the income statement.

Under IFRS 3 Revised, the acquisition of additional shares from non-controlling shareholders is regarded as an equity transaction and therefore no additional goodwill is recognised.

Consequently, when non-controlling shareholders have an agreement to sell, non-controlling interests are reclassified as debt at the present value of the exercise price. The difference between the latest value and the net carrying value of the non-controlling interests is recognised as Equity attributable to the holders of the Stapled Shares. Any subsequent change in debt is also accounted for as Equity attributable to the holders of the Stapled Shares. Income from non-controlling interests and dividends are recorded in Equity attributable to the holders of the Stapled Shares.

3.3 DESCRIPTION OF SIGNIFICANT CONTROLLED PARTNERSHIPS

The significant controlled partnerships are presented below.

VIPARIS AND PROPEXPO

The Viparis entities are equally held by Unibail-Rodamco-Westfield SE and its partner, the CCIR (Paris-Ile-de-France Regional Chamber of Commerce and Industry). The relevant activities for these entities are the management of the Convention li Exhibition venues. The managing director, who holds the executive powers for the management of these relevant activities, is designated by Unibail-Rodamco-Westfield SE.

The chairman, who has a non-executive role, is nominated by the partner and has no casting vote.

Each partner has the same number of directors in the management board. In the event of a tie vote, the directors designated by the Group have a casting vote.

There is no casting vote held by other governance or supervisory bodies (shareholders' general meetings) which could question this control. The Group therefore considers that it has the full control of the Viparis entities and thus the Viparis entities are fully consolidated.

Propexpo is a real estate company which owns part of the Viparis assets and is equally held by Unibail-Rodamco-Westfield SE and CCIR.

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The managing director, a Group company, cannot be removed without the agreement of the Group.

The executive chairman is designated by the Group, whereas the nonexecutive vice-president is designated by the CCIR.

There is no casting vote held by other governance or supervisory bodies (shareholders' general meetings) which could question this control.

The governance of both Propexpo, managed by the Group, and the Viparis entities which control the on-site property services are defined by the shareholders' agreement between the Group and CCIR as with respect to Viparis.

Propexpo is therefore fully consolidated.

UNIBAIL-RODAMCO-WESTFIELD GERMANY GMBH

Unibail-Rodamco-Westfield Germany GmbH is jointly held by the Group (51%) and by Canada Pension Plan Investment Board (CPPIB) (49%).

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The Group is entitled to nominate three members of Unibail-Rodamco-Westfield Germany GmbH's Supervisory Board and CPPIB two members. According to the governance, the Group controls Unibail-Rodamco-Westfield Germany GmbH which is therefore fully consolidated.

WESTFIELD PARLY 2 SHOPPING CENTRE

The Westfield Parly 2 shopping centre (Paris region) is held by the Group and the Abu Dhabi Investment Authority.

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of the Westfield Parly 2 shopping centre.

The managing director of Westfield Parly 2 is a URW company designated for an indefinite term, which holds powers in order to administrate the companies and obtain the authorisations needed for their activities.

There is no casting vote held by other governance or supervisory bodies (management boards, shareholders' general meetings) which could question this control.

As a result, the Group controls the asset and is therefore fully consolidated.

WESTFIELD FORUM DES HALLES SHOPPING CENTRE & PARKING

The Westfield shopping centre and the parking Forum des Halles located in Paris are held by the Group (65%) and an insurance company, AXA (35%).

The managing director is a URW company designated for an indefinite term, which holds powers in order to administrate the company and obtain the authorisations needed for its activities and cannot be removed without the agreement of the Group.

These assets are therefore fully consolidated.

WESTFIELD LES 4 TEMPS SHOPPING CENTRE

The asset is held for 53.3% by the Group and for 46.7% by two insurance companies.

The managing director is a URW company designated for an indefinite term, which holds large powers in order to administrate the company and obtain the authorisations needed for its activities and cannot be removed without the agreement of the Group.

The asset is therefore fully consolidated.

WESTFIELD SHOPPING CITY SUD

The asset is held for 55% by the Group and for 45% by Credit Agricole Assurances.

The managing directors are appointed by URW and cannot be removed without the agreement of the Group. They hold large powers in order to administrate the company and obtain the authorisations needed for its activities.

Reserved matters requiring the approval of the partner are set with high thresholds, and are protective for the partner.

The asset is therefore fully consolidated.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

3.4 SHARE DEALS: ACQUISITIONS AND DISPOSALS**3.4.1 ACQUISITIONS OF BUSINESSES, NET OF CASH
ACQUIRED (CONSOLIDATED STATEMENT OF CASH FLOWS)**

(€Mn)	
Acquisition price of shares	(41.0) (87.1)
Cash and current accounts	12.8 17.0
Acquisition of consolidated shares	(28.2) (70.1)'''

(1) Refers mainly to the acquisition of the 50% remaining stake in JVs holding five assets in Florida.

3.4.2 RESULT ON DISPOSAL OF INVESTMENT PROPERTIES AND LOSS OF CONTROL

The result on disposal of investment properties includes both the result on disposal of assets and the result on disposal of shares.

(CMn)	
Net capital gains/losses on disposal of assets	31.1 (38.5)
Proceeds from disposal of assets	1,346.5''' 501.6
<i>Carrying values of disposed assets</i>	<i>(1,315.4) (540.1)</i>
Net capital gains/losses on disposal of shares	177.2 (47.9)
<i>Proceeds from disposal of shares</i>	<i>447.6 154.7</i>
<i>Carrying values of disposed shares</i>	<i>(270.4) (202.6)</i>
Net capital gains/losses on disposal of Investment properties and loss of control	208.3 (86.3)

(1) The difference between the proceeds from disposal of assets in the Consolidated statement of comprehensive income and the disposal of investment properties in the Consolidated statement of cash flows corresponds mainly to the proceeds from disposals of foreclosed assets in the US described in note 1.1.2., which had a very limited cash impact.

DISPOSAL SUBSIDIARIES CASH FLOWS)	OF (CONSOLIDATED	SHARES/CONSOLIDATED STATEMENT	OF
--	-----------------------------	--	-----------

(CMn)	
Net price of shares sold	545.4 ²¹ 154.7
Cash and current accounts	309.3 872.0
Disposal of shares/consolidated subsidiaries'''	854.7 1,026.7

1) In 2021, corresponds mainly to the sales of Aupark, Westfield Shopping City Slid and 7 Adenauer. In 2020, corresponds mainly to the disposal of five French shopping centres described in note 1.2.2.

2) The disposal result of Westfield Shopping City Sud is booked within the Shareholders' equity (see note 1.1.2 Acquisitions / Disposals in 2021) and as a result is not shown in the proceeds from disposal of shares in the Consolidated statement of comprehensive income.

in the proceeds from disposal of shares in the Consolidated Statement of Comprehensive Income.

298 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

3.5 NON-CONTROLLING INTERESTS AND COMMITMENT TO PURCHASE NON-CONTROLLING INTERESTS

1 COMMITMENT TO PURCHASE NON-CONTROLLING INTERESTS

The convertible redeemable preference shares, included in the captions "Non-current commitment to external non-controlling interests" and "Current commitment to external non-controlling interests", refer mainly to the preference shares held by the former partners in Westfield San Francisco Centre.

They are measured at fair value through profit or loss.

2 NON-CONTROLLING INTERESTS

In 2021, the non-controlling interests in the consolidated statement of comprehensive income comprised mainly non-controlling interests in the following entities:

- Several shopping centres in France geographical zone (€42.4 Mn, mainly Westfield Les 4 Temps, Westfield Parly 2 and Westfield Forum des Halles);
- Convention & Exhibition entities (€40.2 Mn); and
- Several shopping centres in Germany (-€28.0 Mn).

3.6 DESCRIPTION OF SIGNIFICANT JOINT OPERATIONS WESTFIELD LONDON

Westfield London is jointly controlled by the Group and Commerz Real Investmentgesellschaft (CRI) since all the major decisions relating to the relevant activities of the company (leasing strategy, standard form lease agreements, operating expenses and capital expenses), require the approval of both partners. Each year, the annual budget plan comprising gross income and operating expenses, capital expenditure, rent levels projected to be achieved on review of rents under each lease, proposed new lettings and the projected net income, shall be approved by both partners. The arrangements between CRI and URW give equal rights to both partners in the assets and the liabilities of the partnership.

Therefore, Westfield London is a Joint Operation company.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

NOTE 4. NET RECURRING RESULT AND SEGMENT REPORTING 4.1 ACCOUNTING PRINCIPLES

Segment information is presented in respect of the Group's divisions and geographical segments, based on the Group's management and internal reporting structure and in accordance with IFRS 8.

Contributions of affiliates are also presented according to the Group's divisions and geographical segments.

Since the joint-controlled entities represent a significant part of the Group's operations in the US and the UK, the Group's management and internal reporting structure segment information is prepared in a proportionate format, in which the joint-controlled entities are accounted for on a proportionate basis instead of being accounted for using the equity method under IFRS. The Group and its joint ventures use consistent accounting policies.

Therefore, the segment information presented in this section is prepared in a proportionate format.

BUSINESS SEGMENTS

The Group presents its result by segment: Shopping Centres, Offices & Others and Convention & Exhibition.

GEOGRAPHICAL SEGMENTS

Geographical segments are determined on the basis of the Group's definition of a home region. A home region is defined as a region with more than one billion € in property investment, a local organisation dedicated to all three business lines: the "owner function" (asset selection and management including pipeline), Shopping Centres management, the finance function and a regional consolidated reporting.

The following are considered home regions based on specific operational and strategic factors:

- France, including France, Belgium and Italy;
- Spain;
- United States;
- Central Europe, including the Czech Republic, Poland and Slovakia;
- Austria;
- Germany;
- Nordics, including Sweden and Denmark;

- The Netherlands; and
- United Kingdom.

The following notes are presented on a proportionate basis.

The Convention Et Exhibition segment comprises management of exhibition venues (Viparis), the shopping centre "Les Boutiques du Palais" and the management of the hotels at Porte de Versailles.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

4.2 CONSOLIDATED FINANCIAL STATEMENTS ON A PROPORTIONATE BASIS

4.2.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ON A PROPORTIONATE BASIS

Consolidated income statement (CMn)

2021 2021 IFRS	Proportionate	Proportionate	Total
2020 IFRS			Total 2020 Proportionate
Gross rental income			
Ground rents paid			
Service charge income			
Service charge expenses			
Property operating expenses			
Operating expenses and net service charges			

Operating expenses and net service charges

Net rental income

1,833.4

299.4

(356.3)

(365.7)

(461.7J_ 1,371.8

512.9

(80.7)

(140.5)

(160.4)

352.4

1,897.7_ (13.7)

317.4

<363 JL (389.4)

(449.5J_ 1,448.2

2,451.7

(14.0)

385.8 '(452.3)

(581.2) (661.6)

1,790.2

Property development and project management revenue

Property development and project management costs

Net property development and project management income

Property services and other activities revenues Property services and other activities expenses

Net property services and other activities income

Share of the result of companies accounted for using the equity method Income on financial assets

(158.2)

36.8

191.9_ (163.5)

28.4

(570.5)

25.1

(217.2)

34.8

179.1_ (175.5)

3.6

(1,652.4)

24.8

J? :. °l. _0.1

0.0

1,456.9

(8.2)

(217.2)

34.8

179.1

(175.4) 3.6

(195.5)

16.6

Contribution of companies accounted for using the equity method

Corporate expenses

Depreciation of other tangible assets

(545.4)	1 ²¹² :1L _(1.4)
(1,627.6)	
	(207.4)_ (2-1)
Development expenses	
Administrative expenses	
(8.9) 1,794.1	
(83.4)	
657.4	
Carrying value of investment properties sold	
Result on disposal of Investment properties and loss of control ⁽¹⁾	
Valuation gains on assets	
Valuation losses on assets	
208.3	
58 OfL (1,778.1)	
Valuation movements on assets	
Impairment of goodwill	
NET OPERATING RESULT	
Result from non-consolidated companies	
<i>Financial income</i>	
<i>Financial expenses</i>	
Net financing costs	
Fair value adjustment of net share settled bonds convertible into new and/or existing shares (ORNAME)	
Fair value adjustments of derivatives, debt and currency effect	
Debt discounting	
RESULT BEFORE TAX	
Income tax expenses	
NET RESULT FOR THE PERIOD	
Net result for the period attributable to: • The holders of the Stapled Shares	
External non-controlling interests	
NET RESULT FOR THE PERIOD	

(1) The result on disposal of investment properties and loss of control includes both the result on disposal of assets and the result on disposal of shares.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD
 5. Financial statements as at December 31, 2021
 S.2 Notes to the consolidated financial statements

4.2.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON A PROPORTIONATE BASIS

Consolidated statement of financial position (CMn)	
NON CURRENT ASSETS	Dec. 31, 2021 IFRS
51,189.9	
Dec. 31, 2021 Proportionate	
53,220.8	
	Dec 31, 2020 IFRS
52,878.6	
Dec. 31, 2020 Proportionate	
54,787.3	
Investment properties	
<i>Investment properties at fair value</i>	
<i>Investment properties at cost</i>	
9,013.7	
	8,955.8 57.9
49,961.5	

48,579.4 1,382.0

Shares and investments in companies accounted for using the equity method

Other tangible assets

Goodwill

Intangible assets Investments in financial assets

Deferred tax assets

8,370.3

279.2

1,248.1

876.3

303.6_ 26.5

(7,181.6)

0.8 66.6_ 0.2 9.0

Derivatives at fair value

CURRENT ASSETS

Properties or shares held for sale Inventories

Trade receivables from activity

Tax receivables

Other receivables

389.7

0.0 11.0_ 136.3

1.8 54.3

4,399.2

1,038.2

32.0

539.4_ 213.2"

438.9

323.8

"_ 0.0

_ _ 162.5

5.2 12.7

Cash and cash equivalents

TOTAL ASSETS

Equity attributable to the holders of the Stapled Shares

Share capital

Additional paid-in capital Consolidated reserves

Hedging and foreign currency translation reserves Consolidated result

17,393.5 692.4 13,480.7

10,980.8_ (547.8)

(7,212.6)

17,393.5

692.4

13,480.7 10,980.8

(547.8)

(7,212.6)

Equity attributable to Unibail-Rodamco-Westfield SE members

• Equity attributable to Unibail-Rodamco-Westfield

N.V. members

(393.5)

Hybrid securities

1,988.5

3,458.1

22,373.7

External non-controlling interests TOTAL SHAREHOLDERS' EQUITY

NON CURRENT LIABILITIES

Non-current commitment to external non-controlling interests

Net share settled bonds convertible into new and/or

existing shares (ORNAME)

Non-current bonds and borrowings

Non-current lease liabilities

Derivatives at fair value Deferred tax liabilities

1,711.1

8.6_ "0.2

121.4

101.8
 Non-current provisions
 Guarantee deposits
 Amounts due on investments Other non-current liabilities
 02 16.9
 —
 0.3
 74.6
 206.2
 102.2 63.0
 0.3
 11.0 0.8
 0.0
 CURRENT LIABILITIES

302 UmversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

Consolidated statement of financial position
 (CMn)
 Liabilities directly associated with properties or shares classified as held for sale

Dec. 31,2021 Proportionate

Dec. 31,2021 IFRS

Dec 31,2020 IFRS

203.5
 Dec.31,2020 Proportionate

203.5
 Current commitment to external non-controlling interests
 Amounts due to suppliers and other creditors
Amounts due to suppliers Amounts due on investments
Sundry creditors
 Other current liabilities

4.8 1,244.7
 229.0
 473.7
 541.9
 667.4

6.1
 1,185.3
 211.8
 479.9
 493.6 681.0

Net share settled bonds convertible into new and/or existing shares (ORNANE)
 Current borrowings and amounts due to credit institutions
 Current lease liabilities
 Current provisions

2 644.2

32.2 34.2
TOTAL LIABILITIES AND EQUITY

4.3 NET RECURRING RESULT DEFINITION

The income statement by segment is split between recurring and nonrecurring activities. The non-recurring result before tax consists of the valuation movements on investment properties, fair value adjustments on derivatives and debts, termination costs of financial instruments on the full cancelled commitment period when the maturity of the financial instrument is beyond the current reporting period, bond tender premiums, currency gains/losses on revaluation of balance sheet items, the net result on disposals, impairment of goodwill or recognition of negative goodwill, as well as costs directly related to a business combination and other non-recurring items.

The income tax is split between recurring taxes and non-recurring taxes.

Recurring tax is the outcome of:

- The amount of income tax effectively due on recurring income, after deduction of any tax losses;
- Plus/minus changes in a deferred tax asset recognised on tax losses stemming from recurring income (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits); and
- Plus/minus changes in deferred tax assets not related to tax losses and deferred tax liabilities relating to recurring result (excluding those caused by a change in tax rate and/or those caused by a use of such deferred tax asset by non-recurring profits).

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 303

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

4.4 NET RESULT BY SEGMENT ON A PROPORTIONATE BASIS

2020 restated**1

Net result by segment on a proportionate basis (€Mn)

Recurring recurring activities activities**1

Non-

Recurring activities

Nonrecurring activities**

SHOPPING CENTRES

Gross rental income

FRANCE

Operating expenses and net service charges			
Contribution of companies accounted for using the equity method			
Valuation movements on assets			
Impairment of goodwill			
Result from operations Shopping Centres France			
Gross rental income			
Operating expenses and net service charges			
566.5			
(74.8)			
491.7			
(72.5)			
	566.5_ (74~8)	491.7	*(51.8)
(56.9)			
20.7			
(56.9)			
			(1,623.7) (1,623.7)
			- (0-8) (0.8)
512.5	(1,753.8)	(1,241.4)	
146.6			
(21.7)			
	146.6_	(217)	
Net rental Income			
Contribution of companies accounted for using the equity method			
Valuation movements on assets Impairment of goodwill			
Result from operations Shopping Centres Spain			
124.8			
2.0_ (103.8)			
(284.2)			
Gross rental income			
UNITED STATES			
Operating expenses and net service charges			
Net rental income			
Contribution of companies accounted for using the equity method			
Valuation movements on assets			
Impairment of goodwill			
Result from operations Shopping Centres United States			
462.5			
	(339.1)		
462.5			
(99.4)			
(1.2)			
(28.5)			
(100.6)	~*(2*8.5)		
	(2,046.0)	(2,046.0)	
	(710.4)		
461.3	(2,884.3)		
CENTRAL EUROPE			
Gross rental income			
Operating expenses and net service charges			
Net rental income			
Contribution of companies accounted for using the equity method			
Valuation movements on assets			
Impairment of goodwill			
Result from operations Shopping Centres Central Europe			
Gross rental income			
Operating expenses and net service charges			
Net rental Income			
(15.2)			
6.8			
(38.1)	*(145.2)		
(191.7)			

(46.5)
 0.1
 (270.4)
 <0J1_ (317.1)
 203.9
<12.8J 191.1
717.6)
 0.1
 (270.4)
 (0.3)
 (97.0)
 97.0

<10 ?L 86^1

Contribution of companies accounted for using the equity method
 Gains/losses on sales of properties Valuation movements on assets
 Impairment of goodwill
 Result from operations Shopping Centres Austria
 Gross rental income
 Operating expenses and net service charges
 Net rental income
 Contribution of companies accounted for using the equity method
 Gains/losses on sales of properties
 Valuation movements on assets Impairment of goodwill

(151.0)_ 131.6

(17.5)
 114.1
 (9.0) (0.3)
 (246.4)
 (102.0)

Result from operations Shopping Centres Germany

- 1) Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.
- 2) Following the transfer of one asset from United Kingdom region to France region in 2021, 2020 figures were accordingly restated.

304 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

S.2 Notes to the consolidated financial statements

2020 restated¹¹

Net result by segment on a proportionate basis (CMn)

Recurring activities

recurring activities¹¹

Recurring activities

Nonrecurring activities¹¹

SHOPPING CENTRES

Gross rental income

Operating expenses and net service charges

Net rental income

Contribution of companies accounted for using the equity method Gains/losses on sales of properties

(288.0)
 (132.2) (420.2)
 (288.0)

J132.2)_ J319.5)_ 63.6

THE
NETHERLANDS
Operating expenses and net service charges
Net rental income
Contribution of companies accounted for using the equity method Gains/losses on sales of properties
Valuation movements on assets

_____ <14 - ° >> _____ 49.6

(0.4)
(168.8)
Impairment of goodwill
Result from operations Shopping Centres The Netherlands
Gross rental income
Operating expenses and net service charges
Net rental Income
UNITED KINGDOM
Contribution of companies accounted for using the equity method
Gains/losses on sales of properties Valuation movements on assets"
Impairment of goodwill
Result from operations Shopping Centres United Kingdom
TOTAL RESULT FROM OPERATIONS SHOPPING CENTRES
OFFICES a OTHERS
Gross rental income
Operating expenses and net service charges
Net rental income
Contribution of companies accounted for using the equity method
Gains/losses on sales of properties Valuation movements on assets
Impairment of goodwill
Result from operations Offices a Others France
Gross rental income

OTHER COUNTRIES
(11-0) 25.3
Impairment of goodwill
Result from operations Offices a Others Other countries
TOTAL RESULT FROM OPERATIONS OFFICES

- 1) Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.
- 2) Following the transfer of one asset from United Kingdom region to France region in 2021, 2020 figures were accordingly restated.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

2020 restated¹²¹

Net result by segment on a proportionate basis (CMn)
Non-Recurring recurring activities activities^{1"}

Recurring activities

Nonrecurring activities*

CONVENTION & EXHIBITION

Gross rental income
FRANCE
Operating expenses and net service charges Net rental income
On-site property services net income
Contribution of companies accounted for using the equity method
Valuation movements, depreciation, capital gains
Impairment of goodwill
TOTAL RESULT FROM OPERATIONS CaE
Net property development and project management income
Other property services net income
Impairment of goodwill related to the property services
Corporate expenses
Depreciation of other tangible assets Development expenses Acquisition and other costs
NET OPERATING RESULT
(18.7)
36.5
(85.6)
(85.6)
36.8
22.7
(214.4)
(1.4)_(0.1)
(8.9)
1,640.7 (2,069.6)
96.8
(65.3)
31.5_ 237
(104.3)
(49.1)
19.1
(21.6)
(214.4)
(1.4)
(0.1)
(8.9)
(428.9)
81.0
81.0
(74.9)
6.1
6.0
(291.1)
(18.2)
(74.9) 6.1 6.0
(272.9)
(8.2)
(287.2)
(6.1)
(8.2J_ (281.1)
34.8
(1.3)
(7.4)
15.8
(241.8) ³⁶:1L (23/1)
(213.7)
(241.8)
(2.1)
(213.7)
(2.6)
(2.1)
(83.4)
(2.6)
(83.4)
1,660.4 (8,570.6) (6,910.3)
Result from non consolidated companies
(572.5) (1,059.0)

1,130.9 (2,166.5) (1,035.6)

Income tax expenses

1,155.3 (8,830.0) (7,674.8)

External non-controlling interests

NET RESULT FOR THE PERIOD ATTRIBUTABLE TO THE HOLDERS OF THE STAPLED SHARES

- 1) Non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.
- 2) Following the transfer of one asset from United Kingdom region to France region in 2021, 2020 figures were accordingly restated.

4.4.1 GROSS RENTAL INCOME

REVENUE RECOGNITION

ACCOUNTING TREATMENT OF INVESTMENT PROPERTY LEASES

Assets leased are recorded in the statement of financial position as investment property assets. Gross rental revenue is recorded on a straight-line basis over the expected term of the lease. In case of an Investment Property Under Construction (IPUC), revenues are recognised once spaces are delivered to tenants.

For rent relief granted to tenants in relation to the COVID-19 pandemic and where such relief qualifies as a lease modification because the tenant agrees concessions (e.g. extension of a lease term or higher Sales Based Rent), IFRS 16 applies, under which, the relief is treated as a lease incentive which is straight-lined over the expected term of the lease as a reduction of the Gross Rental Income. Rent relief for which a counterpart is expected and not yet signed are part of the receivables on which an expected credit loss is calculated.

In accordance with IFRS 16, rent relief without changes to the lease contract or imposed by laws in force, such as in Austria, or pursuant to a provision in the existing lease contract allowing for rent modification, is directly charged to the income statement as a reduction of the Gross Rental Income.

Rent relief signed or expected to be signed, granted without any counterpart from the tenants are considered as a reduction of the receivables and are charged to the income statement as a reduction of the Gross Rental Income.

RENTS AND KEY MONEY

Gross rental income consists of rents and similar income (e.g. occupancy compensation, key money, parking revenues) invoiced for Shopping Centres and Offices 6 Others properties over the period.

Under IFRS 16, the effects of rent-free periods, step rents, other rents incentives and key money are spread over the expected term of the lease.

Gross rental income from the Convention & Exhibition segment includes turnover generated by the rental of exhibition space and the provision of unavoidable associated support services to this space.

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

GROSS RENTAL INCOME BY SEGMENTS ON A PROPORTIONATE BASIS

<u>CMn excluding taxes)</u>	<u>^</u>	<u>2020</u>
Shopping Centres		2,176.0 2,268.2
France		481.9 566.5
Spain		145.3 146.6
United States		759.0 801.6
Central Europe		191.2 203.9
Austria		112.3 97.0
Germany		116.0 131.6
Nordics		121.2 115.8
The Netherlands		79.9 63.6

United Kingdom	169.2	141.7
Offices a Others	73.5	102.5
France	37.2	62.0
Other countries	36.3	40.6
Convention a Exhibition	96.8	81.0
Total	2,346.3	2,451.7

Gross rental income amounted to €2,346.3 Mn (€2,451.7 Mn as at December 31, 2020), a decrease of -4.3%. This decrease is mainly due to the negative impact of COVID-19 (rent relief, bankruptcies and increase of vacancy) and the disposals of assets in 2020 and 2021.

MINIMUM GUARANTEED RENTS UNDER LEASES ON A PROPORTIONATE BASIS

As at December 31, 2021, minimum future rents due under leases until the next possible termination date break down as follows:

Minimum future rents per year (€Mn)

Year	Shopping	Offices &	Total
	Centres	Others	
2022	1,706.276.41,	782.6	
2023	1,408.162.51,	470.7	
2024	1,115.057.81,	172.8	
2025	857.737.1894.8		
2026	667.632.8700.4		
2027	511.030.3541.4		
2028	377.427.0404.4		
2029	281.822.3304.1		
2030	212.720.5233.2		
2031	173.110.3183.4		
2032	112.22.5114.7		
2032	Beyond97.12.499.6		
2032	Total7,519.9381.97,	901.9	

UnivcrsalRegistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD 307

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

4.4.2 OPERATING EXPENSES AND NET SERVICE CHARGES

The operating expenses and net service charges are composed of ground rents paid, net service charge expenses and property operating expenses.

GROUND RENTS PAID

GROUND LEASEHOLDS

Ground leaseholds are accounted for in accordance with IFRS 16 as described in note 5.1.1 "Investment properties - Accounting principles".

Buildings constructed on land under a lease agreement are recognised in accordance with the accounting principles described in note 5.1.1 "Investment properties - Accounting principles".

Ground rents correspond to variable lease payments (or straight-lining of initial payments) for properties built on land subject to leasehold or operated under an operating contract (concession). This item mainly applies to the Convention & Exhibition venue of Le Bourget and Porte de Versailles in Paris, to some shopping centres, in particular in France and to the airports in the US.

SERVICE CHARGE INCOME AND SERVICE CHARGE EXPENSES

In line with IFRS 15, the Group presented service charge income and service charge expenses separately.

The net of charges re-invoiced to tenants relates mainly to vacant premises.

PROPERTY OPERATING EXPENSES

These expenses comprise service charges borne by the owner, works-related expenses, litigation expenses, charges relating to doubtful accounts and expenses relating to property management, and expenses related to venue sites of the Convention & Exhibition segment.

4.4.3 NET PROPERTY SERVICES AND OTHER ACTIVITIES INCOME

REVENUE RECOGNITION

The net property services and other activities income consists of on-site property services, airport activities and other property services net income.

Revenues are recognised in accordance with IFRS 15.

Convention & Exhibition's contracts consist of occupancy agreements or short-term lease including provision of premises and services. Both provision of premises and services form an indivisible whole and should be combined into a single contract (and single performance obligation) for the purposes of IFRS 15 revenue recognition.

Revenues are recognised over the duration of premises lease according to the pro rata temporis method.

Other property services net income is recognised when the services are provided.

Revenues from other activities mainly cover:

- Fees for leasing, property management and maintenance services provided to Offices & Others and Shopping Centres. These fees are invoiced by property service companies for their property management activities on behalf of owners outside the Group; and
- Fees for property services received by companies in the Convention Et Exhibition segment.

Other expenses comprise charges relating to property services, general costs and depreciation charges for related fixed assets.

(€Mn)	
Net other income	27.7 3.6
Convention & Exhibition	5.0 (12.2)
Other property services	22.7 15.8

4.4.4 NET PROPERTY DEVELOPMENT AND PROJECT MANAGEMENT INCOME

REVENUE RECOGNITION

Property development and project management income relates to Development, Design and Construction (DD&C) business which provides three types of services: provision of design, development and ultimately construction of a property project.

Revenues from DD&C business consist of fixed price contracts. URW has elected to use the input method of calculating revenue over time, which in this case is costs incurred.

Expenses comprise construction costs and related project management costs.

4.4.5 ADMINISTRATIVE EXPENSES

This item comprises personnel costs, head office and Group administrative expenses, expenses relating to development projects and not capitalised and depreciation charges relating mainly to URW's headquarters in Paris and in the regions.

Based on the analysis of existing contracts, DDEtC services are not distinct as the customer cannot benefit from each service on its own or together with other resources readily available to the customer, because the services are bundled to generate a single commercial outcome. As such, the Group takes the view that the three types of contracts should be combined into a single contract (and single performance obligation) for the purposes of IFRS 15 revenue recognition.

4.4.6 ACQUISITION AND OTHER COSTS

In 2021, acquisition and other costs amounted to €8.9 Mn (-€83.4 Mn in 2020) and mainly comprise the re-branding costs of shopping centres in Continental Europe.

In 2020, this item comprised the integration costs of Westfield, including severance costs in the US and the UK, the re-branding of ten shopping centres in Continental Europe, consulting, IT system integration and the shutdown of the Sydney office. This also included €44.6 Mn of non-recurring expenses related to the fees and expenses paid for the unrealised rights issue in November 2020.

United States

Central Europe Austria
(524.3)

J6.0) 34.8

Germany

Nordics

The Netherlands

United Kingdom

Total Shopping Centres

Offices a Others

France

Others

Total Offices & Others

caE">

France

Not allocated

210.6 (2,065.8)

- 1) Convention a Exhibition segment.
- 2) Corresponds to the impairment of Westfield CentRO.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

Net rental income

Net property development and project management income, net Contribution property of companies services accounted and other for using activities the equity income method

Result on disposal of investment properties and loss of control

Valuation Acquisition

movements and other Impairment

on assets costs of goodwill

Shopping Centres

France¹²¹ Spain

United States

(0.8) (103.8)

(710.4) (2,423.0)

Central Europe

Austria Germany

Nordics

The Netherlands

(320.5) (1,245.2)

Total Shopping Centres

Offices a Others

France Others

56.0 29.4

Total Offices & Others

CaE¹¹

France

Not allocated

(B3.4) (1,620.0) (6,910.3)

1) Convention a Exhibition segment.

2) Following the transfer of one asset from United Kingdom region to France region in 2021, 2020 figures were accordingly restated.

5. Financial statements as at December 31,2021

S.2 Notes to the consolidated financial statements

4.5.2 STATEMENT OF FINANCIAL POSITION BY SEGMENT ON A PROPORTIONATE BASIS

FOR 2021

(6Mn)

Shopping Centres

France Spain

United States

Central Europe

Investment properties

12,422.9
3,489.9
11,339.2
4,105.3
Shares and investments in
companies Properties or
underthe Othernon shares held equity method current assets forsale
430.4
52.1

670.8 54.2 35.1
285.8
25.4

228.5 39.8
328.9
30.6
528.2

Total Liabilities excluding Total shareholders' Assets equity

13,866.9
274.2
742.1 648.8

3,564.9 12,006.1
4,934.4
Austria
Germany
Nordics
The Netherlands United Kingdom
11.8
102.6 48.5
34.6 176.1
2,272.6
3,493.9
2,954.2 1,703.4
2,751.8
475.3
357.3 503.2
58.5 324.5
Total Shopping Centres
Offices a Others
France
Others
94.6 (0.0)
50.4 100.8
Total Offices a Others
CaE"
2,740.0
Not allocated
Total Dec. 31, 2021

- 1) Convention a Exhibition segment.
- 2) Relates mainly to tangible and intangible assets.
- 3) Refers mainly to the derivatives and intangible assets.
- 4) Includes mainly cash and cash equivalents.

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

FOR 2020(»)

Investment properties
 Shares and investments in
 companies under the equity method

Other non-current assets

Properties or shares held for sale
 Total Liabilities excluding Total shareholders' Assets equity

Shopping Centres

273.8 40.4
 355.7

559.6

265.7 750.0

Central Europe

Austria

Germany Nordics

The Netherlands

4,347.0

2,221.2 3,212.9

2,952.7

1,550.1

42.4

24.1

33.8 29.4

5,340.2

2,318.2 3,657.4

2,986.5

1,588.9

681.6

499.5 371.5

517.8

42.6

United Kingdom¹⁾

Total Shopping Centres

Offices ft Others France

1,326.2

Total Offices a Others

caE*

2,656.2

Not allocated

Total Dec. 31, 2020 restated²⁾

- 1) Following the transfer of one asset from UK region to France region in 2021, 2020 figures were accordingly restated.
- 2) Convention a Exhibition segment.
- 3) Corresponds mainly to the operating assets among which the Group's headquarters.
- 4) Relates mainly to tangible and intangible assets.
- 5) Refers mainly to the derivatives and intangible assets.
- 6) Includes mainly cash and cash equivalents.

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

4.5.3 INVESTMENTS BY SEGMENT ON A PROPORTIONATE BASIS

	2020
Investments in investment properties at	Investments in investment properties at fair value
	cost**
Total Investments	Investments in investment properties at fairvalue Investments in investment properties at cost**
Total investments	
Shopping Centres	
France**1	
Spain	
United States	
Central Europe Austria	
Germany	
Nordics	
The Netherlands	
United Kingdom**	
	265.6 9.0
128.4	
15.3	
19.8	

13.4
20.2

22.4

21.3
29.4
15.0 3.9

105.9
2.3 0.0 5.9

342.9
72.0
155.6
17.0
24.5
122.2 16.6
131.9 34.9

Total Shopping Centres

Offices a Others

France

Others

Total Offices a Others

c a e.i"

France

1,170.1

- 1) Convention a Exhibition segment.
- 2) Before transfer between category of investment property.
- 3) Following the transfer of one asset from United Kingdom region to France region in 2021, 2020 figures were accordingly restated.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

5.1.1 ACCOUNTING PRINCIPLES INVESTMENT PROPERTIES (IAS 40 & IFRS 13)

In accordance with IAS 40, investment properties are shown at their market value. According to IFRS 13, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Expectations about future improvements or modifications to be made to the property interest to reflect its highest and best use have to be considered in the appraisal, such as the renovation of or an extension to the property interest.

URW complies with the IFRS 13 fair value measurement rule and the position paper^{m1} on IFRS 13 established by EPRA, the representative body of the publicly listed real estate industry in Europe.

Transaction costs incurred for an asset deal are capitalised in the value of the investment property. Capitalised expenses include capital expenditures, evictions costs, capitalised financial interests, external letting fees invoiced by third parties and other internal costs related to development projects.

In accordance with IFRS 16 and IAS 40, the right-of-use assets arising from leased property which meet the definition of an investment property are measured at fair value.

Investment Properties Under Construction (IPUC) are covered by IAS 40 and are eligible to be measured at fair value. In accordance with the Group's investment properties valuation method, they are measured at fair value by a qualified external appraiser twice a year. Projects for which the fair value is not reliably determinable are measured at cost until such time that a fair value measurement becomes reliable, or until one year before the construction completion.

According to the Group, a development project is eligible for a fair value measurement once all three of the following criteria are fulfilled:

- All administrative authorisations needed to complete the project are obtained;
- The construction has started and costs are committed toward the contractor; and
- Substantial uncertainty in future rental income has been eliminated.

If the time to delivery is less than one year, the project is accounted for at fair value.

For properties measured at fair value, the market value adopted by URW is determined on the basis of appraisals by qualified independent external experts, who value the Group's portfolio as at June 30 and December 31 of each year. The gross value, is reduced by disposal costs and transfer taxes²¹, depending on the country and on the tax situation of the property, in order to arrive at a net market value.

For the Shopping Centres and Offices & Others portfolios, the independent appraisers determine the fair market value based on the results of two methods: the discounted cash flow methodology as well as the yield methodology. Furthermore, the resulting valuations

are cross-checked against the initial yield, value per sqm and the fair market values established through actual market transactions.

Appraisers have been given access to all information relevant for valuations, such as the Group's confidential rent rolls, including information on vacancy, break options, expiry dates and lease incentives, performance indicators (e.g. footfall and sales where available), letting evidence and the Group's cash flow forecasts from annually updated detailed asset business plans. Appraisers make their independent assessments of current and forward looking cash flow profiles and usually reflect risk either in the cash flow forecasts (e.g. future rental levels, growth, investment requirements, void periods and incentives, rent relief and lower variable rents in the context of the COVID-19 pandemic), in the applied required returns or discount rates and in the yield applied to capitalise the exit rent to determine an exit value.

The sites of the Convention Et Exhibition portfolio are qualified as Investment property.

For the Convention & Exhibition portfolio, the valuation methodology adopted is mainly based on a discounted cash flow model applied to the total net income projected over the life of the concession, or over the life of the long-term lease (notably the Porte de Versailles long-term lease) or leasehold if it exists, or otherwise over a ten-year period, with an estimate of the asset value at the end of the given time period, based either on the residual contractual value for concessions or on capitalised cash flows over the last year. The valuations carried out by the appraisers took into account total net income, which comprised net rents and ancillary services, as well as net income from car parks. The cost of maintenance works, major repairs, refurbishments, redevelopments and extensions, as well as concession or leasehold fees, are included in projected cash flow figures.

The income statement for a given year (Y) records the change in value for each property, which is determined as follows: market value Y - [market value Y-1 + amount of works and other costs capitalised in year Y],

Capital gains on disposals of investment properties are calculated by comparison with their latest market value recorded in the closing statement of financial position for the previous financial year.

Properties under construction carried at cost are subject to impairment tests, determined on the basis of the estimated recoverable value of the project. The recoverable value of a project is assessed, for significant projects by a qualified external appraiser and for others internally by the Development & Investment teams through the expected delivery date, expected development costs, and considering a market exit capitalisation rate and the expected net rents. When the estimated recoverable value is lower than net book value, an impairment provision is recorded.

Properties held for sale are identified separately in the statement of financial position.

- 1) EPRA position paper on IFRS 13 - Fair value measurement and illustrative disclosures, February 2013.
- 2) Transfer taxes are valued on the assumption that the property is sold directly, even though the cost of these taxes would, in certain cases, be reduced if the property's holding company would be sold.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 315

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

5.1.2 INVESTMENT PROPERTIES AT FAIR VALUE - IFRS BASIS

33,797.0	
11,971.6	3,348.7
5,151.1	3,692.6
12,087.3	3,302.3
5,354.4	
4,160.7	
2,221.2	
Germany	
Nordics	
The Netherlands	
United Kingdom	
Offices a Others	
1,754.9	
Other countries	
Convention & Exhibition	
Total	Dec 31,2020" 34,893.3

(1) Following the transfer of one asset from UK region to France region in 2021, 2020 figures were accordingly restated. The decrease is explained in the table below.

Shopping Centres	
	Offices 8 Others
	Conventions Exhibition
Total Investment properties	
Dec. 31, 2019	
Acquisitions	
Entry into scope of consolidation	
Capitalised expenses	
Disposals/exits from the scope of consolidation	
Reclassification and transfer of category	
Discounting impact	
Valuation movements	
Currency translation	
Dec. 31, 2020	
Acquisitions	
Entry into scope of consolidation	
Capitalised expenses"	
Disposals/exits from the scope of consolidation ²¹	
Reclassification and transfer of category ¹	
Discounting impact	
Valuation movements"	

valuation movements

Currency translation

Dec. 31, 2021

1) Capitalised expenses mainly relate to:

- Shopping Centres in France and The Netherlands;
- Offices in France; and
- Convention a Exhibition sites such as Pare des Expositions in Porte de Versailles.

2) Includes the disposals of SHIFT, Les Villages 3, 4 and 6 and Le Bleriot in France, Q-Huset office building in Taby in Sweden, the disposal of a 60% stake in Aupark in Slovakia as well as the US assets under foreclosure (Westfield Sarasota, Westfield Citrus Park, Westfield Countryside, Westfield Broward and Westfield Palm Desert) (see note 1.1.2 Acquisitions /Disposals in 2021).

3) Includes:

- The reclassification from IPUC at cost to IPUC at fair value (mainly Garbera extension); and
- The revaluation of the financial lease in Le Bourget (£128.3 Mn) and LAX Airport (£238.0 Mn).

4) The negative valuation movements in the Shopping Centres resulted mainly from an increase of discount rates and exit capitalisation rates.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

VALUATION ASSUMPTIONS AND SENSITIVITY OF THE FULLY CONSOLIDATED ASSETS

Considering the limited public data available, the complexity of real estate asset valuations, as well as the fact that appraisers use in their valuations the non-public rent rolls of the Group's assets, URW believes it is appropriate to classify its assets under Level 3 as per IFRS 13. The COVID-19 pandemic has no impact on the methodology applied. In addition, unobservable inputs, including appraisers' assumption on growth rates and exit capitalisation rates, are used by appraisers to determine the fair value of URW's assets.

The net outstanding balances of deferred lease incentives and key money amortised over the expected term of the lease, which corrected the appraisal value, represented -€151.3 Mn (-€130.6 Mn as at December 31, 2020).

The following tables provide a number of quantitative elements used by the appraisers to assess the fair valuation of the Group's assets.

SHOPPING CENTRES

All shopping centres are valued using the discounted cash flow (DCF) and/or yield methodologies.

The table below only includes fully consolidated assets.

As at December 31, 2021, 96% of URW's portfolio was appraised by qualified independent appraisers.

ShoppingCentres-Dec.31.2021	Initial Yield	persqnr*	Net	Rent in 6	Discount Rate*1.	Exit Capitalisation Rate™	NRI ³	CAGR of
	Max	6.9%	8559.5%	10.7%	16.5%			
France	Min	3.8%		158	5.8%	4.0%	(0.5%)	
	Weighted average	4.4%	5526.1%	4.3%	4.5%			
	Max	7.6%	6048.5%	8.6%	3.9%			
Central Europe	Min	4.8%		236	6.7%	5.0%	2.1%	
	Weighted average	5.2%	4057.1%	5.2%	3.0%			
	Max	8.7%	54511.8%	8.0%	3.8%			
Spain	Min	4.4%		126	7.0%	4.5%	2.6%	
	Weighted average	4.9%	3567.4%	4.8%	3.3%			
	Max	5.0%	4287.3%	5.2%	5.7%			
Nordics	Min	3.8%		270	6.4%	4.3%	3.9%	
	Weighted average	4.3%	3706.7%	4.6%	4.4%			
	Max	8.1%	4688.9%	7.0%	3.8%			
Germany	Min	4.3%		213	6.2%	4.4%	2.2%	
	Weighted average	5.0%	3016.8%	4.9%	3.3%			
	Max	4.9%	4046.4%	4.4%	2.9%			
Austria	Min	4.6%		328	6.3%	4.4%	2.3%	
	Weighted average	4.7%	3646.4%	4.4%	2.6%			
	Max	8.1%	3658.1%	7.8%	5.3%			

Country	Category	Min	Weighted average	Max	DR	NIY	ECR
The Netherlands	Min	4.4%	5.1%	8.1%	5.5%	4.6%	1.9%
	Weighted average	2796.1%	5.2%	4.3%			
	Max	1,7369.5%	7.5%	12.1%			
US	Min	3.4%	4.1%	6.0%	6.0%	4.3%	3.0%
	Weighted average	7166.5%	4.9%	7.1%			
	Max						

Net Initial Yield (NIY), Discount Rate (DR) and Exit Capitalisation Rate (ECR) weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW, the Westfield trademark and the airport activities are not included in this table neither is the UK asset.

- a) Average annual rent (Minimum Guaranteed Rent (MGR) - Sales Based Rent (SBR)) per asset per sqm.
- b) Rate used to calculate the net present value of future cash flows.
- c) Rate used to capitalise the exit rent to determine the exit value of an asset.
- d) Compound Annual Growth Rate (CAGR) of Net Rental Income (NRI) determined by the appraiser (between six and ten years depending on the duration of the DCF model used).

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 317

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

A change of +25 basis points in NIY, the main output of the appraisal models, would result in a downward adjustment of -€1,796 Mn (or -5.2%) of URW's Shopping Centre portfolio value for assets fully consolidated (excluding assets under development, the Westfield trademark and the airport activities).

A change of +25 basis points in DR would have a negative impact of -€580 Mn (or -1.7%) on URW's Shopping Centre portfolio value for assets fully consolidated (excluding assets under development, the Westfield trademark and the airport activities).

A change of +10 basis points in ECR would have a negative impact of -€526 Mn (or -1.5%) on URW's Shopping Centre portfolio value for assets fully consolidated (excluding assets under development, the Westfield trademark and the airport activities).

A decrease of -5% in appraisers' Estimated Rental Value (ERV) assumptions for the leases to be signed during the model period would have a negative impact of -€1,316 Mn (or -3.8%) on URW's Shopping Centre portfolio value for assets fully consolidated (excluding assets under development, the Westfield trademark and the airport activities).

OFFICES & OTHERS

A change of +25 basis points in NIY, the main output of the appraisal models, would result in a downward adjustment of -€127 Mn (-6.3%) of URW's Offices Et Others portfolio value for assets fully consolidated (occupied and vacant spaces, excluding assets under development).

CONVENTION & EXHIBITION

A change of +25 basis points in the weighted average cost of capital (WACC) as determined at December 31, 2021, would result in a downward adjustment of -€96.7 Mn (or -4.5%) of the Convention et Exhibition portfolio value.

5.1.3 INVESTMENT PROPERTIES UNDER CONSTRUCTION AT COST - IFRS BASIS

(CMn)	i'j^RJJJBjjHB	ripe il ?mn
Shopping Centres	897.2	875.9
France	229.0	258.2
Spain	140.3	206.5
United States	38.2	33.5
Central Europe	34.4	36.2
Austria		
Germany	410.8	302.6
Nordics	12.5	12.6
The Netherlands		
United Kingdom	32.0	26.3
Offices a Others	458.6	448.3

France	106.0	137.9
Other countries	352.6	310.4
Convention a Exhibition		
Total	1,355.8	1,324.1

As at December 31, 2021, assets under construction valued at cost are notably:

- Office developments such as Sisters in La Defense; and
- Mixed-used projects such as Westfield Hamburg - Uberseequartier.

Assets still stated at cost were subject to impairment tests as at December 31, 2021. Allowances were recorded for a total amount of €40.1 Mn in 2021.

318 UniversalRegistrationOocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

		Total investment properties at cost
Dec. 31, 2019		
Acquisitions		
Capitalised expenses		
Disposals/exits from the scope of consolidation Reclassification and transfer of category Impairment / reversal Currency translation		
251.9 (4.1)		
20.0 (46.2)		
(7.9)		
Dec. 31, 2020		
0.2		
12.1		J62.4) 8.7
Write off		249.9 (155.5) (97.8)
Impairment / reversal Currency translation		
Dec. 31, 2021		
1) Mainly acquisition of building rights which were then sold over the period.		
2) Capitalised expenses mainly refer to investments in development projects Westfield Hamburg - Uberseequartier and Triangle before its disposal		
3) Includes the disposal of the Triangle development project, now accounted for using the equity method (see note 1.1.2 Acquisitions /Disposals in		
4) Includes the reclassification from IPUC at fair value to IPUC at cost (mainly Garbera extension).		

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

5.2 TANGIBLE ASSETS 5.2.1 ACCOUNTING PRINCIPLES

Under the preferential method proposed by IAS 16, operating assets are valued at their historic cost, less cumulative depreciation and any decrease in value. Depreciation is calculated using the "component accounting" method, where each asset is broken down into major components based on their useful life. Thefourcomponentsofaproperty are the main structure, the facade, technical equipment and finishing

fixtures and fittings, depreciated respectively over 60, 30, 20 and 15 years for Offices & Others properties and 35, 25, 20 and 15 years for Shopping Centres assets.

If the appraisal value of a property is lower than net book value, an impairment provision is recorded.

5.2.2 CHANGES IN TANGIBLE ASSETS

Operating assets™
Furniture and equipment

Dec. 31, 2019

Acquisitions and capitalised expenses Reclassification

Disposals/exits from the scope of consolidation

Depreciation

Impairment/reversal

Currency translation

344.5

19.5 (27.6) (4.7)

126 71 111 5 11 01

(30.1) (11-D) (4.9)

Dec. 31, 2020

Acquisitions and capitalised expenses

Reclassification

Disposals/exits from the scope of consolidation

Depreciation

Impairment/reversal²⁾ Currency translation

16.5

24.7 (143.1) (37.9) 2.6

3.8

Dec. 31, 2021

1) Related to the headquarters of the Group located at 7 Place Adenauer (Paris) (see note 1.1.2 Acquisitions /Disposals in 2021).

2) Impairment/reversal on Viparis assets according to the external appraisals.

320 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

5.3 INTANGIBLE ASSETS

5.3.1 ACCOUNTING PRINCIPLES

INTANGIBLE ASSETS (IAS 38)/IMPAIRMENT OF ASSETS (IAS 36)

An intangible asset is recognised when it is identifiable and separable and can be sold, transferred, licensed, rented, or exchanged, either individually or as part of a contract with an attached asset or a liability, or which arises from contractual or other legal rights regardless of whether those rights are transferable or separable. After initial recognition, intangible assets are recognised at cost less any amortisation charges and impairment losses.

Intangible assets with a finite life are amortised on a linear basis over the life of the asset.

Intangible assets with an indefinite useful life are not amortised.

The useful life of intangible asset is reviewed each year.

An impairment test is carried out whenever there is an indication of impairment and, at least annually, for intangible assets with an indefinite useful life. The impairment test consists of comparing the book value with the recoverable amount of the intangible. The recoverable amount of an asset is the maximum between its fair value less disposal costs and its value in use. The fair value of each asset is individually determined by qualified independent external appraisers using the DCF methodology. If the appraisal value of an intangible asset is lower than net book value, an impairment is recorded.

The intangible assets arise from:

- The Property Management (PM) business in the US and the UK;
- The Development, Design & Construction (DD&C) business in the US and the UK;
- The Airport activities in the US;
- The Westfield trademark;
- Rights and exhibitions: mainly Viparis entities; and
- Other intangible assets.

Intangible assets for PM, DD&C and Airport relate to the value of the customer contracts identified for these activities at the date of acquisition of Westfield. They correspond to contracts with shopping centres held through joint-ventures in accordance with IFRS 11 and to contracts with airport operators and/or local authorities. Customer contracts were separately analysed for Flagship and Regional centres as they present different features.

The incremental value of the Westfield trademark corresponds to the portion of the trademark value that is not captured in the shopping centre values.

The useful life of the PM contracts with Flagship centres are considered indefinite since the PM contracts have no termination date and URW shall remain the sole property manager as long as it is the co-owner of the shopping centres. The useful life of the Westfield trademark is also considered indefinite. As a consequence, all these assets are not amortised and tested for impairment.

Other assets are amortised over their remaining useful life:

- PM contracts with Regionals: three years;
- DD&C contracts: between one to four years; and
- Airport activities: three years.

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD 321

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

5.3.2 CHANGES IN INTANGIBLE ASSETS

Rights and exhibitions

Dec. 31, 2019

Acquisitions

Amortisation

Impairment / reversal Currency translation

Reclassification

Dec. 31, 2020

Acquisitions Amortisation

Impairment / reversal^{1*}

Currency translation

Reclassification

Dec. 31, 2021

- 1) The amount of impairment mainly relates to the PM business in the UK, partly offset by the reversal of impairment of the Convention ft Exhibition's intangible assets.
- 2) As at December 31, 2021, the Airport activities in the US are fully amortised as well as the DD&C in the UK.

One of the main assumptions used to value the PM, DD&C and the Trademark is the DR which stands between 8.0% and 10.0%.

PM AND DD&C

A change of +25 basis points in the DR of the PM and DD&C's intangible assets as determined at December 31, 2021, would result in an additional impairment of -€9.4 Mn.

A change of -10 basis points in the long term growth rate of the PM and DD&C's intangible assets as determined at December 31, 2021, would result in an additional impairment of -€2.8 Mn.

RIGHTS AND EXHIBITIONS

As at December 31, 2021, impairment tests were performed on the intangible assets relating to the Viparis entities based on the valuations of independent external appraisers and a reversal of impairment of +€18.4 Mn was recognised.

A change of +25 basis points in the WACC of Viparis intangible assets as determined at December 31, 2021, would result in a negative adjustment of -€29.3 Mn (-6.5%) on the appraisal value of the intangible assets and would lead to an additional impairment of -€10.4 Mn.

TRADEMARK

For the Trademark, the impairment test performed was based on an independent external appraisal and no impairment was required.

A change of +25 basis points in the DR of the Trademark as determined at December 31, 2021, would not lead to any impairment of the intangible assets. An impairment would be necessary with a change of +26 basis points in the DR.

A change of -10 basis points in the long-term growth rate of the Trademark as determined at December 31, 2021, would not lead to any impairment of the intangible assets. An impairment would be necessary with a change of -36 basis points in the long term growth rate.

5.4 GOODWILL

5.4.1 ACCOUNTING PRINCIPLES

The accounting rules for business combinations comply with IFRS 3 Revised.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

IFRS 3 (revised) stipulates a maximum period of 12 months from the acquisition date for the accounting of the acquisition to be finalised: adjustments to values applied must be related to facts and circumstances existing at the acquisition-date. Therefore, beyond this 12-month period, any earn-out adjustment must be recognised in income for the fiscal year unless the additional consideration is an equity instrument.

Where a business is acquired in stages, the previous investment is remeasured at fair value at the date if and when the control is transferred. Any difference between fair value and net book value of this investment is recognised in income.

Any change in the Group's interest in an entity that results in a loss of control is recognised as a gain/loss on disposal and the remaining interest is remeasured at fair value with the change being recognised in income.

A transaction that does not affect control (additional acquisition or disposal) is accounted for as an equity transaction between the Group share and the non-controlling interest share without an impact on profit or loss and/or a goodwill adjustment.

GOODWILL SUBSEQUENT MEASUREMENT AND IMPAIRMENT

Goodwill is carried at cost less any accumulated impairment losses. In compliance with IAS 36, the Group performs impairment testing to determine if there is any indication of impairment, at least once a year or whenever there is an indication of impairment. For the purposes of this test, assets are grouped into Cash Generating Units (CGUs).

CGUs are standardised groups of assets whose continued use generates cash inflows that are largely separate from those generated by other asset groups.

An impairment loss must be recognised whenever the recoverable value of the goodwill is less than its carrying amount. Impairment losses relating to the value of goodwill cannot be reversed.

GOODWILL RELATING TO OPTIMISED VALUE OF DEFERRED TAXES

Goodwill may arise on acquiring an asset via a share deal, where the Group inherits the fiscal basis of the assets. It is measured by the difference between the deferred taxes accounted for in the balance sheet according to IAS 12, and an estimate of the effective taxes to be paid in case of a share deal. Therefore, in this case the impairment test consists in a comparison between the accounting value of the goodwill and the potential tax optimisation existing at the date of reporting.

GOODWILL RELATING TO FEE BUSINESS

This goodwill relates to the following activities: PM, Airport and DD&C.

Impairment tests are performed annually or when an impairment indicator is identified and are based on valuations performed by independent external appraisers, using the DCF method.

The values attributable to the PM business were allocated to the United States (US), the United Kingdom (UK) and Germany, the values attributable to the DD&C business were allocated to the US and the UK and the value of the Airport activities was allocated to the US, based on independent external valuation.

The goodwill relating to the fee business in the US and the UK was fully impaired during fiscal year 2020.

GOODWILL RELATING TO SYNERGIES AND WORKFORCE

Goodwill relating to the Westfield Corporation acquisition has been allocated per geographical segment as it is the lowest level within the Group at which goodwill is monitored.

The allocation per geographical segment was performed based on the cost and revenue synergies expected to be generated as a result of the business combination.

The expected cost and revenue synergies were allocated to the US, the UK, France Retail, Spain, Central Europe and the Nordics.

The amount related to the value of the workforce acquired was allocated to the US and the UK.

The goodwill allocated to the US, the UK, Spain and the Nordics was fully impaired during fiscal year 2020.

UnivcrsalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 323

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

Impairment test:

Since the geographical segments are the lowest level within the URW company at which goodwill is monitored, for internal management purposes, the impairment test is performed at geographical segment level and, as a result, in accordance with IAS 36 for a group of CGUs.

The geographical segments to which goodwill has been allocated are tested for impairment by comparing the net asset value of the geographical segment (as presented in the note 4.5.2 "Statement of financial position by segment on a proportionate basis") with the recoverable value which is determined as the higher of the fair value less cost of disposal and its value in use.

The recoverable value is determined on value in use based on the DCF derived from the five-year Business Plan ("5YBP") approved by the Management Board and the Supervisory Board.

Although using the same method and impairment test model as the ones used by the Group in 2019 and 2020, current uncertainties about the impact of COVID-19 on the broader economy, the shape of the economic recovery and the impact on the business of the Group were taken into account in the cash flows and in the main assumptions used for the impairment tests.

The Group performs comprehensive impairment tests of the goodwill allocated to each geographical segment at the end of December, based on:

- The results of the five-Year Business Plan ("5YBP") exercise for 2022-2026 per geographical segment (including detailed profit and loss statements, proposed capital expenditures and disposals);
- The discount rates before tax per geographical segment based on a calculation of the WACC per region which reflect the current market assessment of the interest rates and the specific risks associated with each geographical segment as at December 31, 2021. These discount rates were also compared with the discount rates used by appraisers for the valuation of Investment Properties as at December 31, 2021, and the consistency between those was ensured;
- An allocation of the Group's corporate administrative expenses to the geographical segments, as a percentage of their respective NRI; and
- A DCF calculation for each geographical segment on a ten-year basis, consistent with the method applied by the Group's appraisers, and a discounted terminal value, to which a long-term growth rate estimated as at December 31, 2021, is applied.

A comparison has been performed for each geographical segment, between:

- The value in use of the geographical segment at the end of December, as determined above; and
- The net asset value of the geographical segment at the end of December, including the intangible assets and goodwill allocated, based on the segment reporting disclosed in the note4.5.2 "Statement of financial position by segment on a proportionate basis".

GOODWILL RELATING TO THE ABILITY TO GENERATE DEVELOPMENT PROJECTS

This goodwill relates to URW Germany business.

Impairment tests performed on this goodwill are based on an independent external appraisal, performed once a year as at December 31, or when there is an indication of impairment, and using the DCF method.

5.4.2 CHANGES IN GOODWILL

As at December 31, 2021, the goodwill breaks down as follows:

Net Value (eMn)

Optimised value of deferred taxes Fee business

Synergies, workforce and ability to generate development projects

Total URW

Dec. 31.2021

255.4

(23.0) (145.2)

The allocation of the goodwill per geographical segment breaks down as follows:

(€Mn)	France Retail	Central Europe
	731.0	

Goodwill Dec. 31, 2020

Disposal Impairment

1,248.1

(145.9)

Currency translation

Goodwill Dec. 31, 2021 731.0

The Group performs an impairment test for each category of goodwill.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

GOODWILL RELATING TO OPTIMISED VALUE OF DEFERRED TAXES

The decrease of -€23.0 Mn in Central Europe is due to the impact of the disposal of a 60% stake in Aupark, which goodwill was justified by tax optimisation (see note 1.1.2 Acquisitions / Disposals in 2021).

As at December 31, 2021, no additional impairment was recognised.

GOODWILL RELATING TO FEE BUSINESS

As at December 31, 2021, no additional impairment was recognised.

GOODWILL RELATING TO SYNERGIES, WORKFORCE AND ABILITY TO GENERATE DEVELOPMENT PROJECTS

As at December 31, 2021, an impairment of -€0.7 Mn was recognised for the goodwill relating to the ability to generate development projects in Germany.

As at December 31, 2021, an impairment of -€145.2 Mn was recognised in Central Europe.

The main assumptions for calculating the enterprise value are the weighted average costs of capital (WACC), the long-term growth rates (LTGR) and the CAGR of NRI displayed in the table below.

France Retail
Central Europe
Dec. 31, 2020
WACC before tax in %
LTGR in %
CAGR of NRI in %
Dec. 31, 2021
WACC before tax in %
LTGR in %

LTGR in %

CAGR of NRI in %

An increase in the WACC, a decrease in the LTGR or a decrease in the CAGR of NRI as determined at December 31, 2021, would not necessarily result in a value in use lower than the net asset value as the net asset value includes investment properties which are carried at fair value. These changes would reduce the fair value of those properties and ultimately the net asset value.

Therefore, the impact of such changes should be viewed on a combined basis on the value in use and the net asset value to appreciate the net effect on the financial statements.

A change of +25 basis points in the WACC as determined at December 31, 2021, without any change in the LTGR and in the CAGR of NRI would not lead to any additional impairment of goodwill.

A change of -10 basis points in the LTGR as determined at December 31, 2021, without any change in the WACC and in the CAGR of NRI would not lead to any additional impairment of goodwill.

A change of -50 basis points in the CAGR of NRI as determined at December 31, 2021, without any change in the WACC and in the LTGR would not lead to any additional impairment of goodwill.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

J

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

5.5 VALUATION MOVEMENTS ON ASSETS

This item reflects changes in market valuation of investment properties, impairment and reversal on tangible and intangible assets and amortisation of fair value of assets recorded for the purpose of purchase price allocation.

(CMn)	2021	2020
Investment properties at fair value	(1,116.2)	(4,676.2)
<i>Shopping Centres</i>	(1,176.8)	(4,458.3)
<i>Offices a Others</i>	167.2	(0.9)
<i>Convention & Exhibition</i>	(106.6)	(216.9)
Investment properties at cost	(40.1)	(46.2)
Tangible and intangible assets	(41.0)	(114.9)
Total	(1,197.3)	(4,837.2)

5.6 AMOUNTS PAID FOR WORKS AND ACQUISITION OF PROPERTY ASSETS (CONSOLIDATED STATEMENT OF CASH FLOWS)

In 2021, amounts paid for works and acquisition of property assets amount to €888.9 Mn. They comprise acquisitions, transaction capitalised costs, works and capitalised expenses and are adjusted for the changes on amounts due on investments of the period.

NOTE 6. SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

6.1 ACCOUNTING PRINCIPLES

The accounting principles are detailed in note 3.1.1 "Scope and methods of consolidation".

Following WFD's acquisition, the Group has significant co-ownership interest in a number of properties, mainly in the US through property partnerships or trusts. These joint ventures are accounted for using the equity method. The Group and its joint ventures use consistent accounting policies.

6.2 SHARES AND INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

(€Mn)

Shares in companies accounted for using the equity method

Loans granted to companies accounted for using the equity method

Total shares and investments in companies accounted for using the equity method"

(1) Mainly relates to Shopping Centres companies.

SHARE OF THE RESULT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD AND INCOME ON FINANCIAL ASSETS

The contribution of affiliates breaks down as follows:

2020

Recurring Non-recurring activities activities⁰

Recurring Non-recurring activities activities¹"

Total share of income from companies accounted for using the equity method

Total interests on loans granted to companies accounted for using the equity method

(1) Correspond mainly to the fair value adjustment and related deferred tax on the underlying investment properties.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 327

5. Financial statements as at December 31,2021

S.2 Notes to the consolidated financial statements

6.3 JOINT VENTURES

According to IFRS 11, joint ventures are those entities in which the Group has joint control established by contractual agreement and rights to the net assets of the arrangement.

i Interest as at Dec. 31.2021

6.3.1 DESCRIPTION OF THE MAIN JOINT VENTURES ACCOUNTED FOR USING

THE EQUITY METHOD

The main jointly controlled assets accounted for using the equity method are the following:

Name of investment	Geographical area	% Interest as at	Dec 31, 2020
Westfield Stratford City	United Kingdom	50.0%	50.0%
Metropole Zlicin	Central Europe	50.0%	50.0%
Westfield Rosny 2	France	26.0%	26.0%
Westfield CentrO	Germany	50.0%	50.0%
Paunsdorf Center	Germany	25.5%	25.5%
Westfield Annapolis	United States	55.0%	55.0%
Westfield Culver City	United States	55.0%	55.0%
Westfield Garden State Plaza	United States	50.0%	50.0%
Westfield Montgomery	United States	50.0%	50.0%
Westfield Santa Anita	United States	49.3%	49.3%
Westfield Southcenter	United States	55.0%	55.0%
Westfield Topanga	United States	55.0%	55.0%
Westfield UTC	United States	50.0%	50.0%
Westfield Valley Fair	United States	50.0%	50.0%
Aupark Bratislava	Central Europe	40.0%	100%

The significant joint-ventures accounted for using the equity method are presented below:

WESTFIELD STRATFORD CITY (LONDON, UNITED KINGDOM)

Westfield Stratford City is a joint venture with Canneth Limited Partnership Inc.

The partnership is governed through a business manager, which is a company jointly owned by both partners. This business manager has significant powers to conduct the business. The budget, capital expenditures, and a number of major decisions relating to the debt financing, approval of any refurbishment and development, disposals, require the approval of both partners. Therefore under IFRS 10, Westfield Stratford City is jointly controlled by both partners.

PARTNERSHIPS IN THE UNITED STATES

Per the co-ownership and PM agreements with its joint venture partners, the Group is restricted from exercising control over these interests even though the Group has more than 50% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners and operating and capital budgets must be approved by the management committee (both owners have equal representation on this committee). The Group therefore has joint control over the investments and they are accounted for using the equity method.

WESTFIELD CENTRO (GERMANY)

Westfield CentrO, a leading shopping centre located in Oberhausen, is jointly held by the Group and Canada Pension Plan Investment Board (CPPIB).

The joint venture is governed by a board of directors with six members, three of which are designated by URW and three designated by CPPIB.

The relevant activities are the leasing, equipment, building, renovation as well as the management, servicing and maintenance of these assets.

The decision-making process for all these relevant activities required the approval of both partners.

Therefore these companies which are joint ventures are accounted for using the equity method.

6.3.2 CONSOLIDATED FINANCIAL POSITION OF THE JOINT VENTURES

The main items of the statements of financial position and income statement of joint ventures are presented in aggregate in the tables below. These items are stated in Group share including restatements for consolidation purposes.

SHOPPING CENTRES AND CONVENTION & EXHIBITION COMPANIES

(CMn)	Jan. 31, 2020	Dec. 31, 2020
Investment properties	9,036.5	9,013.7
Other non-current assets	14.9	10.0
Current assets	389.7	323.8
Total assets	9,441.1	9,347.5
Restated shareholders' equity	6,551.7	6,786.0
Deferred tax liabilities	121.4	101.8
Internal borrowings	468.8	329.0
External borrowings ⁽¹⁾	2,073.6	1,939.1
Other non-current liabilities	19.6	14.0
Current liabilities	206.0	177.7
Total liabilities	9,441.1	9,347.5

(1) Includes current and non-current borrowings.

(6Mn)	2020
Net rental income	352.4
Change in fair value of investment properties	(868.5)
Net result	(573.1)

6.3.3 VALUATION ASSUMPTIONS AND SENSITIVITY

The following tables provide a number of quantitative data in order to assess the fair valuation of the Group's assets accounted for using the equity method.

SHOPPING CENTRES

All shopping centres are valued using the DCF and/or yield methodologies.

	Net Initial Yield
Rent in C per sqm ^(a)	
Discount	
	Rate ^(b)
	Exit
	Capitalisation Rate ^(c)
6.7%	
Europe	
Weighted average	
13.156%	
4.3%	
Weighted average	

NY, DR and ECR weighted by GMV. Vacant assets, assets considered at bid value and assets under restructuring are not included in Min and Max calculation. Assets under development or not controlled by URW are not included in this table. The UK assets are included in the table.

- a) Average annual rent (MGR - SBR) per asset per sqm.
- b) Rate used to calculate the net present value of future cash flows.
- c) Rate used to capitalise the exit rent to determine the exit value of an asset.
- d) Compounded Annual Growth Rate of NRI determined by the appraiser (between six and ten years depending on duration of DCF model used).

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

A change of +25 basis points in NIY, the main output of the appraisal models, would result in a downward adjustment of -€459 Mn (or -5.2%) to URW's Shopping Centre portfolio value for assets under joint control (excluding assets under development).

A change of +25 bps in DR would have a negative impact of -€168 Mn (or -1.9%) on URW's standing Shopping Centre portfolio value for assets under joint control (excluding assets under development).

A change of +10 bps in ECR would have a negative impact of -€113 Mn (or -1.3%) on URW's standing Shopping Centre portfolio value for assets under joint control (excluding assets under development).

A decrease of -5% in appraisers' ERV assumptions for the leases to be signed during the model period would have a negative impact of -€424 Mn (or -4.8%) on URW's standing Shopping Centre portfolio value for assets under joint control (excluding assets under development).

6.4 ASSOCIATES

Associates are those entities, not controlled by the Group, but in which

6.4.1 DESCRIPTION OF THE MAIN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

The main associates relate to the following assets:

- Fonciere Crossroads which owns the shopping centres Aeroville and So Ouest in the Paris region, Rennes Alma in Rennes, Toison d'Or in Dijon, Confluence in Lyon and Novotel Lyon Confluence;
- Zlote Tarasy complex (Warsaw);
- Gropius Passagen (Berlin); and
- Starwood I, Starwood II and Blum (US).

FIVE SHOPPING CENTRES IN FRANCE HELD THROUGH A CONSORTIUM OF INVESTORS FORMED BY CREDIT AGRICOLE ASSURANCES, LA FRANCAISE AND URW

On May 29, 2020, URW completed the disposal of a portfolio of five shopping centres in France (Aeroville and So Ouest in the Paris region, Rennes Alma in Rennes, Toison d'Or in Dijon and Confluence in Lyon) to the entity "Fonciere Crossroads" formed by Credit Agricole Assurances, La Francaise and URW.

it has a significant influence according to IAS 28 R.

URW has currently agreed to hold a 45.8% stake in Fonciere Crossroads and manages the shopping centres on behalf of Fonciere Crossroads through long-term management contracts.

Fonciere Crossroads is governed by a Chairman. URW cannot be designated as the chairman as long as it manages the shopping centres. The proportion of the voting rights needed to make decisions about the relevant activities of Fonciere Crossroads is achieved by more than one combination of the parties agreeing.

As a result, URW has only a significant influence on Fonciere Crossroads which is accounted for using the equity method.

ZLOTE TARASY COMPLEX

The Group is the sole limited partner in a partnership which holds 100% of a holding company (Warsaw III) which owns 100% of Zlote Tarasy complex (Warsaw). In compliance with the restrictions imposed on URW by the Polish competition authorities in connection with the acquisition by the Group of the shopping centres Westfield Arkadia and Wilenska in July 2010, the management of Warsaw III and the shopping centre and parking is not performed by the Group. Consequently, the Group does not control this asset and its investment in the Zlote Tarasy complex is accounted for using the equity method.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

6.4.2 CONSOLIDATED FINANCIAL POSITION OF ASSOCIATES

The main items of the statements of financial position and income statement of associates are presented in aggregate in the tables below. These items are stated in Group share including restatements for consolidation purposes.

SHOPPING CENTRES COMPANIES

<u>(CMn)</u>	<u>2021</u>	<u>Dec 31,2020</u>
Investment properties ¹¹	1,832.9	1,944.2
Other non-current assets	25.2	3.4
Current assets	115.8	104.6
Total assets	1,973.9	2,052.2
Restated shareholders' equity	747.6	764.7
Deferred tax liabilities	113.3	112.0
Internal borrowings	447.0	424.0
External borrowings	569.2	647.0
Other non-current liabilities	48.0	42.6
Current liabilities	48.8	61.9
Total liabilities	1,973.9	2,052.2

(1) Decrease mainly driven by associates disposals and foreclosures of shopping centres in the US.

<u>(CMn)</u>	<u>2021</u>	<u>2020</u>
Net rental income	91.0	74.5
Change in fair value of investment properties	(51.7)	(211.7)
Net result	2.6	(195.5)

6.5 TRANSACTIONS WITH RELATED-PARTIES (JOINT VENTURES AND ASSOCIATES)

The consolidated financial statements include all companies in the Group's scope of consolidation.

The Parent Company is Unibail-Rodamco-Westfield SE.

(CMn)

Shopping Centres and Convention 8; Exhibition companies

Loans¹

Recognised interest

Current account in debit

Current account in credit

To the Group's knowledge, there are neither shareholders' pacts nor persons or groups of persons exercising or who could exercise control over the Group.

The main related party transactions relate to transactions with companies accounted for using the equity method.

754.1

	Dec 31.2020
24.8	963.1 ¹²
19.1 (28.9)	25.1
	18.4
	(35.0)

Asset management fees invoiced and other fees

1) Corresponds to 100% of the financing in the joint ventures and associates.

2) Of which €915.7 Mn (€753.0 Mn in 2020) corresponding to the Group stake in the financing of joint ventures and associates. All of these transactions are based on market prices.

No transactions with related parties had a material impact on the Group's consolidated financial statements.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 331

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

NOTE 7. FINANCING AND FINANCIAL INSTRUMENTS

7.1 ACCOUNTING PRINCIPLES

7.1.1 FINANCIAL INSTRUMENTS (IAS 32/ IFRS 7/IFRS 9/IFRS13)

CLASSIFICATION AND MEASUREMENT OF NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Under IFRS 9, on initial recognition, a financial asset is classified and measured at amortised cost, at Fair Value through Other Comprehensive Income (FVOCI) or Fair Value Through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interests on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other

comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets for the Group:

FINANCIAL ASSETS AT FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

FINANCIAL ASSETS AT AMORTISED COST

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses if needed. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

FINANCIAL ASSETS AT FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

EQUITY INVESTMENTS AT FVOCI

These assets are subsequently measured at fair value through profit or loss except in the case of an irrevocable election to classify them at fair value through OCI that cannot be reclassified.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

FINANCIAL LIABILITIES

Interest bearing financial liabilities are initially measured at fair value, less transaction costs directly attributable to the issue, and after initial booking at amortised cost using the effective interest rate.

Being a financial debt with an embedded derivative, and based on the option provided by IFRS 9, the ORNANE convertible bonds, net of write-off of the issuance costs, are accounted for fully, at inception, at fair value, on a separate line in the statement of financial position, with subsequent changes recorded on a separate line in the income statement, except for the impact of the variation of the credit spread which is accounted for OCI. The interest expenses are recorded based on the contractual interest rates and are classified in the statement of comprehensive income on the line "Net financing costs".

Other non-derivative financial liabilities are recognised at FVTPL.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

CLASSIFICATION AND MEASUREMENT OF FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

The Group uses derivative financial instruments to hedge its exposure to movements in interest and currency exchange rates.

All financial derivatives are recorded as financial assets or liabilities at fair value on the statement of financial position. Fair value variations of financial derivatives, apart from those designated as cash flow hedges or as net investment hedges (see below), are recognised in the income statement for the period.

URW has a macro-hedging strategy for its debt. Except for some currency derivatives, it has chosen not to use the hedge accounting proposed by IFRS 9. All such derivatives are therefore measured at their market value and any fair value variations are recorded in the income statement.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied, are recognised in the income statement.

Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of the "financing result" as these instruments are designated as hedging instruments.

HEDGING INSTRUMENTS

The Group, which holds a group of financial assets or financial liabilities, is exposed to market risks and credit risks of every single counterparty as defined in IFRS 7. The Group applies the exception provided by IFRS 13 (§ 48) which permits to measure the fair value of a group of financial assets or a group of financial liabilities on the basis of the price that would be received to sell or transfer a net position towards a particular risk in an orderly transaction between market participants at the measurement date under current market conditions.

To determine the net position, the Group takes into account existing arrangements to mitigate the credit risk exposure in the event of default (e.g. a master netting agreement with the counterparty). The fairvalue measurement takes into consideration the likelihood that such an arrangement would be legally enforceable in the event of default.

Valuation of derivatives takes into account the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA, calculated for a given counterparty, is the product of:

- The total mark-to-market the Group has with this counterparty, in case it is positive;
- The probability of default of this counterparty over the average maturity, weighted by the nominal of the derivatives recorded with them. This probability of default is taken from the Bloomberg model, based on market data and derived from the Credit Default Swaps of the banks; and
- The loss given default following market standard.

DVA based on URW's credit risk corresponds to the loss that the Group's counterparties may face in case of the Group's default. It is the product of:

- The total mark-to-market the Group has with a counterparty, in case it is negative;
- The probability of default of the Group over the average maturity, weighted by the nominal of the total portfolio of derivatives. The Group's probability of default is derived from the Credit Default Swaps of URW and taken from the Bloomberg model; and
- The loss given default following market standard.

7.1.2 BORROWING COSTS GENERATED BY CONSTRUCTION PROJECTS (IAS 23)

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest costs capitalised are calculated using the Group's weighted average costs of borrowing applied to the average value of the work completed during each quarter, unless specific financing exists for the project. In this case, the specific interest costs of the project are capitalised.

Capitalisation of borrowing costs starts when the asset is qualified as an IPUC and/or as inventory and ends when the project is transferred to standing investment property at the delivery date to the tenant or earlier when the project is technically completed or when an asset is available for sale.

7.1.3 DISCOUNTING OF DEFERRED PAYMENTS

Long-term liabilities and receivables are discounted when this has a significant impact.

- Deferred payments on assets deals, share deals, acquisitions of lands have been discounted up to the payment date;

Provisions for material liabilities taken under IAS 37 are discounted over the estimated duration of the disputes they cover; and Guarantee deposits received from tenants have not been discounted given the negligible impact of discounting.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

7.2 FINANCING RESULT 7.2.1 NET FINANCING COSTS

(CMn)	^	2020
Security transactions		2.9 2.0
Other financial interest		11.7 10.4

Other financial interest	17.7	10.7
Interest income on derivatives	194.6	235.8
Subtotal financial income	212.2	248.1
Security transactions	(0.3)	(2.1)
Interest on bonds and EMTNs	(485.3)	(506.4)
Interest and expenses on borrowings	(59.3)	(52.3)
Interest on lease liability	(46.9)	(46.4)
Interest on preferred shares	(6.0)	(12.0)
Interest on partners' advances	(24.5)	(21.5)
Other financial interest	(5.5)	(6.5)
Interest expenses on derivatives	(91.5)	(75.8)
Financial expenses before capitalisation of financial expenses	(719.3)	(722.9)
Capitalised financial expenses	41.2	43.3
Subtotal net financial expenses	(678.1)	(679.7)
Total net financial costs	(465.9)	(431.5)

Financial income and expenses from the consolidated statement of cash flows correspond to cash amounts of financial interest paid and received during the period. They do not include any non-cash items such as accrued interest and amortisation of issuance costs.

7.2.2 FAIR VALUE ADJUSTMENT OF DERIVATIVES, DEBTS AND CURRENCY EFFECT

(CMn)	2021	2020
Mark-to-market of the ORNANEs	(2.9)	1.8
Currency impact	(29.3)	(83.6)
Restructuring of debt, hedges and mark-to-market of derivatives	(28.4)	(438.4)
Debt discounting and other items	(34.5)	(48.9)
Total non-recurring financial result	(95.1)	(569.1)

7.3 FINANCIAL ASSETS AND LIABILITIES

1 INVESTMENT IN FINANCIAL ASSETS

Change in investments in financial assets is mainly due to vendor loans agreed on during asset disposals in France and Central Europe and equity interests in unlisted investments in the US.

2 MAIN FINANCING TRANSACTIONS IN 2021

BOND MARKET:

Despite the challenging market conditions, the Group secured additional liquidity and increased its debt maturity, through the following public EMTN Bonds issued on May 25, 2021:

- €650 Mn with a 0.75% coupon and seven-year and five-month maturity; and
- €600 Mn with a 1.375% coupon and 12-year maturity.

In total, €1,250 Mn of bonds were issued with a weighted average maturity of 9.6 years and a weighted average coupon of 1.05%.

CREDIT FACILITY AND CASH:

The signing of €3,950 Mn of credit facilities were completed in 2021, including:

- The largest sustainability-linked revolving credit facility for a REIT in Europe, for an amount of €3,100 Mn, with a five-year maturity. The credit facility replaces €1,600 Mn of credit lines that were scheduled to mature in 2021 and €800 Mn due to mature in 2022, 2023 and 2024. It includes new funding for an amount of €700 Mn either from new banks or existing banks increasing their exposure to URW; and
- A €850 Mn of bilateral credit facilities with an average maturity of four years.

MORTGAGE DEBT:

- In the context of the disposal of a 45% stake in Westfield Shopping City Slid, a non-recourse mortgage loan was put in place on July 21, 2021, for a total amount of €351 Mn with a seven-year maturity at a current cost of 1.39%. This debt is fully consolidated in URW's accounts¹².
- Mortgage debt was also raised by JV's consolidated under the equity method, in which URW has joint control:
 - €229.5 Mn in the Aupark JV in which URW has a 40% stake, (€92 Mn in URW's proportionate debt); and
 - €103.8 Mn in the Aquaboulevard and Le Sextant JV in which URW has a 49% stake, (€51 Mn in URW's proportionate debt).

REIMBURSEMENT OF DEBT:

To optimise the use of its cash, the Group proactively reimbursed in anticipation €1,099 Mn of debt in 2021 including:

- €400 Mn of two euro mortgage loans maturing in December 2021 and December 2023;
- €257 Mn of the EMTN bond maturing in October 2022; and ^
- \$500 Mn of the 144A bond maturing in April 2022. [o^

SHORT TO MEDIUM TERM PAPER:

URW also accessed the money markets by issuing short-term paper.

The average outstanding amount of short-term paper¹³ in 2021 was €682 Mn below 2020 (€1,364 Mn on average in 2020) due to higher liquidity position in 2021.

ii
|
| %
L_

- 1) Neu CP.
- 2) As Westfield Shopping City Sud will remain fully consolidated, the €351 Mn non-recourse debt raised by the JV, held at 55% by URW and owning the asset, is fully consolidated at 100% in URW's IFRS and proportionate debt.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

7.3.3 FINANCIAL DEBT BREAKDOWN AND OUTSTANDING DURATION TO MATURITY

Total Dec. 31,2021	
Total Dec.31,2020	
Net share settled bonds convertible into new and/or existing shares (ORNAME)	
Principal debt	
Mark-to-market of debt	
600.3	
602.9_ "(2-6)	
Accrued interest	
584.9	
522.6	
242.9	
(86.5)_ (91.5)	
22,861.3	22,808.5<"_ 239.8
(81.1)	
(98.3)	
Mark-to-market of debt	
Bank borrowings	
Principal debt	
Accrued interest	
Borrowings issue fees	
Bank overdrafts 6 current accounts to balance out cash flow	
Mark-to-market of debt	
Other financial liabilities	
Interbank market instruments and negotiable instruments	
Accrued interest on interbank market instruments and negotiable instruments	
Current accounts with non-controlling interests ^{*1}	
Lease liabilities	
Total financial debt	
Including liabilities directly associated with Properties or Shares classified as held for sale	
Total financial debt net of liabilities directly associated with	
Properties or Shares classified as held for sale	
1) Include currency impacts on debt raised in foreign currency for an amount of ^€38.2 Mn as at December 31, 2021 (^€8.7Mn as at December. 31, 2020). The amount shown in the Financial Resources note (€22,694.8 Mn) corresponds to the amount of bonds after impact of derivatives instruments on debt raised in foreign currencies.	
2) Including mortgage debt under foreclosure in the US.	
3) They are considered as non-current as they are financing the related assets.	
4) During H2-2021, URW has entered into a new amendment with the Airport Authorities of Los Angeles which provide for rent reliefs related to the minimum annual guaranteed rent for certain months. Based on the terms of the amendment, URW applied the rent relief as a lease modification accounting according to IFRS 16 to remeasure the lease liability and the right of use asset based on information known (i.e. enplanements) as of December 31, 2021. Going forward, tease liability (the minimum in-substance fixed lease payments) and the right of use will have to be remeasured at each closing period to take into account the evolution of the enplanements.	

The variation of financial debt by flows breaks down as follows:

Cash flows^{***}

Dec.31,2020 Increase^{*1}

Variation of accrued interest^{***}

Variation of scope™

Non-cashflows

Currency translation

ORNANE

1,228.0 (1,700.7)

Bank borrowings

Other financial liabilities

Lease liabilities

1,790.2 (3,396.1)

- 1) The cash flows differ from those in the Consolidated statement of cash flows mainly due to the variation of guarantee deposits received.
- 2) Net of bonds and EMTNs issuance costs and issue fees.
- 3) The variation of accrued interest is included in lines Financial income / Financial expenses of the Consolidated statement of cash flows.
- 4) The variation of scope includes the change of consolidation method from equity to full consolidation of the O'Connor 2 portfolio following the acquisition of its JV partner's shares (47.4*) in two US assets (Westfield Palm Desert and Westfield Trumbull) and the deconsolidation of O'Connor 1 portfolio (Westfield Broward, Westfield Citrus Park, Westfield Countryside and Westfield Sarasota) and Westfield Palm Desert.
- 5) The variation of Others includes straight-lining of premiums and fees on EMTNs and Bank borrowings and change in recognition of lease liabilities in application of IFRS16.

336 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

MATURITY OF CURRENT AND NON-CURRENT PRINCIPAL DEBT

(CMn) Current Less than 1 year

1 to2 years

2to3 years

3to4 years

4to5 years

ORNANE

Bonds and EMTNs Bank borrowings

Interbank market instruments and negotiable instruments

Lease liabilities

1,323.1 16,976.9 25,663.0

7.3.4 NET SHARE SETTLED BONDS CONVERTIBLE INTO NEW AND/OR EXISTING SHARES (ORNANE)

As at December 31, 2021, the ORNANEs are presented in the table below.

Fairvalue recognised in the Debt at fair value profit and loss

ORNANE issued in 2014
ORNANE issued in 2015
500.3

7.3.5 CHARACTERISTICS OF BONDS AND EMTNS (EXCLUDING ORNANE)

Amount at Dec. 31, 2021 (CMn)

November 2010
October 2011
Fixed rate 4.17% Fixed rate 4.10%
November 2011
May 2012
Fixed rate 4.05% Fixed rate 3.196%
October 2013 November 2013 February 2014
February 2013 Fixed rate HKD swapped back into EUR
March 2013 Fixed rate HKD swapped back into EUR
June 2013
Fixed rate 2.500%
Fixed rate HKD swapped back into EUR Fixed rate CHF swapped back into EUR Fixed rate 2.50%
March 2014
April 2014
Fixed rate 3.08% Fixed rate 3.08%
27.0
41.0 November 2030
425.0 79.2
October 2031
20.0 November 2031
May 2022
66.2
February 2025
467.0
March 2025
45.3
June 2023
October 2025
130.7 November 2023
20.0
643.7 February 2024
30.0
March 2034
April 2034
Fixed rate 2.50%
September 2014 Fixed rate 3.75%
September 2014 Fixed rate 4.75%
April 2015
April 2015
October 2015 November 2015
Fixed rate 1.375% Fixed rate 1.00%
Float rate (Erb3M - 81bps) Fixed rate 2.066%
Fixed rate 1.375%
Float rate (Erb6M^0%, floored at 0.95%, capped at 3%)
Fixed rate 1.125%
Fixed rate 2%
November 2015 Fixed rate HKD swapped back into EUR
December 2015 Fixed rate 2.1% during 3 years then Constant Maturity Swap 10 years (floored at 0% capped at 4%) March 2016
March 2016
April 2016
April 2016
November 2016 Fixed rate 0.875%
December 2016 Fixed rate HKD swapped into EUR
USD
USD
EUR
EUR
EUR
EUR
HKD
JUR EUR
EUR
EUR

EUR
EUR
HKD
441.5 655.6
882.9 September 2024

500.0
50.0
84.9 70.0
March 2025 October 2024
30.0 November 2030
500.0
November 2025 December 2030
20.0
March 2026
500.0
March 2027
500.0
500.0 56.6
April 2027
April 2036
February 2025 November 2026
February 2017 Fixed rate 1.5%

September 2044 April 2030

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 337

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

Amount at Dec. 31.2021 (CMn)

Fixed rate 2.125%
Fixed rate 2.625%
May 2017 Fixed rate 1.5%
May 2017 Fixed rate 2.0%
June 2017 Fixed rate 0.875% SEK
June 2017 Float rate SEK (Stib3M + 80bps)
May 2018 Fixed rate 1.125%
May 2018
May 2018
Fixed rate 1.875% Fixed rate 2.25%
EUR
EUR SEK
SEK
EUR
EUR
EUR
500.0
May 2029
500.0
58.5
39.0
May 2037 June 2022
June 2022
900.0
800.0 September 2025
500.0
January 2031
May 2038
June 2018 Structured coupon linked to CMS 15 year
December 2018 February 2019 February 2019
September 2018 Fixed rate 4.125%
September 2018 Fixed rate 4.625%
June 2019
Fixed rate 2% Fixed rate 1.75% Fixed rate 1%
July 2019
Fixed rate 3.5%
October 2019

Fixed rate 1.75%
October 2019
Fixed rate 2.875%
April 2020
Fixed rate 0.875%
April 2020
Fixed rate 2.625%
Fixed rate 2.125%
June 2020
December 2020
Fixed rate 2% Fixed rate 0.625%
May 2021
December 2020 Fixed rate 1.375%
May 2021
Fixed rate 0.75%
Fixed rate 1.375%

EUR
USD
USD
EUR
EUR
EUR
USD
EUR
USD EUR
EUR EUR^ EUR
EUR
EUR
EUR
EUR
40.0

_441.5 441.5
June 2033
September 2028 September 2048
100.0 December 2033
750.0 February 2034
662.2
February 2027 June 2029 July 2049
750.0
January 2027
800.0
March 2032
April 2030
April 2025
June 2032
_6_00.0 750.0
1_000.0 May 2027
1,000.0 December 2031
650.0
600.0

_750_0_662.2_500.0

October 2028 May 2033

22,733.0

7.3.6 COVENANTS

As at December 31, 2021, the LTV^{1a} ratio amounted to 43.3% (44.7% as at December 31, 2020). The Interest Coverage Ratio ("ICR") for the period stood at 3.3x¹²¹ (3.5x as at December 31, 2020). The

Group's corporate debt covenants levels and corresponding current ratios are set at:

Financial ratios

LTV 43.3%

EuropeCredit			
<65%		facility	US Credit facility
<65%			US Bond
covenants level	covenants level	covenants level	
	■ ■ 60%		
> 1.5x			
FFO/NFD ¹¹			
Secured debt ratio ¹¹			
Unencumbered leverage ratio ¹⁵¹			

These covenants are tested twice a year based on the Group's IFRS financial statements.

- 1) Loan-to-Value (LTV) = Net financial debt / Total assets excluding €960 Mn of goodwill as per the Group's European leverage covenants, including transfer taxes. The proportionate ratio LTV ratio was 44.9%.
- 2) Proportionate ICR of 3.0x.
- 3) Funds From Operations: on an annualised basis, the recurring EBITDA minus (i) net recurring financial expenses and (ii) tax on recurring operating result.
- 4) Secured debt/Total assets.
- 5) Unencumbered assets/unsecured debt.

338 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

As at December 31, 2021:

- 100% of the Group's credit facilities and loans allow a LTV of up to 60% for the Group or the borrowing entity, as the case may be;
- 100% of the Group's credit facilities and loans require an ICR > 2x for the Group or the borrowing entity, as the case may be;
- 71% of the Group's credit facilities and loans include an FFO/NFD covenant. These require an FFO/NFD above 4% for the Group or the borrowing entity, as the case may be.

Due to the exceptional circumstances linked to the COVID-19 pandemic with the significant closure of URW shopping centres and CEtE in H1-2021 and its impact on the Group's operations, a waiver of the FFO/Net financial debt ratio test in H1 and FY-2021 has been granted by URW's lending banks for its corporate bank debt. This ratio remained above the minimum level required under the credit facilities' covenants.

SECURED DEBT NON-RECOURSE:

The non-recourse mortgage debt raised by certain entities of the Group includes financial covenants:

	Covenant level range	% of non-recourse mortgage incl this feature in such covenant
Debt Yield ¹¹¹ covenants	796-7.5%	21%
ICR covenants	1.25x-3.5x	46%
LTV covenants	55%-125%	58%

- Any breach under these covenants would not lead to a cross-default on the Group's borrowings;
- In any case in Europe, due to the exceptional circumstances linked to COVID-19 pandemic, waivers on cashflow related financial covenants have been granted on various secured mortgage loans on European assets for periods ranging between six months and eighteen months;
- In the US, as a result of the COVID-19 pandemic, the financial covenants of some mortgage loans on were not met leading to a funding of cash reserves. This situation does not generate a default of these loans.

In any case, defaults under these loans are not expected to have a material adverse effect on the Group's finances.

SHORT TERM DEBT:

- There are no financial covenants (such as loan-to-value or interest coverage ratios) in the Neu MTN, the Neu CP and the ECP programmes of URW.

7.3.7 OTHER FINANCING ACTIVITIES

In the consolidated statement of cash flows, "Other financing activities" comprise mainly costs paid on derivatives purchase and disposal and margin calls on derivatives.

TO DEBT MARKET VALUE

7.3.8 DEBT MARKET VALUE

The market value of URW's fixed-rate and index-linked debt is presented in the table below.

Dec. 31, 2021

Carrying value Marketvalue

Fixed-rate and index-linked debt

23,993.6"

24,608.3

25,683.5"

Fixed-rate and index-linked borrowings, interbank instruments and negotiable market instruments

(1) ORNANE included, at market value (see note 7.3.4 "Net share settled bonds convertible into new and/or existing shares (ORNANE)"). Financial debt is valued at market value based on market rates and on spread issuers at each closing date.

(1) Debt Yield: ratio of the net operating income to the outstanding loan amount, net of certain cash as defined in the relevant mortgage loan documentation.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 339

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

7.3.9 NET FINANCIAL DEBT

Net financial debt is determined as below:

NET FINANCIAL DEBT -

(CMn)

Amounts accounted for in balance sheet

Net share settled bonds convertible into new and/or existing shares (ORNANE)

500.3 600.3

Non-current bonds and borrowings

24,774.6 24,310.5

Current borrowings and amounts due to credit institutions

1,073.7 2,584.1

Liabilities directly associated with Properties or Shares classified as held for sale

- 203.5

Total financial liabilities

26,348.6 27,698.3

Adjustments

Mark-to-market of debt

- 11.5 47.3

Current accounts with non-controlling interests

(1,420.3) (1,269.2)

Impact of derivatives instruments on debt raised in foreign currency

(38.2) (8.7)

Accrued interests/issuance fees

(45.3) (82.5)

Total financial liabilities (nominal value)

24,856.3" 26,385.1"

Cash and cash equivalents

(2,256.1)" (2,137.6)"

Net financial debt

22,600.2 24,247.5

(1) Bank overdrafts and current accounts to balance out cash flow are included in the total financial liabilities, in 2021 for €16.4 Mn and in 2020 for €9.8 Mn.

NET CASH AT PERIOD-END

(CMn)	jj^ ^^^ ^Q		Dcc.31.2020
<http://Dcc.31.2020>			
Marketable securities ¹		12.4	10.9
Short term deposit ²		1,200.0	945.0
Cash		1,043.6	1,181.8
Total asset		<u>2,256.1</u>	<u>2,137.6</u>
Bank overdrafts and current accounts to balance out cash flow (16.4) (9.8)			
Total Liabilities (16.4) (9.8)			
Net cash at period-end		<u>2,239.7</u>	<u>2,127.8</u>

- 1) This item includes investments in money-market SICAV (marketable securities) denominated in SEK at FVTPL.
- 2) All short-term deposit are denominated in euros.
- 3) The high level of cash as at December 31, 2021 aims to cover URW's debt repayment needs corresponding to the bonds and bank loans outstanding as at December 31, 2021, and maturing within 1 year of €1,532 Mn (including €1,023 Mn of bonds and ORNANE).

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

7.4 HEDGING INSTRUMENTS CHANGE IN DERIVATIVES

Amounts recognised in the Statement of Comprehensive Income

Fairvalue adjustments of

(CMn) Dec 31,2020 derivatives

Assets
 Derivatives at fair value Non-Current
 ■ Without a hedging relationship
 ■ Other derivatives Liabilities
 Derivatives at fair value Non-Current
 • Without a hedging relationship Net

Changes in scope of consolidation

7.5 MANAGEMENT OF EXCHANGE RISKS

7.5.1 MEASURE OF EXPOSURE TO FOREIGN EXCHANGE RISKS AS AT DECEMBER 31,2021

The Group is active in countries outside the Eurozone. When converted into euros, the income and value of the Group's investments may be influenced by fluctuations in exchange rates against the euro. The Group's policy objective is to apply a broadly consistent LTV by currency allowing it to match part of the foreign currency asset value and income with debt and financial expenses in the same currency, thus reducing the exchange rate effects on the Group's balance sheet and earnings. Foreign exchange risk can be hedged by either matching investments in a specific currency with debt in the same currency or using derivatives to achieve the same risk management goal.

7.5.2 EXPOSURE SENSITIVITY TO CURRENCY EXCHANGE RATE

MEASURE OF THE EXPOSURE TO OTHER RISKS AS AT DECEMBER 31,2021 (CMN)

Currency	Assets	Liabilities	Hedging		Total
			Assets	Liabilities	
USD	11,023	(4,948)	6,076	-	6,076
GBP	2,372	(895)	1,477		1,477
SEK	2,593	(540)	2,053		2,053
Other	508	(602)	(93)	463	370
Total	16,497	(6,9B5)	9,512	463	9,975

EXPOSURE SENSITIVITY TO CURRENCY EXCHANGE RATE

Before hedging, the main exposures kept are in USD, GBP and SEK. A change of 10% of EUR/USD, EUR/GBP or EUR/SEK (i.e. a 10% increase of EUR against the USD, GBP or SEK in 2022) would have an impact on shareholders' equity and the net recurring result as follows:

Dec 31,2020

Net recurring result gain/ (loss)

Equity gain/ (loss)

Net recurring result gain/ (loss)

Equity gam/ (loss)

Impact of an increase of ->T0% in the EUR/USD exchange

Impact of an increase of +10% in the EUR/GBP exchange

Impact of an increase of ^10% in the EUR/SEK exchange

The impact on the net recurring result (or conversely a positive impact in case of a decrease of EUR vs. these currencies) would be offset by the FX hedging that the Group has put in place against EUR/USD, EUR/GBP and EUR/SEK fluctuations.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 341

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

7.6 RISK MANAGEMENT POLICY 7.6.1 MARKET RISK

Market risks can generate losses resulting from fluctuations in interest rates, exchange rates, raw material prices and share prices. URW's risk mainly relates to interest rate fluctuations on the debt it has taken out to finance its investments and maintain the cash position it requires and exchange rate fluctuations due to the Group's activities in countries outside the Eurozone, in particular in the US and the UK.

The Group, through its activities, may be exposed to market risks which can generate losses as a result of fluctuations in stock markets. The Group is either: (i) directly exposed to fluctuations in stock prices due to the ownership of shares or financial instruments, or, (ii) indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share based derivatives which are directly correlated with the price of the asset underlying such derivatives.

LIQUIDITY RISK

The following table shows the Group's contractually agreed interest payments and repayments of the non-derivative financial liabilities (excluding leases liabilities and current accounts) and the derivatives with positive and negative fair values. Amounts in foreign currency were translated at the closing rate at the reporting date. The payments of the floating-rate interests have been calculated on the basis of the last interest rates published on December 31, 2021.

Commercial paper have been allocated at the earliest period of redemption even if they are rolled over. All other borrowings have been allocated by date of maturity.

		Carrying amount ¹⁾							
(ewn)		IjM*IljJjW							
Bonds, borrowings and amounts due to credit institutions		<i>Bonds and EMTNs (23,233.1) Bank borrowings and other financial liabilities²⁾ (1,645.1) Financial derivatives Derivative financial liabilities</i>							
Lcssthanoneyear	Oneyeartofiveyears	More than five years							
Interest	Redemption	Interest	Redemption	Interest	Redemption				
				(327.0)	(1,022.6)	(1,145.8)	(6,363.6)	(1,294.5)	(15,846.8)
				(6.0)	(492.9)	(7.9)	(591.3)	(0.6)	(560.9)
	(2,407.7)								
	309.2 (4.2)								

The average maturity of the Group's debt, taking into account the undrawn credit lines¹⁾ and cash on hand, stood at 8.6 years and at 7.6 years without taking into account the undrawn credit lines and cash on hand.

URW's debt repayment needs for the next 12 months (€1,532 Mn) are fully covered by the cash on hand (€2,256 Mn) and available undrawn credit lines²⁾ (€9,859 Mn) including a \$3,186 Mn (c. €2,813 Mn) multicurrency revolving credit facility.

The amount of bonds, ORNANE, mortgage, bank loans, current accounts and overdrafts outstanding as at December 31, 2021, and maturing or amortising within one year is €1,282 Mn (including €1,023 Mn of bonds and ORNANE). The amount of short-term paper maturing in the next 12 months is €250 Mn.

The credit facilities maturing over the next 12 months amount to €704 Mn. URW is contemplating opportunities to extend or renew part of these lines.

URW's long-term refinancing policy consists of diversifying the Group's expiry schedules and financial resources. Accordingly (on IFRS basis), bonds Et EMTN issues represented 91% of financial nominal debt at December 31, 2021, bank loans, mortgages and overdrafts 6%, convertible bonds 2% and short-term paper 1%.

1) Subject to covenants.

2) Subject to covenants.

COUNTERPARTY RISK

Due to its use of derivatives to minimise its interest and exchange rate risk, the Group is exposed to potential counterparty defaults. The counterparty risk is the risk of replacing the derivative transactions at current market rates in the case of default. To limit counterparty risk, URW relies solely on major international banks for its hedging operations.

In case of derivative termination, netting can apply as a result of existing agreements between the Group and the banks. The related amounts of derivative instruments, including accrued interests, would be €30.7 Mn for assets and €694.3 Mn for liabilities.

7.6.2 INTEREST RATE RISK MANAGEMENT AVERAGE COST OF DEBT

The average cost of debt corresponds to the ratio between "recurring financial expenses (excluding the ones on financial leases and partners' current accounts) + capitalised financial expenses (excluding non-

MEASURING INTEREST RATE RISK

As at December 31, 2021, the measuring interest risk is as follow:

recurring financial expenses such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact)" and "average net debt over the period".

The average cost of debt as at December 31, 2021, was 2.0% (1.7% as at December 31, 2020), representing the blended average cost of 1.5% for Euro and SEK denominated debt and 3.9% for USD and GBP denominated debt.

This average cost of debt was in particular impacted by:

- The cost of carry of the undrawn credit lines and of the cash kept on its balance sheet;
- The cost of the mortgage debt put in place in the context of partial disposals;
- The impact of rating downgrades in 2020 and 2021 on the cost of the Group's credit lines and financing;
- The coupons of bonds raised in 2020 and 2021 to increase the Group's liquidity position; and
- Lower use of the Group's short term paper programme.

(€Mn)

Less than 1 year

1 year to 2 years

2 years to 3 years

3 years to 4 years

4 years to 5 years More than 5 years Total

(1) Including index-linked debt.

The Group does not have a micro-hedging strategy, except when both currency exchange risk and interest rate risk are hedged, which enables it not to correlate its liquidity risk and interest rate risk management. Consequently, the maturities of the debts and hedging instruments can be dissociated and the outstanding derivatives instruments can hedge a part of the fixed rate debt maturing in the following years.

Financial liabilities	Fixed rate	Variable rate ¹
	1,492.8	39.0
	797.7	
	1,676.7	50.0
	3,167.2	1,263.4
	15,826.8	580.9
	24,224.6	669.9

The interest cost of outstanding debt was fully hedged as at December 31, 2021, through both:

- Debt kept at a fixed rate; and
- Hedging in place as part of URW's macro hedging policy.

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

The hedging balance as at December 31, 2021, breaks down as follows:

Fixed rate Variable rate¹¹

Financial liabilities before hedging programme

Micro-hedging

Financial liabilities after micro-hedging¹

Swap rate hedging^{1"}

Net debt not covered by swaps

Cap and floor hedging

Hedging balance

1) Including index-linked debt.

2) Partners' current accounts are not included in variable-rate debt.

3) Forward hedging instruments are not accounted for in this table.

In 2021, the Group swapped to floating rate €1.25 Bn of bonds issued and adjusted its hedging position for a cost of €86.6 Mn in view of its current disposal and investment plans, the existing debt^{1"} and hedging programme as well as the debt the Group expects to raise in the coming years.

As a consequence, the Group's interest rate position is fully hedged for 2021 and the following years.

MEASURING INTEREST RATE EXPOSURE

Based on the estimated average proportionate debt position of URW in 2022, if interest rates¹²¹ (Euribor, Libor, Stibor) were to rise/decrease by 25 bps, the recurring net result would be impacted by:

Total eq EUR (CMn)

-25 bps interest rate -25 bps interest rate -100 bps interest rate

-200 bps interest rate

The impact of rate increase on the recurring financial expenses would remain limited in case of an increase of +100 bps or +200 bps thanks to hedging instruments in place.

7.6.3 CREDIT RISK

Credit risk arises from cash and equivalents as well as credit exposures with respect to rental customers. Credit risk is managed on a Group level. The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to at least an annual review, and often more frequently. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit history.

The Group's tenants may be impacted by COVID-19 depending on the restrictions in place, government support and their industry.

The main tenants of URW's Office properties in France are blue-chip companies. The tenant profile minimizes insolvency risks.

In the Shopping Centres segment, the risk of insolvency is spread widely across a large number of tenants.

When tenants sign their lease agreements, they are typically required to provide financial guarantees, such as a deposit, first-demand guarantee or a surety bond amounting to between three and six months' rent.

Payments for ancillary services provided by the Convention Et Exhibition segment are generally received in advance, thereby reducing the risk of unpaid debt.

Late payment reminders are automatically issued in respect of late payments and penalties are applied, in normalized context. Such late payments are monitored by a special "default" Committee in each business segment which decides on the pre-litigation or litigation action to be taken.

According to IFRS 9, the estimated provision corresponds to the amount which the company does not expect to recover. Though, when collecting a tenant deposit or obtaining a bank guarantee, URW partially covers the possible future losses.

- 1) On a proportionate basis.
- 2) The impact on exchange rates due to this theoretical increase or decrease of 25 bps in interest rates is not taken into account. The theoretical impact of a rise or decrease in interest rates is calculated relative to the applicable rates as at December 31, 2021: 3m Euribor (-0.572%), 3m USD Libor (0.209%) and 3m GBP Libor (0.262%).
- 3) Including SEK.

344 UniversalRegistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

URW's provision policy meets the simplified model of IFRS 9:

- The estimated losses are calculated on a homogeneous segment of receivables;
- The rate of estimated loss reflects the best estimation of the expected future losses, on the considered client segment: URW respects the notion of back testing (comparisons are performed with historical rates of losses) and if needed, the rates are adjusted to take into account any new trigger event; and
- Historical data are reviewed to better reflect the actual situation and integrate the best estimates for the near future.

The Group applies the following rules to calculate the provision for doubtful accounts as at December 31, 2021:

- Receivables from tenants under bankruptcies proceedings were fully depreciated;
- Doubtful debt provisions are defined on the basis of an estimated default rate based on a forward looking approach. This percentage of default may be refined by the tenant segment and position of the Shopping Centre in its catchment area. Ultimately, this default is rationalised based on recent events like tenants bankruptcies in 2021 and also the evolution of shop closures in the past quarters; and
- This percentage was applied on the amount of receivables from which security deposit and deferred amounts not yet due were deducted.

The amounts of tenants receivables and the related provisions for doubtful debtors from the retail activities have decreased during the period (see note 1.1.1 COVID-19 pandemic). This decrease was mitigated by an increase in receivables from the Congress & Exhibition activity, following the recovery in activity.

Over fiscal year 2021, the Group has provisioned €65.3 Mn of doubtful receivables (€94.8 Mn under proportionate) which have been charged to the income statement under the item "property operating expenses".

As at December 31, 2021, the gross amount of receivables amounted to €766.8 Mn and the provision for doubtful debtors to €234.3 Mn compared to €746.4 Mn and -€207.0 Mn, respectively, at the end of December 2020.

7.7 CARRYING VALUE OF FINANCIAL INSTRUMENTS PER CATEGORY

FAAC: Financial Asset at Amortised Cost

FAFVOCI: Financial Asset at Fair Value through Other Comprehensive Income

FAFVTPL: Financial Asset at Fair Value Through Profit or Loss

FLAC: Financial Liabilities at Amortised Cost

FLFVTPL: Financial Liabilities at Fair Value Through Profit or Loss

Amounts recognised in statement of financial position according to IFRS 9

Dec. 31,2021 (€Mn)

Categories in accordance with IFRS9
Carrying amount Dec. 31, 2021

Amortised cost

Fairvalue recognised inequity
Fairvalue recognised in profits loss

Assets

Investments in financial assets

Derivatives at fair value

Trade receivables from activity"

Other receivables"

Cash and cash equivalents

3,725.2

Liabilities

Commitment to non-controlling interests

Financial debts (excluding ORNANE)

Financial debts (excluding ORNANE)

Net share settled bonds convertible into new and/or existing shares [ORNANE]

Derivatives at fair value

Non-current amounts due on investments Other non-current liabilities

99.8

27,247.9

500.3 1,067.2

54.1

94.6

Amounts due to suppliers and other current debt"

1,729.3 30,284.7

- 1) Excluding rent-free periods and step rents.
- 2) Excluding prepaid expenses, service charges due and tax receivables.
- 3) Excluding deferred income, service charges billed and tax liabilities.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

Dec.31,2020 (€Mn)

Categories in accordance with IFRS 9

Amounts recognised in statement of financial position according to IFRS 9

Carrying amount Dec 31.2020	Amortised cost	Fairvalue recognised recognised ' in profits inequity loss	Fairvalue
-----------------------------	----------------	--	-----------

180.8 826.8

303.6

826.8 374.1

Other receivables¹¹

Cash and cash equivalents

2,200.2

Liabilities

Commitment to non-controlling interests

Financial debts (excluding ORNANE)

Net share settled bonds convertible into new and/or existing shares (ORNANE)

Derivatives at fair value

Non-current amounts due on investments

Other non-current liabilities

600.3 1,502.3

28,914.2

600.3

1,502.3

102.2 63.0

Amounts due to suppliers and other current debt"¹

31,453.4 29,250.5

- 1) Excluding rent-free periods and step rents.
- 2) Excluding prepaid expenses, service charges due and tax receivables.
- 3) Excluding deferred income, service charges billed and tax liabilities.

"Trade receivables from activity", "Other receivables", "Cash and cash equivalents" and "Amounts due to suppliers and other current debt" mainly have short-term maturity. Consequently, their carrying amounts at the reporting date approximate the fair value.

7.7.1 FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 establishes a hierarchy of valuation techniques for financial instruments. The following categories are identified:

- Level 1: financial instruments quoted in an active market;
- Level 2: financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets; and
- Level 3: financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data. The COVID-19 pandemic has no impact on the methodology applied.

346 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

Fairvalue measurement at Dec. 31,2021

Level 3

Assets

Fair value through profit or loss

Investments in financial assets

Derivatives

Marketable securities

Fair value through equity

Financial assets Derivatives

442.9

Liabilities

Fair value through profit or loss

Commitment to non-controlling interests

ORNAME

Derivatives

Other non-current liabilities
500.3 1,067.2

7.7.2 NET GAIN/LOSS BY CATEGORY

URW closely monitors its financial risk linked to its activity and the financial instruments it uses. The Group identifies and regularly evaluates its different risk exposures (liquidity, interest rates, and currency exchange rates) in order to implement the adopted strategy.

2021 (CMn)

	From interest	Net gain/(loss) in profit & loss	Net gain/(loss) in equity
Investments in financial assets			
Derivatives at fair value through profit and loss			
Financial liabilities at amortised cost			
(507.1)			
Capitalised expenses			
Net financial expenses			

2020 (CMn)

	Netgain/(loss) in profit & loss	Netgain/(loss) inequity
Investments in financial assets		
Derivatives at fair value through profit and loss		
Financial liabilities at amortised cost		
(474.8)		
Capitalised expenses		
Net financial expenses		

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

NOTE 8. TAXES

8.1 ACCOUNTING PRINCIPLES

1 INCOME TAX EXPENSES

The Group companies are taxable according to the tax rules of their country. In some countries, special tax regimes for public property companies exist.

Calculation of income tax expenses is based on local rules and rates.

2 DEFERRED TAX

Deferred taxes are recognized in respect of all temporary differences between the carrying amount and tax base of assets and liabilities at each

Deferred taxes are recognised in respect of all temporary differences between the carrying amount and tax base of assets and liabilities at each financial year-end.

Deferred tax assets or liabilities are calculated based on total temporary differences and on tax losses carried forward, using the local tax rate that will apply on the expected reversal date of the concerned differences, if this rate has been set. Otherwise, they are calculated using the applicable tax rate in effect at the financial year-end date. Within a given fiscal entity or group and for a given tax rate, debit balances are recorded to assets for the amount expected to be recoverable over a foreseeable period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

The main deferred tax liabilities relate to:

- The mark-to-market of investment properties, resulting in the recognition of a deferred tax liability for non-tax-exempt assets; and
- The recognition of intangible assets at the acquisition date identified on Viparis entities, particularly Viparis-Porte de Versailles and Paris Nord Villepinte, as well as on Westfield entities.

3 TAX REGIMES

Different tax regimes exist in the following countries.

FRANCE - SIIC REGIME (SOCIETE D'INVESTISSEMENT IMMOBILIER COTEE)

URW elected to participate in the SIIC regime from the creation of the regime on January 1, 2003. Its French subsidiaries eligible for SIIC status have also opted for this regime. The SIIC regime is based on the concept of tax transparency, meaning that rental income and capital gains made from investments are not subject to income tax at the level of the Group's French property companies, but upon distribution to URW's shareholders. The SIIC regime requires that URW and its SIIC subsidiaries distribute 95% of their recurring income and 100% of their dividend income received from SIIC or equivalent subsidiaries before the end of the following tax year, and 70% of their capital gains before the end of the second tax year following the year in which the gain was generated.

The SIIC regime limits the dividend payment to the statutory distribution capacity and the unpaid SIIC obligation as a result of the capping mechanism is carried forward until the statutory distribution capacity is restored.

The SIIC regime only applies to real estate rental activities, therefore other income generated by URW and its SIIC subsidiaries' ancillary activities remains subject to income tax.

SPAIN - SOCIMI REGIME (SOCIEDADES ANONIMAS COTIZADAS DE INVERSION EN EL MERCADO INMOBILIARIO)

URW entered the SOCIMI - regime in 2013 with most of its Spanish subsidiaries which own standing-assets. The SOCIMI regime provides for a tax rate of 0% on recurring income provided that certain requirements - some of them related to the shareholders of URW - are fulfilled. Capital gains realised within the SOCIMI regime are taxed at 0%, and capital gains related to the period before entering into the regime are taxed at the moment of realisation. Based on the SOCIMI regime, the company has to fulfil distribution obligations of at least 80% of its profits annually, as well as 50% of its capital gains, provided that the remaining 50% is reinvested in the real estate sector within a three-year period.

THE NETHERLANDS - FBI/FII REGIME (FISCALE BELEGGINGSINSTELLING/FISCAL INVESTMENT INSTITUTION)

The requirements for companies to qualify for the FBI regime are partly related to their activities and their shareholding base. For the main part of the Group's Dutch real estate, following an agreement with the Dutch tax authorities, the FBI regime is not applied. Unibail-Rodamco-Westfield N.V., which owns the majority of the US portfolio, does apply the FBI/FII regime. An FBI/FII has to distribute its income, calculated according to the rules for corporate income tax, on a yearly base.

UNITED KINGDOM - UNITED KINGDOM REIT

URW applies the United Kingdom REIT regime for part of its United Kingdom real estate portfolio. Based on the regime, various restrictions apply, among them the requirement that at least 75% of the REIT's net profit must be derived from the property rental business, and 75% of the REIT's assets must be used in the property rental business or be held as cash. At least 90% of the income from the property rental business must be distributed within 12 months after the end of the accounting period. There's no distribution obligation for gains arising from the disposal of real estate used in the property rental business.

UNITED STATES - UNITED STATES REIT

URW has elected to apply the REIT regime for the main part of its United States portfolio. Like in other REIT regimes, there's an asset test (75%) along with various securities ownership limits, and in addition there is a combined income test: at least 75% of the gross income must be derived from real estate property rental or from interest on mortgages on real estate property, whereas at least 95% of the gross income must come from a combination of real estate related sources and passive sources, such as dividends and interest. United States law requires the REIT to annually distribute at least 90% of its ordinary taxable income.

5. Financial statements as at December 31, 2021

S.2 Notes to the consolidated financial statements

8.2 INCOME TAX EXPENSES

(€Mn)

Recurring deferred and current tax on:

	<u>1^mQQI</u>	<u>2020</u>
■ Allocation / reversal of provision concerning tax issues	(0.9)	0.2
• Other recurring results	(14.4)	(20.1)
• Total recurring tax	(15.3)	(19.9)
• Non-recurring deferred and current tax on:		
• Change in fair value of investment properties and impairment of intangible assets	65.7	249.7
• Other non-recurring results	(17.5)	51.3
• Total non-recurring tax	48.2	301.0
• Total tax	32.9	281.1
• Total tax paid	(27.3)	(18.2)

<u>(CMn)</u>	=	<u>1^</u>	<u>2020</u>
Current tax		(5.4)	19.4
Deferred tax		38.3	261.7
Total tax		32.9	281.1

Reconciliation of effective tax rate	%	1^mQQI	2020
Profit (loss) before tax, impairment of goodwill and result of associates		(307.7)	(4,707.4)
Income tax using the average tax rate	23.0%	70.6	1,179.7
Tax exempt profits (including SIIC, SOCIMI and REIT regimes)	33.1%	101.9	(557.0)
Non-deductible costs	(2.9)%	(8.9)	(12.9)
Effect of tax provisions	(0.6)%	(1.8)	0.2
Effect of non-recognised tax losses	(42.4)%	(130.3)	(322.0)
Effect of change in tax rates	(0.2)%	(0.5)	(5.7)
Effect of currency translation in tax	(2.3)%	(7.2)	0.2
Other	3.0%	9.2	(1.5)
Total tax	10.7%	32.9	281.1

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

8.3 DEFERRED TAXES 2021 CHANGE

(6Mn)

Currency translation
Deferred tax liabilities
Deferred tax on investment properties
Deferred tax on intangible assets
Other deferred tax
Tax loss carry forward¹ Other¹
4.3
(0.1) 4.4
Total deferred tax liabilities
Deferred tax assets
Tax loss carry-forward
Other deferred tax assets¹⁽¹⁾
Provision on tax loss carry-forward
Total deferred tax assets
(1) Deferred tax assets and liabilities within a same tax group are offset.

2020 CHANGE

(€Mn)

Deferred tax liabilities
Deferred tax on investment properties Deferred tax on intangible assets

Currency translation

0.7

5.8

(5.1)

Change in scope of consolidation

Other deferred tax

Tax loss carry-forward¹ Other^{**}

(13.1)

J13.2) 0.1

Total deferred tax liabilities

Deferred tax assets

Tax loss carry-forward

Other deferred tax assets"	Provision on tax loss carry-forward
26.5	
13.2	
(0.2)	
28.4	
(15.0)	
Total deferred tax assets	

(1) Deferred tax assets and liabilities within a same tax group are offset. Deferred tax

liabilities on properties refer to:

- 1) those countries where there is no REIT regime (like the SIIC-regime in France), providing a tax exemption on recurring income and capital gains on property sales with an obligation to distribute part of their net result, or
- 2) to countries where such tax efficient status does exist, but where the structure of URW in its current form and under current legislation would lead to tax amounts to be paid in case of capital gains on property sales.

UNRECOGNISED DEFERRED TAX ASSETS

The table below presents the tax basis on which no deferred tax assets were recognised:

(CMn)	Jt^j^j Dec 31.2020
Temporary differences investment properties	
1,735.7	
2,070.2	
Tax loss carry-forwards not recognised	2,070.2
Total unrecognised tax-basis	1,735.7

350 UmversalRegistratDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

DETAIL OF UNRECOGNISED TAX LOSSES AT THE END OF 2021 INTO FINAL YEAR OF USE:

(€Mn)		
2022		0.1
2023		13.1
2024		24.3
2025		44.2
2026	3.1	Unlimited
1,985.4 Total	2,070.2	

The tax losses are to a large extent related to negative financial results on French SIIC entities (€980.5 Mn), next to losses caused by impairments in some other countries (mainly United States and The Netherlands). Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which these losses can be offset.

NOTE 9. PROVISIONS

The determination of the amount of provisions for liabilities and charges requires the use of estimates, assumptions and judgement made by management based on information available or situations prevalent at the date of preparation of the accounts, information and situation which may vary from subsequent actual events, as well as on the basis of estimated conditions at a given date.

(5.2)

(4.6)

Reversals used

Reversals not used

(17.2)

(17.2)'''
3.2

Foreign currency translation Other impact movements

3.2
(3.3)

Employee benefits

Current provisions

(24.6)

(1) Relates mainly to the reversal of tax provisions.

NOTE 10. OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

(CMn)	12/31/2020	Dec 31,2020
Tax and social liabilities		453.1 471.6
Other liabilities		214.2 209.4
Total other current liabilities		667.4 681.0

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 351

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

NOTE 11. EMPLOYEE REMUNERATION AND BENEFITS

11.1 HEADCOUNT

The average number of employees of the Group's companies breaks down as follows:

Regions	2021
France'''21	989 1,097
Spain	120 137
United States	718 929
Central Europe	143 146
Austria	55 64
Germany	422

Nordics	104 113	
The Netherlands	81 95	
United Kingdom"		259 319
Australia		- 1
<u>Total</u>	<u>2,889</u>	<u>3,374</u>

1) Of which Viparis: 334/370.

2) Following the transfer of one asset from United Kingdom region to France region in 2021, 2020 figures were accordingly restated.

11.2 PERSONNEL COSTS

Personnel costs	383.6 421.0
Employee benefits"	13.3 14.3
Total	396.9 435.3

(1) Expenses relating to the Company Savings Plan, stock options and performance shares, recognised with an equivalent increase in equity.

EMPLOYEE PROFIT SHARING

Employees belonging to the UES ("Unite Economique et Sociale"- Social and Economic Group) comprising notably Unibail Management and Espace Expansion, and employees of Unibail-Rodamco-Westfield SE benefit from a common employee profit-sharing plan and a common profit-sharing agreement introduced in 1999. The common profit-sharing agreement was renewed in 2017, then extended for a period of one year covering the 2021 financial year. The profit-sharing agreement is based on the annual growth of the net recurring result and of the EPRA NNNNAV, weighted for the activity in France and adjusted for indexation.

Employees belonging to the UES Viparis benefit from a common employee profit-sharing plan and a common profit-sharing agreement introduced in 2008. The profit-sharing agreement was renewed in 2020.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

11.3

EMPLOYEE

BENEFITS

11.3.1 PENSION PLAN

ACCOUNTING PRINCIPLES

Under IAS 19 Revised, a company must recognise all commitments made to its employees (i.e. current or future, formal or informal, cash payments or payments in kind). The cost of employee benefits must be recorded during the vesting period.

POST EMPLOYMENT BENEFITS

POST-EMPLOYMENT BENEFITS

Pension schemes may be defined contribution or defined benefit schemes.

Under defined contribution schemes, the employer only pays a contribution, with no commitment from the Group regarding the level of benefits to be provided. The contributions paid are recorded as expenses for the year.

Under defined benefit schemes, the employer makes a formal or implied commitment to an amount or level of benefits and therefore carries the medium- or long-term risk. A provision is recorded to liabilities to cover all of these pension commitments. This provision is assessed regularly by independent actuaries using the projected unit credit method, which takes into account demographic assumptions, early retirements, salary increases and discount and inflation rates.

In the majority of the Group companies, pensions due under the various compulsory retirement schemes to which employers contribute are managed by specialist external organisations. Defined contributions paid into these various compulsory retirement schemes are recognised in the income statement for the period.

Provisions are recorded for retirement allowances relating to defined benefit schemes based on the net present value of these future allowances. According to IAS 19 Revised, the actuarial gains and losses are accounted for in the OCI. In 2021, the Group has applied the IFRIC recommendation related to the application of IAS 19 for the past service costs.

LONG-TERM BENEFITS

These are benefits paid to employees more than 12 months after the end of the financial year during which the corresponding service was provided. The same valuation method is used as for post-employment benefits.

With the exception of provision for retirement allowances and long-service awards, no commitments relating to long-term or post-employment benefits need to be accrued.

Provisions for pension liabilities

(6Mn)

12/31/2020 Dec 31, 2020

Retirement allowances

10.2 13.0

Pension plans with defined benefit¹¹

2.8 3.3

Total

13.0 16.3

(1) The provision corresponds to the remaining obligation to the defined benefit contract in The Netherlands.

11.3.2 SHARE-BASED PAYMENTS

ACCOUNTING PRINCIPLES

Under IFRS 2, all transactions relating to share-based payments must be recognised in the income statement. This is the case for URW's Company Savings Plan, stock option plan, performance shares plan.

Shares issued under the company savings plan are offered at a discount to the share price. This discount represents an employee benefit and is recorded in the income statement for the period, with a corresponding increase in equity.

Stock options granted to employees are stated at their fair value on the date of allocation. As the transactions are equity-settled share-based payments, this value remains unchanged, even if the options

are never exercised. The value applied to the number of options finally exercised at the end of the vesting period (estimation of the turnover) is recorded as an expense, with a corresponding increase in equity which is spread over the vesting period (i.e. the period during which employees must work for the Company before they can exercise the options granted to them).

The stock options and performance shares, all subject to performance condition, have been valued using a Monte Carlo model.

The additional expenses incurred by the Company Savings Plan, stock option plan, performance shares plans are classified under personnel expenses.

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

COMPANY SAVINGS PLAN

Subscription to the Company Savings Plan is offered to employees in France who have been with the Group for more than three months. The subscription period is opened once per year, after the share capital increase reserved to employees has been authorised by the Management Board, which also sets the subscription price. The subscription price is equal to the average of the opening share prices on the Eurolist of Euronext Paris over the 20 trading days preceding the decision of the Management Board, less a 30% discount. The Group also makes a top-up contribution applied exclusively to voluntary contributions (including profit-sharing), made by employees to the Group URW Fund (fund fully vested in Stapled Shares as from June 2018). These voluntary contributions are limited to a maximum of one quarter of the annual salary with a cap of €25,000 (for shares acquired at the discount).

The total cost of subscriptions to the Company Savings Plan (employer contribution and difference between the subscription price and the share price on the date of the capital increase) amounted to €3.0 Mn in 2021 compared to €2.0 Mn in 2020.

STOCK OPTION PLANS

There are currently five plans for stock options granted to Directors and employees of the Group. The plans granted as from 2019 have a duration of eight years¹¹ and may be exercised at any time, in one or more instalments, as from the third anniversary of the date of their allocation¹²¹.

All plans are subject to both internal and external performance conditions.

The external performance is assessed on the basis of the Total Shareholders Return (TSR) of URW's shares (with dividends reinvested) against a Reference Index¹³¹ and a CSR external rating. These KPIs weight 45% and 5% of the total performance achievement respectively.

The internal performance is assessed on the basis of the attainment of URW's Adjusted Recurring Earnings per Share (AREPS) guidance communicated to investors^{HI}, and on the level of achievement of the CSR agenda Better Places 2030, Group-wide¹⁵⁹. These KPIs weight 45% and 5% of the total performance achievement respectively.

The performance-related stock-options allocated in May 2021 were valued at €3.64 for those with a TSR condition and at €4.50 for those with non-market performance conditions (i.e. AREPS and internal/ external CSR), using a Monte Carlo model. This valuation is based on an initial exercise price of €69.41, the share price at the date of allocation of €68.82, a vesting period of three years, an estimated duration of 3.7 years, a market volatility of 18.22%, a dividend assumption for 2023, 2024 and 2025, a risk-free interest rate of -0.446% and a volatility of the reference composite index of 13.02% with a correlation reference composite index/URW of 67.87%.

Stock options are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to stock options came to €1.8 Mn in 2021 and €2.3 Mn in 2020.

1) The duration was seven years for the plans granted before 2019.

2) The exercise was possible only as from the fourth anniversary of the grant date for the plans granted before 2019.

3) For the 2018 performance, the TSR taken into account is the one of Unibail-Rodamco before the Westfield acquisition against index EPRA Eurozone "retail and office".

4) For the 2018 performance, the performance is assessed on the attainment of the Recurring Earning Per Share (REPS) guidance on the scope of Unibail-Rodamco standalone.

5) For the 2018 performance, the assessment is based on the scope Unibail-Rodamco standalone and on the integration of the US, the UK and Italy into URW's CSR agenda.

5. Financial statements as at December 31, 2021

5.2 Notes to the consolidated financial statements

The table below shows allocated stock options not exercised at the period-end:

Adjusted subscription price (£) ^m	Number of options granted	Adjustments in number of options ⁿ	Number of options cancelled	Number of options exercised	Potential additional number of shares ¹¹ :
					from 04/03/2018 to 03/03/2021
					from 04/03/2019 to 03/03/2022
2015-2016					
2017-2018					from 05/09/2019 to 04/09/2022
					from 09/03/2020 to 08/03/2023
					from 08/03/2021 to 07/03/2024
					from 06/03/2022 to 05/03/2025
					from 20/03/2022 to 19/03/2026
					from 22/03/2023 to 21/03/2027
					from 19/05/2024 to 18/05/2029
5,666,484					

1) Under assumption that the performance and presence conditions are satisfied. If the first day of the exercise period is a non-business day, the retained date will be the next business day. If the end of the exercise period is a non-business day, the retained date will be the first preceding business day.
2) Adjustments reflect distribution paid from retained earnings.
3) All the options are subject to presence and performance conditions.

The table below shows the number and weighted average exercise prices of stock options:

	2020
	Weighted Number average price (£)
Weighted average price (€)	
Outstanding at the beginning of the period	
Allocated over the period	
Cancelled over the period	
Exercised over the period	
Average share price on date of exercise	
Outstanding at the end of the period	
Of which exercisable at the end of the period	

PERFORMANCE SHARE PLAN

All the shares are subject to both external and internal performance conditions, except those allocated in May 2018 which are only subject to internal performance conditions. The performance conditions are the same as for the stock-options described above.

The awards allocated in May 2021 were valued at €27.36 for those with a TSR condition and at €60.72 for those with non-market conditions (i.e. AREPS and internal/external CSR), using a Monte Carlo model.

This valuation is based on the share price at the date of allocation of €68.82, a vesting period of three years, a market volatility of 18.66%, a volatility of the reference composite index of 13.27% with a correlation reference composite index/URW of 67.06%, a dividend assumption for 2023, 2024 and 2025, and a risk-free interest rate of 0.51%.

Performance shares are accounted for in accordance with IFRS 2. The expense recorded on the income statement in relation to performance shares came to €9.1 Mn in 2021 and €10.5 Mn in 2020.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

The table below shows allocated performance shares not exercised at the period-end:

Starting date of the vesting period¹⁾

	Numberof shares acquired	Numberof performance shares allocated	performance shares cancelled	Numberof Potential performance additional number of shares™
28,827				
39,770				
March 2018				
May 2018 March 2019				
March 2020				
May 2021				
1,230,644				

1) For French tax residents: a minimum vesting period of three years, and a minimum holding period of two years once vested. For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.

Plans granted in May 2021, March 2020 and March 2019: a minimum vesting period of three years for the French and non-French tax residents without any requirement to hold the shares.

2) The acquisition of the shares is subject to presence and performance conditions.

11.3.3 REMUNERATION OF THE MANAGEMENT BOARD/SENIOR MANAGEMENT TEAM AND THE SUPERVISORY BOARD

REMUNERATION OF THE MANAGEMENT BOARD/SENIOR MANAGEMENT TEAM

In 2020, the total amount relates to the total remuneration of the Senior Management Team which comprises the members of the Management Board. Starting 2021, a new organisation has been adopted by URW. An extended Management Board has replaced the former Senior Management Team.

(K€) Paid in.

Fixed income

Short-term incentive

Other benefits²⁾

15,770

1) Corresponds to the remuneration of the Management Board members (i.e. five members).

2) Corresponds to the remuneration of the Senior Management Team members (i.e. eight members).

3) Supplementary Contribution Scheme, company car and other additional benefits.

In 2021, members of the Management Board were allocated a total of 129,625 performance stock options, all subject to performance condition, and 50,706 performance shares.

Regarding the 2021 performance achievements, the Management Board members will receive in 2022 a total Short-Term Incentive ("STI") amounting to €4,222 K. The payment for those who were Management Board members in 2021 will be made after the approval of the annual General Meeting ("AGM").

REMUNERATION OF THE SUPERVISORY BOARD:

The remuneration of the Supervisory Board amounts to €771,625 for the 2021 fiscal year.

TRANSACTIONS INVOLVING SUPERVISORY BOARD MEMBERS OR MANAGEMENT BOARD MEMBERS (INCLUDING LOANS OR GUARANTEES GRANTED):

The 2021 AGM approved the settlement agreement entered between the Company and Mr Cuvillier to settle the conditions and consequences of the termination of his MB mandate. This settlement agreement included usual provisions related to confidentiality, cooperation, non-disparagement, tax preparation assistance for a three-year period and a termination indemnity of €936.5 K which was paid in May 2021.

NOTE 12. SHARE CAPITAL AND DIVIDENDS

12.1 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new debt or buy back existing outstanding debt, adjust the amount of dividends paid to shareholders (subject to the Group's fiscal status under the SIIC regime in France), return capital to shareholders, issue new shares or buy back outstanding shares or sell assets to reduce debt.

The Group has disclosed the debt ratio LTV which is calculated as the net financial nominal debt expressed as a percentage of the portfolio valuation (including transfer taxes). As at December 31, 2021, net financial debt stood at €22,600 Mn¹¹, excluding partners' current accounts and after taking cash surpluses into account (€2,256 Mn).

As at December 31, 2021, the total portfolio valuation amounts to €52,223 Mn, including transfer taxes.

As at December 31, 2021, the calculated ratio amounted to 43.3%, compared to 44.7% as at December 31, 2020.

12.2 NUMBER OF SHARES

ACCOUNTING PRINCIPLES

The Earnings per Share indicator is calculated by dividing net result (Holders of the Stapled Shares) by the weighted average number of ordinary shares in circulation over the period.

To calculate diluted Earnings per Share, the average number of shares in circulation is adjusted to take into account the conversion of all potentially dilutive ordinary shares, in particular stock options and performance shares during the vesting period, as well as the bonds redeemable for shares (ORA) and the net share settled bonds convertible into new and/or existing shares (ORNANE).

The dilutive impact is determined using the treasury stock method, which assumes that proceeds from the exercise of options are used to repurchase Company shares at their market value. The market value corresponds to the average monthly share price weighted by trading volumes. The theoretical number of shares that may be purchased at the market value is deducted from the total number of shares resulting from the exercise of rights. This number is then added to the average number of shares in circulation and hence constitutes the denominator.

The ORNANE being accounted as a debt at fair value, the impact of the variation of their fair value and the related financial expenses are restated from the net result when taking into account the dilutive impact.

CHANGE IN SHARE CAPITAL

	Total number of shares
As at Jan. 1, 2020	
Capital increase reserved for employees under Company Savings Plan Shares granted	
As at Dec. 31, 2020	
Capital increase reserved for employees under Company Savings Plan Shares granted	
138,378,605	
	69,150
24,630	138,472,385
74,055	47,976
As at Dec. 31, 2021	

AVERAGE NUMBER OF SHARES DILUTED AND UNDILUTED

Average number of shares (undiluted)

Dilutive impact

Potential shares via stock options^{1"}

Attributed performance shares (unvested)^{""}

Potential shares via ORNANE

Average number of shares (diluted)

(1) Corresponds only to stock options and attributed performance shares which are in the money and for which the performance condition is fulfilled.

(1) After impact of derivatives instruments on debt raised in foreign currencies.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 357

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

12.3 DIVIDENDS

Given the statutory results of Unibail-Rodamco-Westfield SE in 2021, the Group has no obligation to pay a dividend in 2022 for the fiscal year 2021 under the SIIC regime and other REIT regimes it benefits from. Consequently, Unibail-Rodamco-Westfield SE's SIIC distribution obligation, standing at €1,020.8 Mn as at December 31, 2021, will be delayed until Unibail-Rodamco-Westfield SE has sufficient statutory results to meet this obligation.

On May 15, 2020, Unibail-Rodamco-Westfield SE's combined General Meeting of shareholders resolved to distribute a dividend of €5.40 per Stapled Share.

The cash dividend amounted to €747.4 Mn. An interim dividend of €747.4 Mn was paid on March 26, 2020. Taking a prudent view of the uncertainties about the duration and the impact of the COVID-19 pandemic, the Group decided not to propose to the combined General Meeting the planned final dividend of €5.40 per Stapled Share, in order to further increase the Group's strong liquidity.

In accordance with the combined Ordinary and Extraordinary General Meeting held on May 17, 2019, a dividend of €1,493.9 Mn (€10.80 per Stapled Share) was paid in cash to the shareholders, of which €746.9 Mn as an interim dividend on March 29, 2019, and the remaining balance of €747.0 Mn on July 5, 2019.

NOTE 13. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

All significant commitments are shown below. The Group does not have any complex commitments. The amounts are

disclosed under IFRS.

13.1 COMMITMENTS GIVEN

Description

Commitments given (CMn)

1) Commitments related to the scope of the consolidated Group

Commitments for acquisitions

24.0

5.9

0.3

• Warranties and bank letters of credit given in the course of the ordinary business

2) Commitments related to Group financing

Guarantees relating to entities under the equity method or not consolidated¹²¹

3) Commitments related to Group operational activities

Dec.31,2020 18.0

- Properties under construction: residual commitments for works contracts and forward purchase agreements"
- Residual commitments for other works contracts
 - Commitments subject to conditions precedent
- Commitments for construction works"
- Rental of premises and equipment
- Other

2022+	
2022+	
2022 to 2028	
	2022 to 2064 2022-
2022*	
1,062.9	
0.3	
214.3 209.5	
22.3 77.8	
	656.9 3.4
251.3	
	221.6 9.1
88.5	

Total commitments given

- 1) The outstanding balances at the reporting date of the debts and drawn credit lines which are secured by mortgages.
- 2) Corresponds to guarantees provided by the Group in the US relating to associates under equity method or entities under foreclosure, for a portion of the principal amount of the loans greater than the Group's stake.
- 3) In 2021, comprises financial guarantees given to the City of Paris regarding the Triangle Tower project.
- 4) Under the 50-year lease contract to operate Porte de Versailles (Paris), an amount of €497.0 Mn for renovation works and €227.2 Mn for maintenance works have to be spent (i.e. €724.2 Mn, representing an initial commitment of €362.1 Mn (Group share), of which €526.3 Mn has already been invested).

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

COMMITMENTS RELATING TO GROUP FINANCING

- The €2,000 Mn hybrid securities issued on April 16, 2018 are deeply subordinated perpetual instruments with a coupon deferral option. The coupon is to be paid when a mandatory payment event occurs, such as the approval of a dividend payment, though the Group can suspend payments while making the minimum required REIT distributions.
- Westfield America Limited Partnership, Urban Shopping Centers and Westfield Growth have guaranteed loans entered into by joint ventures for a portion of the principal amount of the loans greater than their stake in the joint ventures.

The Group as one of the General Partners of Urban Shopping Centers has committed to maintain and allocate to Urban's minority limited partners a certain amount of qualified non-recourse debt.

OTHER UNQUANTIFIABLE COMMITMENTS GIVEN RELATED TO THE SCOPE OF THE

CONSOLIDATED GROUP

- For a number of recent acquisitions of properties in France, Unibail-Rodamco-Westfield SE has committed to the French tax authorities to retain these interests for at least five years, in accordance with the SIIC tax regime.
- For a number of disposals, the Group granted usual representations and warranties to the purchasers.
- The agreements in connection with joint investments with partners may include usual clauses like (i) a lock-up period during which the shareholders have to retain their interest in shared subsidiaries or (ii) arrangements pursuant to which the parties can organise the exit of the shareholders (e.g.: right of first offer, tag-along right in case the partner sells its shares to a third party).

OTHER COMMITMENTS GIVEN RELATED TO GROUP OPERATIONAL ACTIVITIES

- The Group's 50% subsidiary SCI Propexpo has committed that the Espace Champerret venue in Paris, France, will continue to be used as an exhibition hall until 2066.
- In a number of countries in which the Group operates, specific tax regimes for real estate companies exist. For many companies of the Group, eligible for such regimes, the Group has opted to use such regimes. Although the details of those regimes are not exactly the same for all countries, one of the standard elements is a requirement to distribute all/nearly all of the recurring income, a large part of the capital gains and all dividends received from other companies that have opted for the application of such specific regime.

URW SE's SIIC distribution obligation stands at €1,020.8 Mn as at December 31, 2021: it will be delayed until URW SE has sufficient statutory results to meet this obligation.

- In 2014, the City of Brussels selected Unibail-Rodamco-Westfield as the co-developer, with its partners BESIX and CFE, of the NEO project. BESIX has the possibility to increase its interest in the Mall of Europe from 12.5% to 20%.

CFE has an option to sell its shares in the Mall of Europe to Unibail-Rodamco-Westfield from December 31 following the opening of the shopping centre and during a period of 1 year. If the put is not exercised, the Group has an option to buy CFE's shares in the Mall of Europe.

BESIX has an option to sell its shares in the Mall of Europe to Unibail-Rodamco-Westfield from the end of the second full year after the opening of the shopping centre and lasting 38 months from such date.

Unibail-Rodamco-Westfield SE together with the parent companies of BESIX and CFE provided guarantees to the City of Brussels with respect of all payment obligations of the joint ventures which will develop the project.

Several counter guarantees were provided between Unibail-Rodamco-Westfield SE, BESIX and CFE, to ensure that each joint venture shall not bear any financial consequence beyond its programme and that the ultimate shareholder shall not bear more than its share in each joint venture.

5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

13.2 COMMITMENTS RECEIVED

Description

Commitments received (CMn)

• Sales undertakings

1) Commitments related to the scope of the consolidated Group Commitments for acquisitions
• Undrawn credit lines"

2) Commitments related to Group financing
Financial guarantees received

3) Commitments related to Group operational activities

Other contractual commitments received related to • Bank guarantees on works and others
operations . Other"

Dec 31.2020 8.6

8.6

9,239.7 9,239.7 587.1

19.5

168.0

Assets received as security, mortgage or pledge, as well as guarantees received

Guarantees received relating to Hoguet regulation (France)

• Guarantees received from tenants

108.4 225.5

• Guarantees received from contractors on works

Total commitments received

1) These agreements contain financial covenants based on the Group's IFRS financial statements (see section 7.3.6. Covenants). Certain credit lines are also subject to an early prepayment clause (in full or in part) in the event of a change in ownership or a series of disposals reducing portfolio assets below a given threshold. A total amount of €138 Mn is secured by mortgages as at December 31, 2021.

2) In 2021, mainly comprises counter-guarantees received from JV's partners in the Triangle Tower project.

13.3 CONTINGENT LIABILITIES

The Group is involved in an arbitration procedure with PEAB involving claims regarding the development of Westfield Mall of Scandinavia. The process involves claims by both sides and is expected to take time to resolve. Based on the risk analysis, no provision was recorded in the consolidated accounts.

The Group is subject to a tax audit in France which resulted in a notification of reassessments. The vast majority of reassessments under proposal are denied by the Group and no provision was recorded in the consolidated accounts based on the risk analysis performed by the Group and its tax advisors.

NOTE 14. SUBSEQUENT EVENTS

Further to the agreement entered into on December 20, 2021, URW completed on February 1, 2022, the sale of Solna Centrum to Alecta Fastigheter for an agreed Total Acquisition Cost of €272 Mn.

On February 7, 2022, the Group also agreed the sale of a 45% stake in Westfield Carre Senart to Societe Generale Assurances and BNP Paribas Cardif for an implied offer price of c. €1.0 Bn (at 100%), in line with the

last appraisal value. URW has granted the buyers a rental guarantee of up to €13.5 Mn (at 45%) for a duration of up to three years from closing of the transaction. As part of the transaction, a consortium of banks has underwritten a secured financing package of up to €310 Mn for the joint venture. The IFRS net debt reduction for URW is expected to amount to €280 Mn¹. URW will continue to control and manage the asset, which will remain fully consolidated.

(1) Subject to closing adjustments. Computed as net proceeds less debt raised to finance the JV and fully consolidated. 360
Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

S.2 Notes to the consolidated financial statements

NOTE 15. LIST OF THE MAIN CONSOLIDATED COMPANIES

List of the main consolidated companies

Unibail-Rodamco-Westfield SE

WCL Finance Pty Limited

% interest Dec. 31.2021

100.00

Liquidated

% control Dec. 31,2021

100.00

Liquidated

% interest Dec.31,2020

100.00

100.00

Westfield Corporation Limited

Westfield Investments Pty Limited

Donauzentrum Besitz- u. Vermietungs GmbH

Shopping Center Planungs- und Entwicklungsgesellschaft mbH 6 Co.

Werbeberatung KG

UR Invest GmbH

URW Invest GmbH

Centrum Cerny Most as

Centrum Chodov

Austria

Austria

Austria

Czech Republic Czech Republic

100.00

Financiere 5 Malesherbes

Lyon Garibaldi

Rodamco France SA Uni-Expos

SA Union Internationale Immobiliere

SCI Chesnay Pierre 2

SCI du Forum des Halles de Paris

SCI Propexpo

SCI SCC de La Defense

SNC CC Francilia

SNC Viparis - Porte de Versailles

Um-commerces CentRO companies

Unibail-Rodamco-Westfield Germany GmbH

FC

FC FC

EM-JV

FC

SARL Red Grafton 1
Crystal Warsaw Sp zoo GSSM Warsaw Sp zoo
Zlote Tarasy partnership
Aupark as
Unibail-Rodamco Retail Spain Unibail-Rodamco Steam SLU
Rodamco AB
Rodamco Centerpool AB Rodamco Handel AB
Rodamco Northern Europe AB
EM-A
EM-JV
FC
FC
FC
FC
_FC FC
100.00
100.00 100.00
51.11
100.00 100.00
100.00
100.00
Rodamco Sverige AB
Sweden
The Netherlands The Netherlands
Rodamco Czech BV
Rodamco Deutschland BV
Rodamco Europe Properties BV
Rodamco Retail Deutschland BV
Unibail-Rodamco Nederland Winkels BV Unibail-Rodamco TH BV
URW UK Olympic 1 to 3
URW UK Olympic 4 and 5
URW UK Shepherds 1 to 13

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD
5. Financial statements as at December 31,2021

5.2 Notes to the consolidated financial statements

% Interest Dec. 31.2021
% control Dec. 31.2021
% interest Dec 31.2020

URW UK Shepherds 14 and 15
Unibail-Rodamco-Westfield N.V.
Stratford City Shopping Centre n°1 & 2 Limited Westfield Europe Limited
Westfield UK & Europe Finance PLC White City Acquisitions Limited
Head Acquisition LP
The Netherlands
The Netherlands
United Kingdom
United Kingdom
United Kingdom United Kingdom
United States
FC
FC

EM-JV FC

FC FC FC
100.00
100.00

100.00
50.00
100.00
100.00
J00.00 100.00

J00.00 50.00

100.00
100.00
100.00
New WTC Retail Member LLC
Urban Shopping Centers LP
FC
FC
FC
FC
FC
FC FC
FC
FC FC
100.00
100.00
100.00
100.00
100.00
100.00
J00.00 100.00
100.00
100.00
100.00
100.00
100.00
100.00 100.00 100.00
100.00
100.00 100.00
100.00
100.00
J00.00 100.00
joo.oq_
100.00
100.00
100.00 100.00
100.00
100.00

(1) FC: full consolidation method, EM-JV: joint ventures under the equity method, EM-A: associates under the equity method.

NOTE 16. RELATIONSHIP WITH THE STATUTORY AUDITORS

Statutory Auditors

- Ernst & Young Audit
Commencement date of first term of office: AGM of May 13, 1975;
Persons responsible: Jean-Yves Jegourel since May 2017 and Antoine Flora since December 2020.
- Deloitte & Associes
Deloitte & Associes succeeded Deloitte Marque & Gendrot which was appointed on April 28, 2005; Persons responsible:
Emmanuel Gadret since May 2019 and Sylvain Durafour since July 2021.

The six-year term of office for Ernst & Young Audit and Deloitte Et Associes comes to an end as at the AGM approving the 2022 accounts.

FEES OF STATUTORY AUDITORS EXCLUDING THEIR NETWORKS FOR THE 2021 AND 2020 FISCAL YEARS.

2021 AND 2020 FISCAL YEARS.

Statutory Auditors' fees Dec 31,2021 (CMn)

Audit and half-year review of the consolidated and non-consolidated financial statements {Parent company * controlled companies"}

Non-audit services"

{Parent company - controlled companies"}

Total

- 1) The controlled companies correspond to the fully consolidated companies as well as the jointly controlled companies.
- 2) Relates to the non-audit services in accordance with legal and regulatory requirements and to the non-audit services provided at the request of the company. The amounts correspond to (i) comfort letters issued in connection with bond issuances of the Group, (ii) the certificate CSR, and (iii) other services.

5. Financial statements as at December 31,2021

5.3 Statutory financial statements as at December 31,2021

5.3 STATUTORY FINANCIAL STATEMENTS AS AT DECEMBER 31,2021 5.3.1 INCOME STATEMENT AS AT DECEMBER 31,2021

(6 thousand)

Revenue

Production of stock

Reversals of depreciation, amortisation, impairment and expense transfers Other income

Total operating Income

Other purchases and external charges

Taxes and related

Wages and salaries Payroll taxes

Depreciation and amortisation of non-current assets - operating items Impairment of non-current assets - operating items

Impairment of current assets - operating items Provisions - operating items

Other operating expenses Total operating expenses

1 - OPERATING RESULT

(2,384)

46,063

1,836

193,861

134,128 4,953

5,684

2,970

39,877

1,061

814

3,895

193,382 479

5,735

18,310

993

189,962_ 144,591 4,584

1,204 1,493

37,342

50,406

1,777

6,754_ 4,649

252,800

(62,838)	
Investment income	
Income from other marketable securities and receivables on non-current assets	
Other interest income	
Reversals of impairment and expense transfers Foreign exchange gains	
Net income from sales of marketable securities	
328,901	
1,109,369 "	23,255
362,396	
80,485	65,288
26	
Total financial income	
Depreciation, amortisation and impairment - financial items Interest expenses	
Foreign exchange losses	
Net expenses on sales of marketable securities Total financial expenses	
2 - FINANCIAL RESULT	
2,047,488	
891,451	
787,020	
26,797	
244_	1,705,512
341,976	
982,079	
3,270,833	
692,318	45,548
8	
_4,008,707	(3,026,628)
3 - RECURRING RESULT BEFORE TAX	
Non-recurring income on management transactions	
Non-recurring income on capital transactions Reversals of impairment and expense transfers	
419	
	489,670_0
Total non-recurring income	
Non-recurring expenses on management transactions	
Non-recurring expenses on capital transactions	
Depreciation, amortisation and provisions - non-recurring items	
Total non-recurring expenses	
4 - NON-RECURRING RESULT	
1	
(525)	
3,940,961	3,850,316
3	
(382)	
_1,662,130	4,353,163
5 - NET RESULT	
Average number of shares (undiluted)	
RESULT FOR THE PERIOD PER SHARE IN EUROS	

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.3 Statutory financial statements as at December 31,2021

Notes

5.3.2 BALANCE SHEET AS AT DECEMBER 31,2021 ASSETS

(€ thousands)

12/31/2021 Net

Intangible assets	
Tangible assets	
Financial assets	
Investments in subsidiaries	
Other long-term investments	Loans
Other financial assets	
TOTAL NON-CURRENT ASSETS	
Stocks	
Advances and downpayments	
285	
382,393	
<u>5,444,985</u>	
5,227,546	
217,439	
5,827,663	
1,081,234	
28,327,356	
14,763,193	
14,918	
29,408,590	
5,735 1,046	
Receivables	
Trade receivables from activity	Other receivables
Difference of assessment of derivatives	
Cash and cash equivalents	Prepaid expenses
5,816,866	
58,770 5,409,712 ~ 348,384"	
	13,549,106 139
TOTAL CURRENT ASSETS	
Deferred charges	
Unrealised foreign exchange losses	TOTAL ASSETS
173,172	
_ 313,081 37,595,655	
1) Current and liquid financial assets (€ thousands): 3,026,455.	
2) Current and liquid receivables (€ thousands): 5,066,830.	
	1,876,998 167

LIABILITIES AND EQUITY

(€ thousands)

Shareholders' equity	
Share capital	
Additional paid-in capital	Legal reserve
Other reserves	
Retained earnings	Result for the period
Untaxed provisions	
Other equity	
Hybrid securities	
Provisions for contingencies and expenses	Borrowings and financial liabilities
Convertible bonds	Other bonds
692,362	
13,480,690	
69,144 27,314	
169,237 (2,691,033)	
602,911 18,181,393	14,939 2,000,000 2,000,000 326,212 ~23,475,986
Bank borrowings and debt	
Other borrowings and financial liabilities	Advances and downpayments received

Other liabilities Deferred income
Unrealised foreign exchange gains TOTAL LIABILITIES AND EQUITY

15

16 17

18

154,251
4,112,736
1,439
406,491 16,765
30,804
37^595,655

(1) Current and liquid liabilities (£ thousands): 4,201,635.

364 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.3 Statutory financial statements as at December 31,2021

5.3.3 BREAKDOWN OF BALANCE SHEET AND INCOME STATEMENT BY ENTITY

INCOME STATEMENT

Dutch permanent establishment

Total operating income Total operating expenses
154,512 166,677
(12,165)
2,043,327 1,359,822
479
2,047,488 1,705,512
2 - FINANCIAL RESULT
3 - RECURRING RESULT BEFORE TAX
Total non-recurring income
Total non-recurring expenses 4 - NON-RECURRING RESULT
671,340
1,699,612 1,951,893
(252,281)
342,455
1,699,612 1,951,946
(252,334)
Employee profit-sharing
Income tax Total income Total expenses
1
(525)
3,940,961 3,850,316
5 - NET RESULT

ASSETS

Dutch permanent establishment

Intangible assets Tangible assets Financial assets
TOTAL NON-CURRENT ASSETS
Stocks
717,592
19,023,739 19,741,331

3,351	
469,536	
8,888,802	9,358,338
1,187,128	
27,912,541	
29,099,669	
	3,351
Advances and downpayments	
Receivables	
Cash and cash equivalents	Prepaid expenses
TOTAL CURRENT ASSETS	
3,623,861	
	1,931,947
5,560,642	
1,613,833	
JL027	
	"b
1,616,860	
Deferred charges	
Unrealised foreign exchange losses	
TOTAL ASSETS	

LIABILITIES AND EQUITY

	Dutch permanent France establishment
Shareholders' equity	
Other equity	
Provisions	
Borrowings and financial liabilities	
Unrealised foreign exchange gains	
TOTAL LIABILITIES AND EQUITY	

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 365

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

5.4 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES 367

1	Application of accounting policies	367
2	Basis of measurement	367
3	Other accounting principles	369
4	Climate change and risks	370

NOTE 2. HIGHLIGHTS OF THE REPORTING PERIOD 371

1	Significant events of 2021	371
2	Significant events of 2020	371

NOTE 3. INTANGIBLE AND TANGIBLE

ASSETS	372
---------------	------------

NOTE 4. FINANCIAL ASSETS 373

NOTE 5. LOANS AND OTHER

FINANCIAL ASSETS	377
-------------------------	------------

NOTE 6. RECEIVABLES 377

NOTE 7. CASH AND CASH EQUIVALENTS 378

NOTE 8. PREPAID EXPENSES 378

NOTE 9. DEFERRED CHARGES 379

NOTE 10. UNREALISED FOREIGN

EXCHANGE LOSSES	379
------------------------	------------

NOTE 11. ACCRUED INCOME 379

NOTE 12. CHANGES IN SHAREHOLDERS'

EQUITY AS AT DECEMBER 31, 2021	380
---------------------------------------	------------

NOTE 13. OTHER EQUITY 381

NOTE 14. PROVISIONS FOR CONTINGENCIES AND EXPENSES 381

NOTE 15. BORROWINGS AND FINANCIAL

LIABILITIES	382
--------------------	------------

NOTE 16. OTHER LIABILITIES 385

NOTE 17. DEFERRED INCOME 386

NOTE 18. UNREALISED FOREIGN

EXCHANGE GAINS	386
-----------------------	------------

NOTE 19. ACCRUED CHARGES 386

NOTE 20. MATURITY OF RECEIVABLES AND PAYABLES AT THE END OF THE REPORTING PERIOD 387

NOTE 21. OPERATING INCOME 388

1	Revenue	388
2	Reversals of depreciation, amortisation, impairment and expense transfers	388
3	Other income	388

NOTE 22. OPERATING EXPENSES 389

1	Other purchases and external charges	389
2	Taxes and related	389
3	Personnel expenses	389
4	Depreciation and amortisation of non-current assets	390
5	Impairment and provision expenses	390
6	Other operating expenses	390

NOTE 23. FINANCIAL INCOME 390

1	Investment income	390
2	Income from other marketable securities	

		and receivable on non-current assets	391
3	Other interest income	391	
4	Reversals of impairment and expense transfers	391	
5	Foreign exchange gains	392	
NOTE 24.	FINANCIAL EXPENSES	392	
1	Depreciation, amortisation and impairment-		
1	financial items	392	
2	Interest expenses	393	
3	Foreign exchange losses	393	
NOTE 25.	NON-RECURRING ITEMS	393	
NOTE 26.	INCOME TAX	394	
NOTE 27.	RELATED PARTY INFORMATION	394	
NOTE 28.	OFF-BALANCE SHEET COMMITMENTS	395	
1	Financial instruments	395	
2	Other commitments given and received	397	
NOTE 29.	OPTIONS GRANTING ACCESS TO THE SHARE CAPITAL AND PERFORMANCE SHARES	398	
NOTE 30.	OTHER INFORMATION	399	
1	Subsequent events	399	
2	Pledged shares of Unibail-Rodamco-Westfield SE		held by third parties 399
3	Remuneration of Management Board members	399	
4	Remuneration of Supervisory Board members	399	
5	2021 Headcount	399	
6	Transactions Involving Supervisory Board members		or Management Board members 399

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

Unibail-Rodamco-Westfield SE has been listed on the Paris Stock Exchange since 1972, and has been included in the CAC 40 index since June 18, 2007, and the Euronext 100 and AEX indices since February 2010. On January 1, 2003, the Company opted for SIIC tax status as a real estate investment company. Unibail-Rodamco-Westfield SE has had a permanent establishment based in the Netherlands since 2007.

NOTE 1 ACCOUNTING POLICIES

1 APPLICATION OF ACCOUNTING POLICIES

The statutory financial statements are presented in accordance with the French General Chart of Accounts and the French Commercial Code.

The general accounting policies were applied in accordance with the principles of:

- Consistent accounting method;
- Independence of financial years; and
- Rules for preparing statutory financial statements, based on a going concern assumption.

2 BASIS OF MEASUREMENT

Non-current assets are recognised as assets when all the following conditions are simultaneously met:

- It is probable that the Company will benefit from the corresponding future economic benefits; and
- The cost or value of the assets can be measured with sufficient reliability.

4 INTANGIBLE ASSETS CROSS-VALUE

1 INTANGIBLE ASSETS GROSSVALUE

Intangible items are measured at acquisition or production cost. They mainly comprise business goodwill.

IMPAIRMENT

When the net book value is higher than the present value being assessed in particular using profitability criteria, the difference is booked as an impairment.

2 TANGIBLE ASSETS GROSSVALUE

Since January 1, 2005, tangible assets are recognised at acquisition or construction cost (purchase price plus ancillary expenses) and divided into four components: Main structure, Facade, Technical equipment, Miscellaneous fixtures and fittings. For assets acquired or built between 1997 and 2004, the cost also includes financial expenses arising during the construction period.

DEPRECIATION OF BUILDINGS AND FIXTURES

Depreciation is calculated on a straight-line basis over the estimated useful life:

OFFICES & OTHERS

- Main structure: 60 years
- Facade: 30 years
- Technical equipment: 20 years
- Miscellaneous fixtures and fittings: 15 years

SHOPPING CENTRES

- Main structure: 35 years
- Facade: 25 years
- Technical equipment: 20 years
- Miscellaneous fixtures and fittings: 15 years

CONVENTION & EXHIBITION

- Main structure: 40 years
- Facade: 40 years
- Technical equipment: 30 years
- Miscellaneous fixtures and fittings: 10 years

The depreciation periods applicable to the "Offices Et Others" portfolio were used for the CNIT complex, which covers the three segments ("Offices Et Others", "Shopping Centres" and "Convention Et Exhibition").

IMPAIRMENT OF TANGIBLE ASSETS

Tangible assets are measured consistently by both external and internal appraisers, as follows:

INVESTMENT PROPERTY

At the end of each reporting period, investment property is assessed at market value. This valuation is carried out by independent real estate appraisers.

Any loss in value of investment property is calculated by comparing the net book value and the appraisal value net of transfer taxes ("value excluding taxes").

Impairment charged can only be reversed when the net book value falls below the appraisal value.

BUILDINGS UNDER CONSTRUCTION

If the project has been valued by an independent appraiser, impairment is calculated in the same way as for investment property.

If the project has not been valued by an independent appraiser, its value is determined internally by the Development Et Investment teams through a market Exit Capitalisation Rate and the estimated net rentals at completion. Impairment is booked when this value is lower than the estimated total investment.

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

3 FINANCIAL ASSETS

Financial assets are recognised at acquisition cost on the balance sheet.

Technical losses from mergers or merger transactions via dissolution without liquidation allocated to investments in subsidiaries are recognised in this item.

Investments in subsidiaries are determined on the basis of their value in use corresponding to the price the Company would accept to pay to purchase these shares.

The value in use includes unrealised capital gain on assets or properties held by the subsidiaries, such properties being measured at each year end by independent appraisers. These valuations take into account rentals, the last real estate transactions and their Net Initial Yield. The value in use also includes the valuation of the intangible assets made by independent appraisers, which are owned by the subsidiaries, and based on the Discounted Cash Flows on these activities.

When the value in use is lower than the acquisition cost plus any technical loss related to said investments in subsidiaries, an impairment is booked first on the merger loss and subsequently on the investment in subsidiaries.

4 ACQUISITION FEES AND TRANSFER TAXES

Since January 1, 2018, the Company has decided to capitalise the costs of transfer taxes, fees or commissions and legal expenses related to the acquisition cost of tangible, intangible and financial assets. For tangible and intangible assets, these costs and taxes are spread across the corresponding components of the related asset and depreciated over the components useful life.

5 STOCKS GROSSVALUE

Inventories represent buildings constructed under sale before completion.

Inventories and work-in-progress are valued at the actual cost of acquisition or construction or at their probable realisation value if the latter is lower.

Financial costs are excluded from the valuation of stocks.

The revenue and the margin are recognised using the percentage-of-completion basis. This progress is certified by the project manager and served on the buyer by an "authentic" deed.

IMPAIRMENT

Each building is valued at market value. If the construction completion value become lower than the realisable value, a depreciation is recorded at the end of the financial year.

6 TRADE RECEIVABLES

Receivables are recorded at their nominal value.

Uncollected receivables are recognised in "Doubtful receivables" whenever there is a risk of non-collection and if applicable, depreciated to take into account the eventual cash collection difficulties, according to the available information at year-end closing.

The provisions are calculated by lease on the amount payable excluding VAT, and the guarantee deposits and working capital called from tenants and completed by the rental discounts not issued at year-end closing. The rate applied to calculate the provision depends on the geographical segment of the asset and the risk situation of the tenants.

Due to the particular context of 2020 and 2021, the Group agreed to rent adjustments which resulted in rental discounts. These discounts were granted with or without consideration (in particular, the postponement of the break-option).

The impact of signed or not signed but expected discounts without consideration was noted as a reduction in revenue for the year.

The impact of signed discounts with consideration is spread from the date of signature over the residual fixed term of the lease, reducing the revenue.

The balance of receivables from tenants for which discounts are expected with consideration are included in the base of the receivables with a risk of cash collection.

DISCOUNTED RENT PERIODS AND STEP RENTS

When a lease includes rent adjustment clauses, such as discounted rent periods and step rents, the overall impact of these adjustments granted over the firm term of the lease is recognised over the lease term. This is calculated as from the date the asset is made available if this predates the effective date of the lease. The impact is recognised in a receivable sub-account.

7 BOND ISSUANCE COSTS

Bond and EMTN issuance costs along with bond premiums are recognised on an actuarial basis over the term of the debt.

8 PROVISIONS

Provisions are defined as liabilities of uncertain timing or amount. A liability represents an obligation with regard to a third party which is likely or certain to result in an outflow of resources to the third party, with no equivalent consideration expected in return.

368 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

9 MARKETABLE SECURITIES

Marketable securities are measured at historical cost. At the end of the reporting period, the amount shown on the balance sheet is compared with the last known redemption price and a provision for impairment booked if the redemption price is lower than the book value in the balance sheet.

10 RENTAL INCOME CALCULATION OF SALES-BASED RENT

The sales-based rents invoiced are estimated on the basis of the turnover certificates sent by the tenants the previous year. This amount is subject to an invoice/credit note upon receipt of the certified turnover certificate obtained from the tenants between April and June of the following year. At the year-end closing, the Company adjusts, if necessary, the amount of sales-based rents recognised according to the turnover declared by the tenants.

REBILLING OF MAJOR WORKS

The part of capitalised works rebilled to tenants is recognised in prepaid income over a three-year period, corresponding to the average firm term of the leases.

KEY MONEY

Key money is recognised over the fixed term of the lease.

11 FOREIGN CURRENCY TRANSACTIONS

Foreign currency income and expenses are booked at their equivalent value in euros at the value date. Foreign currency receivables and payables are translated into euros and recognised on the balance sheet based on the closing exchange rate. Any resulting differences are included in unrealised foreign exchange gains or losses.

A contingency and expense provision is booked for any unrealised losses.

In the event the Company has entered into a perfect and symmetric hedging as soon as foreign currency transactions are issued (the setting up of a currency swap for the same amount and the same issue and maturity dates as the hedged currency transaction), the transactions are recognised at the exchange rate set by the hedging transaction.

1.3 OTHER ACCOUNTING PRINCIPLES

1 FINANCIAL COSTS RELATING TO CONSTRUCTION OPERATIONS

Financial costs relating to major restructuring or construction operations are expensed as incurred.

2 FORWARD FINANCIAL INSTRUMENTS

Unibail-Rodamco-Westfield SE uses a variety of derivative instruments including swaps and caps to manage overall interest rate and/or currency risk. Premiums paid upon signing an agreement are booked as a financial instrument asset on the balance sheet and recognised on an actuarial basis over the term of the agreement.

Interest income or expenses are booked in the income statement as incurred.

Financial instruments are recognised according to the intention with which the corresponding transactions were carried out.

Regarding hedging transactions:

- When the forward financial instruments are restructured with the initial counterparty or cancelled and new hedge instruments are set up with a new counterparty, the balancing cash adjustments are booked in the transitional cash instrument accounts as required under French accounting rules, while the set-up balancing cash is considered as a cash instrument. The unrealised and realised results related to these hedging instruments are recognised in the income statement over the residual life of the hedged item on a symmetrical basis with the income and charges of the hedged item.

Regarding isolated positions:

- Changes in value are recognised in the balance sheet;
- A provision is booked for unrealised losses; and
- Any balancing cash adjustments arising on renegotiating these instruments are recognised directly in the income statement.

The instruments in portfolio at the end of financial year are recorded in off-balance sheet financial commitments for the nominal value of the contracts.

3 INCOME TAX

Unibail-Rodamco-Westfield SE as well as most of its eligible French subsidiaries opted for the SIIC regime. Rental income and gains from the disposal of real estate investments are exempt from income tax if minimum distribution obligations are met. Unibail-Rodamco-Westfield SE and its SIIC subsidiaries are required to distribute at least:

- 95% of their recurring income and 100% of their dividend income received from SIIC or equivalent subsidiaries (e.g. SOCIMI), before the end of the financial year following the year in which the income was recognised or received; and
- 70% of capital gains, before the end of the second tax year following the year in which the gain was generated.

Unibail-Rodamco-Westfield SE also reports a taxable sector for its non-SIIC ancillary activities.

The Company is subject to a tax audit in France which resulted in a notification of reassessments. The vast majority of reassessments under proposal are denied by the Company and a €0.8 Mn provision was recorded in the statutory accounts based on the risk analysis performed by the Company and its tax advisors.

4 TREASURY SHARES

Treasury shares are classified when repurchased, either in financial assets, or in a "treasury shares" sub-account of marketable securities, when the shares have been purchased for allocation to employees. As at December 31, 2021, the Company has no treasury shares.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 369

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

1.4 CLIMATE CHANGE AND RISKS

Climate change mitigation and resilience are part of the priorities of the Group Corporate Social Responsibility (CSR) strategy, Better Places 2030, and form an essential component of the CSR risks analysis. URW analyses the physical and transitional risks associated with climate change. These risks are in turn integrated into the Enterprise Risk Management framework. As a consequence, the main management measures are designed and discussed as part of this framework.

The Group has set ambitious Green House Gas (GHG) emission reduction targets as part of Better Places 2030, addressing its entire value chain including the wide scope of indirect carbon emissions resulting from construction works, transportation of visitors and employees, and energy consumption of tenants, committing to reduce significantly its global GHG emissions.

On top of addressing climate change mitigation, Better Places 2030 also addresses climate adaptation through the resilience of its assets to climate change both for development projects (integrated into the sustainability design guidelines) and its standing assets.

The implementation of this programme is reflected in URW's financial statements, mainly through its investment strategy and the implementation of expenditures and

expenses specifically incurred to meet environmental challenges.

Indeed, the projects associated with mitigation and adaptation to climate change are incorporated in the Group five-year budget for standing assets and development projects to ensure alignment between CSR objectives and business decisions.

The Group has also started to implement a sustainable financing strategy.

GREEN LOANS

During 2021, URW signed the largest sustainability-linked revolving credit facility for a real estate investment trust (REIT) in Europe, for an amount of €3.1 Bn, with a five-year maturity.

Its margin is linked to the Sustainable Target Score of the Group. This score is based on key performance indicators (KPIs) including energy intensity, carbon emission reductions, the percentage of assets with BREEAM In-Use certification and the percentage of URW employees that have participated in CSR training. The score will be evaluated annually over five years and if URW achieves or exceeds the objectives, the interest rate of the credit facility will be reduced. Independently of its targets, the Group has pledged to invest the equivalent amount of the potential savings from this credit facility in internal CSR projects within the Group.

In December 2021, the total credit lines featuring with green or sustainable indicators stands at €4.1 Bn.

GREEN BONDS

The Group has decided to develop a stringent Green Bond framework to finance new development projects, and/or standing assets that meet all social and environmental criteria for the construction and operational phases defined in the "Use of Proceeds" procedure. Green Bonds are only used to finance resilient "best in class" assets, in line with a clear procedure for allocating funds ("Procedure for asset analysis, selection and monitoring under the "Green Bonds" system").

Green Bonds were issued in February 2014 and April 2015 based on this framework.

As at December 31, 2021, the outstanding nominal value of Green Bonds amounts to €1.1 Bn.

NOTE 2 HIGHLIGHTS OF THE REPORTING PERIOD

2.1 SIGNIFICANT EVENTS OF 2021 PROPERTY BUSINESS

- On January 21, 2021, further to an agreement entered into on October 12, 2020, URW completed the disposal of the SHiFT office building, located in Issy-les-Moulineaux (Paris region), to a consortium of French institutional buyers (Primonial REIM, La Francaise and EDF Invest) for a disposal price of €620 Mn (positive impact of €334.4 Mn in non-recurring items, see note 25).
- On June 16, 2021, the Company sold an office building located in Rueil-Malmaison (Paris region) to SCCV Rueil Louis Bleriot for a Disposal Price of €13.8 Mn (impact of €4.1 Mn in non-recurring items, see note 25).
- On November 2, 2021, the final delivery of the Pullman Paris Montparnasse hotel.
- As at December 31, 2021, reversals of depreciation on the shopping centre Les Ateliers Gaité and the Pullman Paris Montparnasse hotel and Stadshart Amstelveen complex were booked for a total amount of €29.1 Mn compared with a provision of €50.4 Mn in 2020 presented in operating result.
- The COVID-19 pandemic did not have a significant impact on the Company's own real estate activities.

HOLDING COMPANY BUSINESS

- On June 30, 2021, the Company sold 1,172,045,367 shares in Westfield Corporation Limited to Westfield Corporations Limited (share buyback) for a sale price of €676.2 Mn (negative impact of €940.4 Mn in non-recurring items, see note 25, partially compensated by a reversal of provision for an amount of €884.9 Mn, see note 23.4).
- On July 9, 2021, the Company recorded the final completion of the merger and the dissolution of its wholly-owned subsidiary Iseult. For accounting and tax view, the merger had a retroactive effect as from January 1, 2021.
- On July 29, 2021, the Company recorded the final completion of the merger and the dissolution of its wholly-owned subsidiary GPI. For accounting and tax view, the merger had a retroactive effect as from January 1, 2021.
- On September 16, 2021, the Company completed the sale of its shares in SCI Sept Adenauer, which owns the 7 Adenauer building in Paris, to GPINVEST 17 for a sale price of €212.0 Mn (positive impact of €211.2 Mn in recurring items, see note 25).
- On October 15, 2021, the Company reduced its stake in SCI Le Sextant by 51% to create a joint venture with Avia Armand (positive impact of €44.8 Mn in non-recurring items, see note 25).
- On October 31, 2021, Unibail-Rodamco-Westfield SE widened-up Village 3 Defense, Village 4 Defense and Village 6 Defense, resulting in a total accounting surplus of €96.5 Mn shown in non-recurring items.
- Due to the decrease of the fair value of the assets held by subsidiaries in the US and in UK, the Company booked impairment related to the concerned subsidiaries for a total amount of €577.4 Mn (see note 4) and an impairment on subsidiary loan for an amount of €217.4 Mn (see note 5).

FINANCIAL RESOURCES

In 2021, Unibail-Rodamco-Westfield SE secured additional, through the following public EMTN Bonds:

- On May 25, 2021:
 - €650 Mn with a 0.75% coupon and 7-year and 5-month maturity;
 - €600 Mn with a 1.375% coupon and 12-year maturity.

In total, €1,250 Mn of bonds were issued with a weighted average maturity of 9.6 years and a weighted average coupon of 1.05%.

- On December 23, 2021, redemption of €257.0 Mn (in nominal) of an outstanding public bond due in 2022.

Unibail-Rodamco-Westfield SE also accessed the money markets by issuing short-term paper.

The average outstanding amount of short-term paper in 2021 was €682 Mn below 2020 (€1,364 Mn on average in 2020) due to higher liquidity position in 2021.

As at December 31, 2021, the total amount of undrawn credit lines came to €6,908 Mn.

Unibail-Rodamco-Westfield SE also restructured its portfolio of derivatives in H2-2021.

The restructuring mainly consisted in:

- The cancellation of €3.8 Bn of swaps and \$1.3 Bn of swaps related to 2022 with a balancing payment for a total amount of €93.3 Mn. This amount is recognised in the balance sheet assets under the item "Difference on assessment of derivatives" (see note 6); and
- The cancellation of £500 Mn of caps, without the quality of hedging transactions, with a balancing payment received for a total amount of €7.0 Mn. This amount is recognised in the income statement under the item "Income on caps, floors and swaps".

2.2 SIGNIFICANT EVENTS OF 2020

2020 was principally marked by:

- On May 29, the contribution by the Company to its subsidiary Uni-Commerces of the shares held in the companies Aeroville, Eiffel Levallois Commerces and Randoli under the preferential regime set out by article 210 B of the French tax code for a total contribution value of €444.6 Mn, as part of the sale by the Group of a portfolio of five shopping centres in France to the Foncière Crossroads (formerly JVCO Road) formed by Credit Agricole Assurances, La Franchise and URW.

NOTE 3. INTANGIBLE AND TANGIBLE ASSETS

CHANGES IN THE GROSS VALUE OF INTANGIBLE AND TANGIBLE ASSETS IN 2021

(€ thousands)	Opening balance	Acquisitions		Disposal	Interaccount contribution in kind ¹¹	Closing	
		Contributions	Merger ¹¹				
Land Buildings							
INTANGIBLE ASSETS	285					285	
Tangible assets							
General installations	341,495	26,000	(26,000)			341,495	
593	811,398	183,977	242,625	(183,977)	1,054,023		
Other tangible assets							
Non-current assets under construction							
Advances and downpayments						593	
			286			286	
TOTAL TANGIBLE ASSETS	1,453,262	297,846	114,278		(241,660)	(98)	170,366
TOTAL			1,644	2,079		(965)	2,758
	326,334	(210,075)	1,569,521				
		1,453,547	326,334	(210,075)	1,569,806		

- The main movements in tangible assets during the year relate to:
 - The restructuring works of shopping centre Les Ateliers Gaité and the Pullman Paris Montparnasse hotel ("Gaité Montparnasse" project) recognised in "non-current assets under construction" in 2021 for €82.9 Mn;
 - The works of CNIT property complex recognised in "non-current assets under construction" in 2021 for €31.4 Mn; and
 - The impact of the merger of the subsidiaries Iseult ("SHiFT" asset) and GPI ("Le Bleriot" asset) for a total amount of €209.9 Mn;
- Deliveries:
 - Of the Pullman Paris Montparnasse hotel in November for €183.3 Mn;
 - Of some units of the shopping centre Les Ateliers Gaité for €53.0 Mn;
 - Of works in the Stadshart Amstelveen complex owned by the Dutch permanent establishment for €3.1 Mn; and
 - Of works in CNIT property complex for €1.1 Mn.
- The sale of the "SHiFT" office building, located in Issy-les-Moulineaux (Paris region), on January 21, 2021, for a gross book value of €208.5 Mn and acquired by way of merger from Iseult company with retroactive effect on January 1, 2021 for the same value; and
- The sale of "Le Bleriot" office building, located in Rueil-Malmaison (Paris region), for a gross book value of €1.5 Mn.

CHANGES IN DEPRECIATION, AMORTISATION AND IMPAIRMENT IN 2021 TANGIBLE ASSETS

(€ thousands)	Depreciation and amortisation	dueto	Increases		Decreases		Depreciation and amortisation
			merger	Expense the period	sales	transfers	
Buildings	315,699		24,278	39,877	(24,660)		355,194
General installations	593	593					
Other tangible assets	236	236					
TOTAL DEPRECIATION AND AMORTISATION	316,528	24,778	39,877	(24,660)	356,023		

The increase in depreciation on tangible assets by merger is due to the The decrease in depreciation on tangible assets is due to the disposal of mergers with retroactive

effect to January 1, 2021 of Iseult ("SHiFT" the "SHiFT" building for €23.2 Mn and "Le Bleriot" for €1.4 Mn. office building) for €22.8 Mn and GPI ("Le Bleriot" office building) for €1.4 Mn.

372 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

(Ethousands)

Impairment of other intangible assets Impairment of properties

TOTAL IMPAIRMENT

Opening balance

285

55,500

55,785

Expense in the period
Reversals in the period

Unused

(29,130) (29,130)

Interaccount transfers

Closing balance

285

26,370

26,655

TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT

As at December 31, 2021, reversals of provision were booked on Stadshart Amstelveen complex for an amount of €14.8 Mn and on the shopping centre Les Ateliers Gatte and Pullman Paris Montparnasse hotel for an amount of €14.3 Mn.

The remaining impairment on properties as at December 31, 2021, relates to Dutch assets. The allowances and reversals have been booked in operating result.

NOTE 4. FINANCIAL ASSETS EQUITY INVESTMENTS

Increases due to Grossvalue acquisitions or Opening balance capital increases"

Decreasesdueto capital redemptiom or sale"¹
Decreasesdueto merger transactions via dissolution without liquidation"³¹

Gross value Closing balance

Group subsidiary investments

Technical loss on group subsidiary investments

Long-term investments

Other investments

20,288,449

Changes in "Group subsidiary investments" result mainly from:

- The increase in the value of the shares of Unibail-Rodamco TH BV Properties BV for €590.7 Mn and €50.9 Mn and respectively following the contribution in kind of receivables received in the context of the share buyback of Westfield Corporation Limited;
- The share buyback by Westfield Corporation Limited for €1,616.6 Mn;
- The decrease in stake in SCI Le Sextant for €25.2 Mn;
- The sale of shares in SCI Sept Adenauer to GPINVEST17 for €0.7 Mn;
- The merger of Iseult into Unibail-Rodamco-Westfield SE (-€20.6 Mn);
- The merger of GPI into Unibail-Rodamco-Westfield SE (€10.6 Mn); and Rodamco Europe - The dissolution of Village 3 Defense (-€2.3 Mn), Village 4 Defense (€2.7 Mn) and Village 6 Defense (€2.3 Mn).

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

Grossvalue Opening balance

Expense in the period

Grossvalue Closing balance

Impairment of Group subsidiary investments

Impairment of merger losses

Impairment of long-term investments

Impairment of other equity investments TOTAL

As at December 31, 2021, due to the decrease of the fair value of the assets held by subsidiaries in the US and in UK, the Company booked impairments related to the following shares:

- Westfield Corporation Limited: €123.3 Mn;
- Rodamco Europe Properties BV: €172.5 Mn; . Unibail-Rodamco TH BV: €168.5 Mn;
- Unibail-Rodamco-Westfield NV: €70.4 Mn (an additional impairment was booked on subsidiary loan for an amount of €217.4 Mn, see note 5); and
- WHL Acquisition USA Inc.: €42.7 Mn.

As at December 31, 2021, the Company also booked impairments related to the following shares (subsidiaries in France and Spain):

- Doria: €10.0 Mn;
- Beg Investissements: €3.0 Mn;
- Proyectos Inmobiliarios Kansar III SL: €2.7 Mn; and
- Sistemas Edgerton II SL: €0.2 Mn.

The Company also booked the following reversals of provision:

- Westfield Corporation Limited: €884.9 Mn following the buyback of 1,172,045,367 of its shares by Westfield Corporation Limited partially offsetting the negative non-recurring result of €940.4 Mn (see note 25);
- Global Etsy Investments SL: €2.0 Mn;
- GPI: €1.9Mn following the merger of the subsidiary into Unibail-Rodamco-Westfield SE;
- GaTte Parkings: €1.2 Mn;
- Unibail-Rodamco Participations: €0.9 Mn; and
- Proyectos Inmobiliarios Time Blue SL: €0.3 Mn.

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

Details of equity investments are presented below.

SUBSIDIARIES AND INVESTMENTS

Share Capital

Shareholders' equity other than share capital before income allocation

Group Net assets and Reserves

Capital amount of held(%)	cross carrying shares	Merger amount of loss	shares	not yet repaid	guarantees Revenue given excl VAT	Dividends received in 2021 2021 and statutory Included result in income
1. Subsidiaries (more than 50 % owned)						
3BORDERS						
AQUABON'						
BEG INVESTISSEMENTS BELWARDE1						
BUREAUX DE LA TOUR CREDIT LYONNAIS						
CNIT DEVELOPPEMENT						
99.90%	100.00%					
99.98%						
100.00%						
99.99%	99.90%					
15						
_12 88						
COBRAQ						
(40)	90.34%					
EDIFICACIONES DENHAN IV SL						
ESPACE EXPANSION IMMOBILIERE						
FETUNO						
FINANCIERE 5 MALESHERBES						
GAITE BUREAUX						
GAITE PARKINGS						
GALILEE-DEFENSE						
GLOBAL ETSY INVESTMENTS SL IMMOBILIERE LIDICE						
MADISON PROPERTIES GROUP SL						
99.99%						
100.00%						
100.00%	100.00%					
MALTESE						
MARCEAU BUSSY-SUD						
MONTHERON						
NOTILIUS						
PROYECTOS INMOBILIARIOS KANSAR III SL						
PROYECTOS INMOBILIARIOS TIME BLUE SL						
R.E. FRANCE FINANCING						
6,234	100.00%					377 3
100.00%						
100.00%						
7,182						
SA CROSSROADS PROPERTY						
INVESTORS						
SCI TOUR TRIANGLE						
SISTEMAS EDGERTON II SL						
SISTEMAS INMOBILIARIOS EL ACEITUNAL SL						
97.68%						655 3
100.00%	100.00%					
100.00%						
99.90%						

79 310
U&R MANAGEMENT BV
UNIBAIL-RODAMCO
PARTICIPATIONS
UNIBAIL-RODAMCO REAL ESTATE SL UNIBAIL-RODAMCO RETAIL SPAIN SLU
1 100.00%

100.00% 100.00%

87 100.00%

5_23

773

_5_23

773
UNIBAIL-RODAMCO SIF France
UNIBAIL-RODAMCO SPAIN SL

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 375

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

Share Capital

Shareholders' equity other than share capital before income allocation

notyet repaid

Gross carrying Capital amount of ' held(%) shares

Net Loans and carrying advances

Merger amount of loss shares

Deposits and
guarantees given

Revenue excl VAT

Dividends received in 2021 2021 and statutory included result in income

UNIBAIL-RODAMCO STEAM SL
UNIBAIL-RODAMCO TH BV UNI-COMMERCES
UNIWATER
UR VERSAILLES CHANTIERS UR-PHOBOS
VALOREXPO
VILLAGE 5 DEFENSE
•VILLAGE 7 DEFENSE
VILLAGE 8 DEFENSE
WESTFIELD CORPORATION LIMITED
586 13,735 4,874

2. Investments
(between 10% to 50% owned)
GENIEKIOSK LA ROUBINE
SCI LE SEXTANT
SIAGNE NORD

SP POISSY RETAIL ENTERPRISES
UNIBAIL-RODAMCO-WESTFIELD NV
WHL USA ACQUISITIONS INC.
TOTAL II
Other Investments
272 (2,397)

(1) Company created in 2021.

376 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 5. LOANS AND OTHER FINANCIAL ASSETS

Impact of exchange rate Decreases fluctuations

Other long-term investments (bonds issued by subsidiaries)
Receivable from other long-term investments
Loans to subsidiaries
Loans to subsidiaries in EUR
Loans to subsidiaries in CZK
Loans to subsidiaries in DKK
Loans to subsidiaries in GBP
Loans to subsidiaries in PLN
Loans to subsidiaries in SEK
Loans to subsidiaries in USD
TOTAL EURO EQUIVALENT VALUE OF LOANS TO SUBSIDIARIES
Accrued on subsidiaries loans
Other loans TOTAL

EUR EUR

EUR

EUR

2,503,880

45,436 1

2,549,317

(2,179,957) 243,774 14,062,755
(54,047)

45,437 140

(2,248,922) 243,774 14,108,332
Non-used

Reversals in the period

Used Closing balance

Impairment on subsidiary loans

217,439

The impairment on subsidiary loans on the assets side of the balance sheet as at December 31, 2021, relates to the subsidiary Unibail-Rodamco-Westfield NV.

The maturity of loans to subsidiaries as at December 31, 2021 is as follows:

One year or less:

Between one and five years:

More than five years:

€14,063 Mn

NOTE 6. RECEIVABLES

(C thousands)

Receivables from Group and associated companies

^ 12/31/2021

4,668,392 5,170,857

Difference of assessment of derivatives

239,785 348,384

Accrued income on derivatives

128,077 119,717

Sundry debtors

99,751 71,441

Trade receivables

50,194 46,120

VAT receivables

34,788 36,423

Other tax receivables

789 2,172

Employee receivables

4,251 11,148

Doubtful or disputed receivables

14,181 15,000

TOTAL

5,240,208 5,821,262

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 377

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

"Receivables from Group and associated companies" mainly relate to current account financing granted to Group companies and profit and losses from subsidiaries.

"Difference on assessment of derivatives" corresponds to the balancing cash adjustments relating to the cancellation of swaps or swaptions. This item includes the amount of balancing cash adjustment not yet amortised relating to the derivatives restructured in previous financial years for €146.5 Mn. An additional amount related to 2021 transactions is included in this item for €93.3 Mn.

"Sundry debtors" primarily corresponds to funds received from tenants in relation to service charges.

"Trade receivables" includes trade receivables and the outstanding balance of rent from periods and statements.

"Trade receivables" mainly relate to accrued receivables and the outstanding balance of rent-free periods and step rents.
(G thousands)

IMPAIRMENT OF RECEIVABLES

Impairment of doubtful receivables

Impairment of subsidiary current accounts TOTAL

Opening balance

2,350

2,046

4,396

The decrease in the "Employee receivables" item is explained by the fact that, in 2020, in order to enable several Group employees to meet margin calls in connection with the bank financing of the exercise of URW stock options, the Company granted them, during year 2020, short-term loans, with interest, combined with a guarantee to enable the bank financing to be extended. As at December 31, 2021, the outstanding loans amounted to €3.0 Mn and the guarantee amounted €1.0 Mn.

The "Doubtful or disputed receivables" as at December 31, 2021 partly includes the 2020 second quarter receivables bought by the Company from companies contributed to Uni-Commerces as part of the operation to create a joint venture between Credit Agricole Assurances, La Franchise and URW.

Non-used

Reversals in the period

Used Other movements Closing balance

(1,047)

1,061

(1,896)

(2,943)

2,514

2,364 150

NOTE 7. CASH AND CASH EQUIVALENTS

(G thousands)

Term deposit

Bank accounts with a debit balance

Cash instruments TOTAL

There is no difference between the book value of term deposit on the balance sheet and their market value. "Cash instruments"

mainly relate to premiums on caps not yet amortised.

NOTE 8. PREPAID EXPENSES

(6 thousands)

General expenses TOTAL

12/31/2020

167 167

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 9. DEFERRED CHARGES

(6 thousands)	J'fiffiJ	12/31/2020
Charges on bank loans and borrowings		16,117 4,495
Charges on bonds		66,150 63,190
Charges on convertible bonds		3 866
Charges on hybrid securities		4,465 6,320
Bond issue premium		91,499 98,301
TOTAL		178,234 173,172

NOTE 10. UNREALISED FOREIGN EXCHANGE LOSSES

(e thousands)	Jjfffi^^	12/31/7070
Subsidiary loans in CZK		0 681
Subsidiary loans in PLN		5,390 18,029
Subsidiary loans in SEK		113,476 96,183
Subsidiary loans in USD		1,273 197,800
Group debt in CZK		0 16
Group debt in DKK		1 0
Group debt in GBP		7,689 223
Group debt in SEK		0 149
TOTAL		127,829 313,081

NOTE 11. ACCRUED INCOME

(€ thousands)	[J]j^m^m^J	17/31/7070
Financial assets		45,436 54,133
Other trade receivables		35,661 27,806
Trade payables		874 1,015
Taxes		20,239 16,944
Group and associates		6,086 7,788
Other receivables		127,056 119,451
TOTAL		235,352 227,137

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

Number of shares: 138,594,416 Par value: €5

(€ thousands)

Before allocation of net result 12/31/2020
Allocation of 2020 net result

NOTE 12. CHANGES IN SHAREHOLDERS' EQUITY AS AT DECEMBER 31,2021

	Before	Proposed	After
Share capital			
Reserves			
2021 allocation of net result			
2021 allocation of net result			
allocation of changes			
result 12/31/2021			
2021 net result			
2021 net result			
692,362			
610"			
692,972			
13,577,147			
76.318			
13,653,465			
692,972	13,653,465		
2,644,867			
10,835,822			
69,144	23,509		
2,647,820			
10,835,822	69,144	96,874	
2,647,820			
10,835,822	69,144	96,874	
Reserve for euro translation			
Retained earnings			
Net result			
Regulated provisions			
TOTAL SHAREHOLDERS' EQUITY			

Dividend

- 1) Changes in share capital and share premium relate mainly to the capital increase reserved for employees carried out under the Company Savings Plan and the issue of Performance Shares.
- 2) Changes in other reserves relate mainly to the dissolution of Village 3 Defense, Village 4 Defense and Village 6 Defense and the merger of Iseult.
- 3) Proposal for the allocation of the result to be submitted to the next Annual General Meeting (AGM) based on 138,594,416 shares as at 12/31/2021 (€ thousands):
 - net result for the period 90,645
 - previous retained earnings balance (2,521,794)
 - net result available for distribution 0
 - new retained earnings balance (2,431,149)

Due to the lack of net result available for distribution, the SIIC obligation created in 2021, i.e. €808.3 Mn (included SIIC obligation inherited from the mergers), and the residual SIIC obligation created in the previous years for €212.5 Mn, will be carried forward until Unibail-Rodamco-Westfield SE reports positive results available for distribution. The total amount of the SIIC obligations carried forward is €1,020.8 Mn.

CHANGE IN THE NUMBER OF SHARES COMPRISING THE SHARE CAPITAL

	Number of shares
As at 01/01/2020	
Capital increase reserved for employees under the Company Savings Plan	
Exercise of stock options	
Performance shares grants	
As at 12/31/2020	
Capital increase reserved for employees under the Company Savings Plan	
Exercise of stock options	
Performance shares grants	
138,472,385	74,055 0
47,976	
AS AT 12/31/2021	

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

NOTE 13. OTHER EQUITY

(6 thousands)

Hybrid securities
2,000,000

To finance the cash component of the acquisition of the Westfield Corporation Group on June 7, 2018, in April 2018, Unibail-Rodamco-Westfield SE issued €2,000 Mn of hybrid securities classed as "Other equity" in accordance with the OEC opinion 28 (July 1994).

This issuance was made in two tranches:

- €1,250 Mn with a 2.125% coupon and callable after 5.5 years; and
- €750 Mn with a 2.875% coupon and callable after 8 years.

NOTE 14. PROVISIONS FOR CONTINGENCIES AND EXPENSES

(€thousands)

Provisions for operating contingencies Provisions for foreign exchange losses

Other operating provisions TOTAL

Opening balance

3,982

313,281

8,949 326,212

Expense in the period

223

30,206

21,302 51,731

Non-used

Reversals in the period

	Used	Closing balance
reversals in the period		
3,010		
127,829		
(17,496)		
29,968	160,807	
(1,195)		
(198,162)		
(17,496)		
(783)	(199,640)	

Changes in "Provisions for operating contingencies" result mainly from a provision reversal for €1.0 Mn related to the transaction closed on May 29, 2020.

Changes in "Provisions for foreign exchange losses" for an amount of €185.5 Mn reflect provisions for unrealised foreign exchange losses following the decrease in value of the Swedish krona and the pound sterling and the reversal of provision regarding unrealised foreign exchange losses following the increase in the US dollar, in the Polish zloty and in the Czech krona (see notes 23.4 and 24.1).

Changes in "Other operating provisions" mainly relate to the risk provision on the subsidiary Unibail-Rodamco SIF France for €20.2 Mn, due to the negative shareholder's equity linked to the decrease of the fair value of its assets it holds and provision for taxes for €0.8 Mn.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 15. BORROWINGS AND FINANCIAL LIABILITIES

Impact of exchange rate Decreases fluctuations

Convertible bonds (ORNANE)

Principal outstanding

EUR

EUR

EUR EUR

18,302,296			
			18,113,472 188,824
Bank loans and borrowings			
Principal outstanding			
Accrued interest			
Bank accounts with a credit balance			
Accrued interest			
EUR			
EUR EUR			
Miscellaneous borrowings and financial liabilities			
Deposits and guarantees			
Other borrowings			
Other borrowings in EUR			
Other borrowings in GBP			
Other borrowings in USD			
TOTAL EURO EQUIVALENT VALUE OF OTHER BORROWINGS			
Payables on other borrowings			
Medium-term notes			
Payables on medium-term notes			
Commercial paper			
Payables on commercial paper			
Payables on hybrid securities			
Subsidiary current accounts			
EUR			
EUR EUR			
EUR EUR EUR			
EUR			
EUR			
823,777			
4,677			
1,040,000			
			0
19,777			
2,208,236			
4,875			
998,000			
19,777 432,687			
(33,414)			
(4,677)			
			(1,788,000) 0
(19,777)			
(737,814)			
Transfer of subsidiaries' earnings			

21,880,522

Changes in the "Convertible bonds (ORNANE)" item result from the redemption of the remaining ORNANE 2014 maturing in 2021 for an amount of €102.9 Mn. Changes in the "Other borrowings" item mainly relate to the total repayment of a loan with the subsidiary Westfield Corporation Limited for \$41.0 Mn (or €33.4 Mn).

Changes in the "Other bonds" item result from bond issues under the EMTN programme for an overall amount of €1,250 Mn in 2021, the redemption of two bond tranches maturing in 2021 for an amount of €873 Mn, and the total redemption of one bond tranche maturing in 2022 for an amount of €257 Mn.

Changes in the "bank loans and borrowings" item mainly relate to the final maturity of a bank loan for an amount of €100 Mn.

As at December 31, 2021, the "Subsidiary current accounts" item comprises financing granted mainly by the following subsidiaries:

- Rodamco Europe Properties BV: €526 Mn;
- Rodamco Sverige AB: €210 Mn;
- SCI Propexpo: €176 Mn;
- Rodamco Europe Finance BV: €168 Mn;
- Uni-Expos: €91 Mn; and
- UR USQ Development GmbH: €86 Mn.

It also includes €3.6 Mn in VAT credits relating to companies within the VAT consolidation scope. This amount was repaid to these companies in January 2022.

382 UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

CHARACTERISTICS OF BONDS AND EMTNS

Issue date
(based on value date)

41 November 2030
October 2031

Amount outstanding as at 12/31/2021 (CMn)

November 2031 May 2022

February 2013

March 2013 June 2013

Fixed rate 3.10% for a par value of HKD 700 million

Fixed rate 3.28% for a par value of HKD 585 million Fixed rate 2.5%

Fixed rate 3.9% for a par value of HKD 400 million

Fixed rate 2.00% for a par value of CHF 135 million

Green Bond fixed rate 2.5%

Fixed rate 3.08%

Fixed rate 3.08%

Fixed rate 2.5%

Fixed rate 1.375%

Green Bond fixed rate 1.00%

Floating rate (Euribor 3M + 0.81%)

30 November 2030

Fixed rate 3.095% for a par value of HKD 750 million

Fixed rate 2.1% during 3 years then Structured coupon linked to CMS 10 years (floored at 0%, capped at 4%)

Fixed rate 1.375%

Floating rate (Euribor 6M floored at 0.95%, capped at 3.00%)

Fixed rate 1.125%

Fixed rate 2.0%

500 February 2025

Fixed rate 2.74% for a par value of HKD 500 million

February 2017

May 2017 May 2017

May 2018

500
500_800
600 February 2028
 May 2029
 May 2037
September 2025
900 January 2031
Fixed rate 2.25%
Structured coupons linked to CMS 15 years
100 December 2033
February 2019
February 2019 July 2019
October 2019
April 2020 April 2020 June 2020
750
800_600
750
March 2032
 April 203_0_ April 2025
 June 2032
December 2020
December 2020 May 2021
May 2021 TOTAL
1,000
 May 2027
650
 1,000 December 2031
 October 2028
May 2033
 600 18,114

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

ORNANE 2015 ISSUE

In 2015, Unibail-Rodamco-Westfield SE issued 1,441,462 bonds redeemable in cash and/or new and/or existing shares (ORNANEs) at a par value of €346.87 per bond, corresponding to an issue premium of 37% over the benchmark Unibail-Rodamco-Westfield SE share price on Euronext, for a total amount of €500 Mn.

These ORNANE bonds are admitted to trading on the Euronext Paris market and were described in the prospectus approved by the French financial markets authority (Autorite des Marchés Financiers - AMF) under no. 15-144.

MAIN CHARACTERISTICS OF THE ORNANE 2015 ISSUE

The bonds do not bear any interest and will be redeemed at par on January 1, 2022. They may be redeemed early as from January 1, 2018 at Unibail-Rodamco-Westfield SE's discretion, and may also be redeemed early at the bondholders' discretion, in accordance with the provisions of the issue note (note d'opération) submitted to the AMF for approval. In the event their share rights are exercised, bondholders will receive an amount in cash and, where applicable, new and/or existing Unibail-Rodamco-Westfield SE shares. The Company will also have the option to deliver new and/or existing shares only.

As at December 31, 2021, 1,441,462 ORNANE 2015 are outstanding.

MATURITY OF BORROWINGS AND FINANCIAL LIABILITIES

Between one and
One year or less five years
More than five years

Other bonds		
Convertible bonds (ORNANE)		
Accrued interest		
Bonds		
Accrued interest		
500,000		
		18,113,472 188,824
Bank loans and borrowings		
Bank loans		
Accrued interest on bank loans		
Bank accounts with a credit balance		
Miscellaneous borrowings and financial liabilities		
Deposits and guarantees		
Other borrowings		
3,022,094		
4,798 807,643		
Payables on other borrowings		
Medium-term notes		
Payables on medium-term notes		
Commercial paper		
Payables on commercial paper		
Payables on hybrid securities		
Subsidiary current accounts		
Transfer of subsidiaries' earnings TOTAL		
19,777		
		1,903,109 31,892
21,880,522		

CONTRACTUAL OBLIGATIONS RELATING TO BORROWINGS AND EMTNS

No borrowings are subject to early repayment clauses linked to the Company's debt ratings, barring exceptional circumstances such as a change of control.

The bonds are not subject to any contractual covenants based on financial ratios that could trigger early redemption.

The funds raised with the Green Bond issue must be used to fund projects or assets meeting certain criteria such as for obtaining BREEAM certification.

A significant share of bank loans and credit facilities contains financial covenants such as LTV, ICR and FFO/NFD ratios, as well as a prepayment clause in the event of a material adverse change.

As at December 31, 2021, the LTV ratio for the Unibail-Rodamco-Westfield Group amounted to 43.3%, (versus 44.7% as at December 31, 2020).

384 UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

The ICR ratio¹¹¹ for the Unibail-Rodamco-Westfield Group stood at 3.3x for 2021 (versus 3.5x in 2020).

As at December 31, 2021, the FFO¹²/NFD ratio for the Unibail-Rodamco-Westfield Group amounted to 5.0%.

The Unibail-Rodamco-Westfield Group's banking covenants levels in Europe are usually set at a maximum LTV of 60%, a minimum ICR of 2x, a minimum FFO/NFD of 4%.

These covenants are tested twice a year based on the Group's IFRS financial statements.

As at December 31, 2021, 100% of the Group's credit facilities and bank loans allowed a loan-to-value ratio of up to 60% of total assets or the value of the borrowing entity's assets.

As at December 31, 2021, 100% of the Group's credit facilities and bank loans include a FFO/NFD covenant. These require an FFO/NFD above 4% for the Group.

INTEREST RATE RISK

Unibail-Rodamco-Westfield SE is exposed to interest rate fluctuations on its floating-rate borrowings which finance its investment policy and maintain sufficient financial liquidity. The Company's management policy regarding interest rate risk is to minimise the impact that changes in interest rates could have on earnings and cash flow and optimise the overall cost of debt. In order to implement this strategy, Unibail-Rodamco-Westfield SE uses derivative instruments (mainly caps and swaps) to hedge its interest rate exposure. All transactions are managed centrally and independently.

As at December 31, 2021, net financial liabilities amounted to €18,228 Mn (excluding current accounts and hybrid securities). The nominal amount of net financial liabilities (excluding current accounts) was €18,031 Mn. In all, 54% of net financial debt liabilities relates to debt issued at floating rates or fixed-rate debt immediately swapped for floating-rate debt. The amount outstanding is partially hedged by caps and interest rate swaps.

COUNTERPARTY RISK

The derivative instruments put in place to limit interest rate risks expose the Company to the risk that its counterparties may default on their obligations. To limit counterparty risk, Unibail-Rodamco-Westfield SE only contracts hedges with leading international financial institutions.

NOTE 16. OTHER LIABILITIES

(C thousands)	2021	2020
Amounts due to suppliers	68,826	72,657
Employee payables	2,776	2,224
Social security and similar payables	2,025	1,209
Income tax payables	41	0
VAT payables	2,470	3,820
Other tax payables	203	216
Amounts due on investments	62,677	47,238
Other liabilities	314,565	279,127
' On property activities	127,820	81,623
On derivatives	186,280	195,903
Other sundry liabilities	465	1,601
TOTAL	453,583	406,491

The "Amounts due on investments" item mainly consists of accrued Changes in the "Other liabilities on property activities" item result payables relating to works on the shopping centre Les Ateliers GaTte and mainly from the delegated project management contracts on the Pullman Paris Montparnasse hotel for €43.5 Mn. shopping centre Les Ateliers GaTte (+€19.4 Mn) and the balance as at December 31, 2021 of the escrow account set up in the context of the sale of the SHIFT office building for an amount of €22.9 Mn.

- 1) Interest Coverage Ratio = Recurring EBITDA/Recurring net financial expenses (including capitalised interest). Recurring EBITDA is calculated as total recurring operating income and other income, less general expenses and excluding depreciation, amortisation and impairment.
- 2) Funds from Operations: on an annualized basis, the recurring EBITDA minus (i) recurring net financial expenses and (n) tax on recurring operating result.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 17. DEFERRED INCOME

(€ thousands)	j^j^j^fij	12/31/2020
Property business		2,114 1,364
Interest on discounted commercial papers		167 1,549
Deferred recognition of issue premium on EMTN		477 1,625
Deferred recognition of issue premium on ORNANE bonds		1 372
Balancing cash adjustment on Group debt		64 85
Arrangement fee on subsidiary loans		41,145 11,770
TOTAL		43,968 16,765

The increase in "Subsidiary loan origination fees" item is due to fees received for a total amount of €32.6 Mn following the signing of amendments to loan agreements with Unibail-Rodamco-Westfield NV.

NOTE 18. UNREALISED FOREIGN EXCHANGE GAINS

(6 thousands)	JJ^j^J	12/31/2020
Subsidiary loans in CZK		25,348 6,893
Subsidiary loans in DKK		190 166
Subsidiary loans in GBP		0 0
Subsidiary loans in PLN		115 0
<u>Subsidiary loans in SEK</u>	<u>5,068</u>	<u>8,218</u>
Subsidiary loans in USD		76,182 0
Group debt in DKK		0 9
Group debt in GBP		0 12,555
Group debt in PLN		0 134
Group debt in SEK		33 0
Group debt in USD		0 2,829
TOTAL		106,936 30,804

NOTE 19. ACCRUED CHARGES

ACCRUED CHARGES INCLUDED IN THE BALANCE SHEET

(€ thousands)		17/31/2020
Miscellaneous borrowings and financial liabilities		216,597 214,449
Trade receivables		6,738 8,335
<u>Trade payables</u>		<u>94,755 89,880</u>
Employee payables	2,482	1,927
Social security and similar payables		1,687 860
<u>Tax payables</u>	<u>930</u>	<u>1,694</u>
Subsidiary current accounts		76 56
<u>Other liabilities</u>	<u>31,304</u>	<u>12,932</u>
TOTAL		354,569 330,133

The increase in the "Other liabilities" item mainly results from the increase in the accrued interest on interest of swaps (+€17.4 Mn).

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

NOTE 20. MATURITY OF RECEIVABLES AND PAYABLES AT THE END OF THE REPORTING PERIOD
MATURITY OF RECEIVABLES

	Maturity	
		One year or less
More than one year		
Receivable on non-current assets		
Other long-term investments		
11,081,737		
Other		
Current asset receivables		
Trade receivables from activity		
Doubtful or disputed receivables		
Other trade receivables from activity Other receivables Employee receivables		
State and public entities		
Receivables from group and associated companies		
Accrued income on derivatives		
Sundry debtors		
Difference of assessment of derivatives		
Prepaid expenses		
Overheads		
11,255,254		
2,549,316 2,234,089		
		(1) Loans granted during the financial year Loans repaid during the financial year

MATURITY OF LIABILITIES

	Maturity	
		One year or less
Between one and five years		
More than five years		
Convertible bonds"		
Other bonds ¹⁾		
Bank loans and borrowings ²⁾		
Miscellaneous borrowings and financial liabilities ³⁾		
Advances and downpayments received		
Amounts due to suppliers		
Tax and social security liabilities		
Employee payables		
Social security and similar payables State and public entities		
Amounts due on investments		
Other liabilities		
Deferred income		
Property business		
Interest on discounted commercial papers		
Deferred recognition of issue premium on EMTN		
Deferred recognition of issue premium on ORNANES		
Balancing cash adjustment on Group debt		
Arrangement fee on subsidiary loans		
22,379,458		
		(2) Liabilities contracted during the financial year Liabilities repaid during the financial year

2 248 000 3 154 396

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 21. OPERATING INCOME**21.1 REVENUE**

<u>(6 thousands)</u>	<u>2020</u>	
Property business	47,005	66,273
Offices a Others segment	(6,442)	14,258
Shopping Centres segment	37,503	36,559
Convention & Exhibition segment	15,944	15,456
Other rebilled items	101,341	98,651
TOTAL	148,346	164,924

In 2021, "Offices & Others segment" includes a negative amount of €21.9 Mn relating to the deferral of rent-free periods for the SHiFT office building sold in 2021.

"Other rebilled items" consist in particular of rebilled items relating to the Group Service Charges agreement.

21.2 REVERSALS OF DEPRECIATION, AMORTISATION, IMPAIRMENT AND EXPENSE TRANSFERS

<u>(6 thousands)</u>	<u>HHI[^]</u>	<u>2020</u>
Reversals of impairment	30,177	1,079
Reversals of provisions for disputes	0	1,000
Reversals of impairment of doubtful receivables	1,047	79
Reversals of impairment of buildings	29,130	0
Rebilled expenses and expense transfers	15,886	17,231
TOTAL	46,063	18,310

Reversals of impairment of buildings relate to Stadshart Amstelveen complex for an amount of €14.8 Mn and the shopping centre Les Ateliers Gaité and Pullman Paris Montparnasse hotel for an amount of €14.3 Mn.

Rebilled expenses and expense transfers in 2021 relate to:

- Rebilled rental expenses for €11.5 Mn;
- Rebilled taxes for €2.0 Mn;
- Rebilled construction work for €1.2 Mn;
- Rebilled marketing fees for €1.1 Mn; and
- Rebilled management fees for €0.1 Mn.

21.3 OTHER INCOME

<u>(6 thousands)</u>	<u>^</u>	<u>2020</u>
Key money	362	253
Speciality leasing fee	568	676
Other	906	64
TOTAL	1,836	993

i

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 22. OPERATING EXPENSES

22.1 OTHER PURCHASES AND EXTERNAL CHARGES

<u>(ie thousands)</u>	<u>^</u>	<u>2020</u>	
1 - EQUIPMENT, MATERIALS AND WORKS		3,896	10,342
2 - PURCHASES OF CONSUMABLES		279	303
3 - EXTERNAL SERVICES		12,505	11,916
3 Property business		10,540	10,591
3 Leases and rental expenses		8,816	8,491
3 Maintenance and repair		1,588	1,940
3 Insurance		136	160
3 General expenses		1,965	1,325
3 Leases and rental expenses		110	136
3 Maintenance and repair		16	23
3 Insurance		1,359	865
3 Miscellaneous		480	301
4 - OTHER EXTERNAL SERVICES		117,448	122,030
4 Property business		3,037	2,493
4 General expenses		114,411	119,537
4 TOTAL		134,128	144,591

"Equipment, materials and works" concern the construction costs linked "Other external services - general expenses" mainly consists of rebilled to the sale in the future state of completion relating to the residential items relating to the Group Service Charges agreement. building of Gaité Montparnasse project.

22.2 TAXES AND RELATED

<u>(C thousands)</u>	<u>^</u>	<u>2020</u>	
Taxes on remuneration	676		278
Property taxes	3,725		3,457
Other taxes	552		849
TOTAL	4,953		4,584

22.3 PERSONNEL EXPENSES

<u>(C thousands)</u>	<u>^</u>	<u>2020</u>	
Wages and salaries		5,684	1,204
Payroll taxes		2,970	1,493
TOTAL		8,654	2,697

Members of the Unibail-Rodamco-Westfield Management Board are Under the Group Service Charges agreement, Management Board remunerated by Unibail-Rodamco-Westfield SE. The increase of the charges are partly rebilled to the Group's various entities, period corresponds to the increase from two to five members of the Management Board.

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements !

22.4 DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS

(6 thousands)	^	2020
Tangible assets		<u>39,877</u>
TOTAL		<u>39,877</u> <u>37,342</u>

22.5 IMPAIRMENT AND PROVISION EXPENSES

(6 thousands)	
Non-current assets	0 50,406
Current assets	1,061 1,777
Contingencies and expenses	814 6,754
TOTAL	1,875 58,937

22.6 OTHER OPERATING EXPENSES

(6 thousands)		
Attendance fees	772 1,185	
Eviction and termination indemnities paid	259 646	
Irrevocable receivables and miscellaneous operating lease expenses		2,864 2,818
TOTAL	<u>3,195</u>	<u>4,649</u>

NOTE 23. FINANCIAL INCOME 23.1**INVESTMENT INCOME**

(C thousands)		
Subsidiary income transferred		16,141 28,447
Dividends		300,423 143,554
Other <u>2,688</u> <u>2,768</u>		
TOTAL	<u>319,252</u>	<u>174,769</u>

Income transfers from tax-transparent companies relate mainly to SCI The main dividends collected in 2021 in respect of 2020 earnings were:

Sept Adenauer, SCI Le Sextant and Maltese.

• Uni-Commerces: €168 Mn (€96 Mn in 2020);

• Rodamco France: €81 Mn (€12 Mn in 2020); Only the profits of tax-transparent

subsidiaries with a clause in their articles of association providing for the automatic transfer of result are • Unibail-Rodamco Retail Spain SL: €34 Mn (€11 Mn in 2020); and articles of association providing for the automatic transfer of result are • Unibail-Rodamco Steam SL: €7 Mn (€8 Mn in 2020). booked at year-end. If a subsidiary makes a loss, this loss is recognised at year-end as a financial expense under "Interest expenses", irrespective of the nature of any clause in their articles of association regarding providing for the transfer of result.

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

23.2 INCOME FROM OTHER MARKETABLE SECURITIES AND RECEIVABLE ON NON-CURRENT ASSETS

(€ thousands)

Income from loans to subsidiaries

299,115

In 2021, contributing subsidiaries were primarily, URW America Inc. (€24 Mn), Unibail-Rodamco-Westfield NV (€24 Mn), Unibail-Rodamco Polska Sp 200 (€22 Mn), Wood Sp zoo (€21 Mn), R.E. France Financing (€20 Mn), Westfield America LP (€19 Mn), Rodamco Retail Deutschland BV (€15 Mn) and Unibail-Rodamco Spain SL (€10 Mn).

23.3 OTHER INTEREST INCOME

(Cthousands)

Bank fees

Interest on subsidiary current accounts

Income on caps, floors and swaps

Deferred recognition of fees on subsidiary loans

Deferred recognition of premium on convertible bonds Interest on marketable securities Other financial income

362,396

In 2020, "Income on caps, floors and swaps" item included a balancing payment received of €27.2 Mn following the cancellation of £500 Mn of swaps.

23.4 REVERSALS OF IMPAIRMENT AND EXPENSE TRANSFERS

(C thousands)

Reversal of provisions for subsidiaries

Reversals of provisions for foreign exchange gains and losses

Reversal of provision on current account

Reversal of provision for risk on subsidiary

1,109,369

In 2021, following the share buyback of 1,172,045,367 by Westfield Corporation Limited, the Company recorded a reversal of the provision of €884.9 Mn on the shares in Westfield Corporation Limited.

In 2021, following the merger of the subsidiary GPI into Unibail-Rodamco-Westfield SE, the Company also recorded a reversal of provision of €1.9 million on the shares in GPI.

As at December 31, 2021, the Company also booked reversal of provision on the shares in Global Etsy Investments SL (€2.0 Mn), in GaTte Parkings (€1.2 Mn), in Unibail-Rodamco Participations (€0.9 Mn) and in Proyectos Inmobiliarios Time Blue SL (€0.3 Mn)

As at December 31, 2021, reversals of the provision for unrealised foreign exchange losses were recorded following the increase in the US dollar and in the Polish zloty.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 391

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

23.5 FOREIGN EXCHANGE GAINS

(€ thousands)	^	2020
USD foreign exchange gains		16,874 13,402
GBP foreign exchange gains		4,201 47,885
SEK foreign exchange gains		1,188 1,279
PLN foreign exchange gains		701 2,564
CZK foreign exchange gains		282 129
DKK foreign exchange gains		7 29
AUD foreign exchange gains		2 0
TOTAL		23,255 65,288

NOTE 24. FINANCIAL EXPENSES

24.1 DEPRECIATION, AMORTISATION AND IMPAIRMENT - FINANCIAL ITEMS

(C thousands)	^	2020
Depreciation and amortisation		
Bond issue premium		12,499 12,777
Provisions for contingencies		
Currency risk on loans		30,206 206,741
Risk on subsidiary		20,487 0
Impairment and provisions		
On shares (including merger losses)		593,596 3,034,443
On receivables from equity investments		217,439 0
On current account		0 1,896
On treasury shares		0 228
Deferred charges		
Charges on borrowings		14,505 11,823
Charges on convertible bonds (ORNANE)		863 926
Charges on hybrid securities		1,856 1,999

TOTAL 891,4513,270,833

As at December 31, 2021, provisions were booked for shares held in subsidiaries (see note 4).

392 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

24.2 INTEREST EXPENSES

<u>(G thousands)</u>	<u>2020</u>	
Bank fees	207	7
Fees on deposits and confirmed credit facilities	14,693	9,579
Interest on borrowings	10,130	22,307
Interest on negotiable debt securities	(2,856)	(1,993)
Interest on bonds	298,743	290,850
Interest on current accounts	314	256
Interest on bonds redeemable in shares "	0	0
Interest on hybrid securities	48,125	48,179
Charges on caps, floors and swaps	381,402	296,772
Redemption premium on bond repurchases	4,416	14,385
Other financial charges	0	0
Transfer of subsidiary income	31,846	11,976
TOTAL	787,020	692,318

As at December 31, 2021, the "Charges on caps, floors and swaps with third parties" item includes the 2021 amortisation of the balancing cash adjustment relating to hedging swaps arranged in previous years.

24.3 FOREIGN EXCHANGE LOSSES

<u>(C thousands)</u>	[^]	<u>2020</u>
PLN foreign exchange losses		18,252 103
USD foreign exchange losses		4,637 6,006
SEK foreign exchange losses		2,035 1,969

GBP foreign exchange losses	1,611	14,101
CZK foreign exchange losses	246	96
DKK foreign exchange losses	13	11
AUD foreign exchange losses	3	23,262
TOTAL	26,797	45,548

NOTE 25. NON-RECURRING ITEMS

(€ thousands)	^	2020
Capital gains and losses on sales of tangible assets	338,501	37,602
Capital gains and losses on sales of financial assets	(682,119)	418,143
Capital gains and losses on dissolution of subsidiaries without liquidation in a merger transaction (TUP)	96,482	(585)
Regulated provisions	(5,806)	(5,823)
Other non-recurring income and expenses	608	(51,283)
TOTAL	(252,334)	398,054

As at December 31, 2021, "Capital gains and losses on sales of tangible assets" mainly includes:

- The net proceeds on the disposal of the SHIFT office building for a total amount of €334.4 Mn; and
- The net proceeds on the disposal of the Le Bleriot office building for a total amount of €4.1 Mn.

As at December 31, 2021, "Capital gains and losses on sales of financial assets" mainly includes:

- The net loss from the share buyback by Westfield Corporation Limited for an amount of €940.4 Mn;
- The net proceeds on the disposal of the SCI Sept Adenauer shares for a total amount of €211.2 Mn; and
- The net proceeds on the disposal of 51% of the Le Sextant shares for a total amount of €44.8 Mn.

As at December 31, 2021, "Capital gains and losses on dissolution of subsidiaries without liquidation in a merger transaction ("TUP")" primarily relates to:

- The net profit from the total transfer of assets ("TUP") from Village 3 Defense for an amount of €38.4 Mn;
- The net profit from the total transfer of assets ("TUP") from Village 4 Defense for an amount of €36.9 Mn; and
- The net profit from the total transfer of assets ("TUP") from Village 6 Defense for an amount of €21.2 Mn.

UnivcrsalRcgistrationDocumont2021 / UNIBAIL-RODAMCO-WESTFIELD 393

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

NOTE 26. INCOME TAX

(E thousands)

Income tax	(525)	(382)
TOTAL	(525)	(382)

In 2021, the negative amount of income tax corresponds to an expected refund from French Tax Administration related to the COVID-19 rental discounts granted to tenants.

NOTE 27. RELATED PARTY INFORMATION

All agreements between Unibail-Rodamco-Westfield SE and Group companies were entered into at arm's length conditions, with the exception of those detailed below.

Balance sheet line concerned	Related party	Type of relationship	Balance sheet amount with the related party (E thousands)	Type of transaction
ASSETS				
Other receivables				
5,629	Non-interest-bearing current account			
1,995	Non-interest-bearing current account	125,828	Non-interest-bearing current account	88,058
FINANCIERE 5 MALESHERBES				
GAITE BUREAUX				
GAITE PARKINGS GALILEE-DEFENSE				
15,469				74,919

00,203 Non-interest-bearing current account
 15,124 Non-interest
 bearing current account Non-interest-bearing current account Non-interest-bearing current account
 Ultimate parent company
 Ultimate parent company Ultimate parent company
 Ultimate parent company

1,294 580

40,841 Non interest-bearing current account
 4,383 Non-interest-bearing current account Non-interest-bearing current account
 Non-interest-bearing current account
 SCI BUREAUX DE LA TOUR CREDIT LYONNAIS
 Ultimate parent company
 Ultimate parent company Ultimate parent company
 Ultimate parent company Ultimate parent company
 LIABILITIES
 Miscellaneous borrowings and financial liabilities
 Non-interest-bearing current account
 20 Non-interest-bearing current account

394 Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 28. OFF-BALANCE SHEET COMMITMENTS

28.1 FINANCIAL INSTRUMENTS

(e thousands)	^^^^^^^^Mjina	Currency EUR	
2020			
Financial instruments			
Interest rate EUR		17,265,000	16,815,000
Interest rate USD	6,000,000	5,297,545	6,000,000 4,889,577
Currency swaps			
	CHF	135,000	109,276 135,000 109,276
	CZK	3,564,683	140,000 3,564,683 140,000
	HKD	2,935,000	315,437 2,935,000 315,437
	PLN	852,000	200,000 852,000 200,000
Caps and floors			
• purchases EUR		17,000,000	23,550,000
sales EUR			0 8,750,000
• purchases GBP	800,000	952,064	1,860,000 2,068,896
sales GBP	0	0	560,000 622,894
• purchases USD	0	0	1,250,000 1,018,662

• sales USD	0	0	1,250,000	1,018,662
Swaption calls				
sales			12,500,000	12,500,000
Foreign exchange forward				
• purchases CZK	0	0	1,125,255	42,883
• purchases DKK	0	0	317,307	42,660
purchases GBP	0	0	82,161	90,480
purchases PLN	0	0	868,759	193,092
purchases SEK "	0	0	668,765	66,372

Commitments relating to forward interest rate financial instruments are presented as follows:

- Commitments relating to firm transactions are shown at the face value of the contracts; and
- Commitments relating to conditional transactions are shown at the face value of the underlying instrument.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 395

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

(€ thousands)

FIRM TRANSACTIONS Interest rate swaps Microhedges Microhedges Microhedges

Microhedges

Macrohedges

Macrohedges

Macrohedges

1,000,000

Fixed-rate lender/Floating-rate borrower

Fixed-rate lender/Floating-rate borrower USD

Floating-rate lender/Floating-rate borrower

Floating-rate lender/Floating-rate borrower USD 1,000,000 Fixed-rate lender/Floating-rate borrower USD 2,000,000

2,000,000

Floating-rate lender/Fixed-rate borrower

Floating-rate lender/Fixed-rate borrower USD

Notional

-lyear(C)

1,200,000
200,000

1,000,000
Notional >1year(C)

21,362,544

8,935,000 882,924

130,000 882,924

1,765,848 7,000,000 1,765,848

Fixed-rate lender/Floating-rate borrower

Fixed-rate lender/Floating-rate borrower CHF
CZK
Fixed-rate lender/Fixed-rate borrower
PLN

Fixed-rate lender/Floating-rate borrower HKD
Fixed-rate lender/Fixed-rate borrower

CONDITIONAL TRANSACTIONS

Caps and floors

9,452,064 8,500,000

8,500,000 8,500,000 952,064 0

OPTIONAL TRANSACTIONS

Swaption calls

Borrowings with floating rate or swapped fixed-rate contracted by Unibail-Rodamco-Westfield SE are hedged by interest rate swaps and caps. Income and expenses arising on these transactions are recognised on an accrual basis in the income statement.

The net fair value of these hedges amounts to -€1,048

No provision is booked for this fair value since it concerns hedging instruments.

28.2 OTHER COMMITMENTS GIVEN AND RECEIVED

All material commitments are disclosed below.

2020

(£ thousands)

Other commitments received

EUR refinancing agreements obtained and not used

Guarantees received in EUR Guarantees received in CHF

6,257,500 26,505,184

124,977

Guarantees received in HKD

34,914,854

Other commitments given

EUR refinancing agreements given and not used

GBP refinancing agreements given and not used PLN refinancing agreements given and not used

USD refinancing agreements given and not used

Committed works without added tax not realised

Guarantees given in EUR Guarantees given in GBP

Guarantees given in SEK Guarantees given in USD

142,810

2,694

158,926 21,823

1,730,432

1,844,623

235,766

3,973,159

133,477

74

411,702

132,508

1,526,481 1,724,080

423,547

3,667,183

8,549,227

Guarantees given relate to deposits and first demand commitments, including as part of the financing granted by banks to subsidiaries.

Since 2018, further to the acquisition of the Westfield Corporation, cross-guarantees have been set up between the companies of the Westfield Group and Unibail-Rodamco-Westfield SE.

5. Financial statements as at December 31, 2021

5.4 Notes to the statutory financial statements

NOTE 29. OPTIONS GRANTING ACCESS TO THE SHARE CAPITAL AND PERFORMANCE SHARES

The table below shows allocated stock options not exercised at the period-end.

Exercise period ¹⁾	subscription price (C) ¹⁾	options in number of granted options ¹⁾	Adjusted	Number of Adjustments
Potential additional number of				Number of options cancelled
				Number of options exercised
				shares ¹⁾
2011 plan (n- 7)				from 04/03/2018 to 03/03/2021
2015 plan (n ⁸)				
2015 2015				from 04/03/2019 to 03/03/2022
				from 05/09/2019 to 04/09/2022
				from 09/03/2020 to 08/03/2023
				from 08/03/2021 to 07/03/2024
2018 plan				
2019 plan (rTIO)				
2020 plan (n ¹¹)				from 06/03/2022 to 05/03/2025
				from 20/03/2022 to 19/03/2026
				from 22/03/2023 to 21/03/2027
2021 plan (n-12)				from 19/05/2024 to 18/05/2029
5,666,484				

- 1) Assuming that the performance and presence conditions are satisfied. If the first date of the exercise period is not a business day, the exercise period will begin on the next business day. If the end of the exercise period is not a business day, the exercise period will end on the next business day.
- 2) Adjustments reflect dividends paid out of reserves and retained earnings.
- 3) All options are subject to performance conditions.

The table below details the Performance Shares granted and not exercised at the period end:

Performance	Performance	Performanceadditional	Numberof Shares allocated	Numberof Shores cancelled	Numberof Shores acquired	Potential numberof shares"
-------------	-------------	-----------------------	---------------------------------	---------------------------------	--------------------------------	----------------------------------

7,918

16,269 41,178

9,057

133,230 389,758

May 2021

1,230,644

- 1) For French tax residents:
 - A minimum vesting period of three years, and a minimum holding period of two years once vested;
 - For non-French tax residents: a minimum vesting period of four years without any requirement to hold the shares.
- 2) The acquisition of the shares is subject to performance condition.

398 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.4 Notes to the statutory financial statements

NOTE 30. OTHER INFORMATION

1 SUBSEQUENT EVENTS

On February 16, 2022, the direct subsidiaries of URW SE, Financiere 5 Malesherbes and Espace Expansion Immobiliere Group sold 45% of their stake in Westfield Carre Senart to Societe Generate Assurances and BNP Paribas Cardiff for a sale price of €281 Mn. URW SE has granted the buyers a rental guarantee of up to €13.5 Mn for a duration of up to three years from closing of the transaction.

2 PLEDGED SHARES OF UNIBAIL-RODAMCO-WESTFIELD SE HELD BY THIRD PARTIES

As at December 31, 2021, 4,009,685 administered registered shares are pledged. There are no fully registered shares.

3 REMUNERATION OF MANAGEMENT BOARD MEMBERS

(C thousands) Paid in	^	2020 ¹
Fixed income		3,249 1,967
Short-term incentive		1,573 2,881
Other benefits ³		799 715
TOTAL		5,621 5,563

- 1) Corresponds to the remuneration of the Management Board members in 2021 (i.e. five members).
- 2) Corresponds to the remuneration of the Management Board members in 2020 (i.e. two members).
- 3) Supplementary Contribution Scheme, company car and other additional benefits.

In 2021, Management Board members were awarded a total of 129,625 stock options, all of which were subject to performance condition, along with 50,706 Performance Shares.

The Management Board consisted of two members since June 7, 2018 until December 31, 2020. Starting 2021, a new organisation has been adopted by URW. An extended Management Board has been set up increasing from 2 to 5 members.

Regarding the 2021 performance achievements, the Management Board Members will receive in 2022 a total Short-Term Incentive ("STI") amounting to €4,222 K. The payment for those who were Management Board Members in 2021 will be made after the approval of the annual General Meeting ("AGM").

30.4 REMUNERATION OF SUPERVISORY BOARD MEMBERS

Remuneration accruing to Supervisory Board members represented €771,625 for 2021.

30.5 2021 HEADCOUNT

The average headcount during 2021 was one person. As at December 31, 2021, the Company had one employee.

30.6 TRANSACTIONS INVOLVING SUPERVISORY BOARD MEMBERS OR MANAGEMENT BOARD MEMBERS

The 2021 Annual General Meeting approved the settlement agreement entered between the Company and Mr Cuvillier to settle the conditions and consequences of the termination of his MB mandate. This settlement agreement included usual provisions related to confidentiality, cooperation, non-disparagement, tax preparation assistance for a three year period and a termination indemnity of €936.5 K which was paid in May 2021.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.5 Statutory auditors' report on the consolidated financial statements

5.5 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

UNIBAIL-RODAMCO-WESTFIELD SE

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2021

To the Annual General Meeting of Unibail-Rodamco-Westfield SE

OPINION

In compliance with the engagement entrusted to us by the annual general meeting, we have audited the accompanying consolidated financial statements of Unibail-Rodamco-Westfield SE for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION AUDIT

FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de deontologie) for statutory auditors for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

400 UniversalRegistrationDocume.nt2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31, 2021

5.5 Statutory auditors' report on the consolidated financial statements

VALUATION OF THE INVESTMENT PROPERTY PORTFOLIO, INCLUDING INVESTMENT PROPERTIES UNDER CONSTRUCTION, EITHER HELD DIRECTLY OR WITHIN JOINT VENTURES (CF. NOTES 4.2.1, 4.2.2, 5.1 AND 5.5 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

Risk identified

The Group directly owns or owns via joint ventures a portfolio of properties, which includes shopping centres, offices and convention & exhibition sites. The fair value of this portfolio as at 31 December 2021 is €47,923 Mn in the segment reporting information on a proportionate basis (under which the joint-controlled entities are accounted for on a proportionate basis instead of being accounted for using the equity method under IFRS) of which €38,953 Mn is directly held by consolidated companies and indirectly €8,969 Mn for the Group share by joint ventures. The Group also holds a portfolio of Investment Properties Under Construction (IPUC) held at cost amounting to €1,423 Mn. The total value of investment properties represents 86% of the Group's consolidated assets.

In accordance with the notes 4.2.1 and 5.5 of the consolidated financial statements, the net balance of the valuation movement amounts to -€1,197 Mn in IFRS net income for the 2021 financial year (including €1,156 Mn relating to investment properties) and to -€2,066 Mn in the consolidated result on a proportionate basis presented in the segment reporting (including -€2,025 Mn relating to investment properties held by consolidated companies and indirectly by joint ventures).

In accordance with note 5.1 of the consolidated financial statements, the fair value of the investment property portfolio of the Group is valued by independent external appraisers as at June 30 and December 31. The valuation of investment properties involves the use of different valuation methods using unobservable parameters in accordance with the requirements of IFRS 13 and IAS 40. Consequently, the valuation is highly dependent on estimates and assumptions and requires significant judgment from the management and external appraisers mandated by the group.

The valuations account for the property-specific information including current tenancy agreements and rental income, condition, location of the property, vacancy, performance indicators, business data and cash flow forecasts, future income prospects and rent relief in the current context of the COVID-19 pandemic. They also require judgmental assumptions such as indexation, yields and estimated rental value, which are influenced by prevailing market yields and comparable market transactions.

For IPUC, other factors such as projected costs to complete for developments, ability to let and the expected delivery date are also considered for the calculation of the recoverable value of IPUC valued at cost.

The valuation of the investment property portfolio, including investment properties under construction, either held directly or within joint ventures is thus considered as a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the level of judgment associated while determining the fair value.

Our response

- We obtained an understanding of management's controls over the process implemented to determine the valuation of investment properties.
- We assessed the competence and independence of the external appraisers mandated by the group.
- We also evaluated the suitability of the valuation methodology applied by the external appraisers and the scope of assets appraised.
- The audit team, with the involvement of our real estate valuation specialists, attended meetings with the management and the external appraisers during which the valuations and the key assumptions were discussed and challenged.
- In the context of the Covid-19, we assessed how the appraisers have considered local restrictions by governments, rent relief, vacancies, trading restrictions and risk of tenant failure, in the valuations.
- We analysed, involving our real estate valuation specialists, assumptions such as indexation, yields, estimated rental value and valuation movement of properties across the portfolio on a year-on-year basis, by reference to our understanding of their local market, external market data, published benchmarks and asset specific considerations, used in our audit approach.
- We considered with lease agreements and asset budgets, established by the management, the consistency of the underlying lease data and capital expenditure used by the external appraisers in their valuation of the investment properties on a sample basis.
- For the most significant IPUC, we obtained external valuations prepared by independent external appraisers. We conducted meetings with development directors and project managers and performed procedures described above on Investment Properties at fair value with a focus on forecast cost to complete. We analysed the risks and the impairment recorded, if any;
- Additionally, we considered the appropriateness of the disclosures in the consolidated financial statements in respect of investment properties.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 401

5. Financial statements as at December 31, 2021

5.S Statutory auditors' report on the consolidated financial statements

RECOVERABLE AMOUNT OF INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE AND GOODWILL RELATED TO THE WESTFIELD ACQUISITION (CF. NOTES 5.3 AND 5.4 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

Risk identified

As at December 31, 2021, intangible assets and goodwill in relation to the June 2018 acquisition of Westfield amount, respectively, to €679 Mn and €731 Mn equivalent to 2.6% of group consolidated assets.

As at December 31, 2021, only goodwill allocated to the geographical segment France (€731 Mn) is not impaired.

Intangible assets with an indefinite useful life relate to the property business of Flagship centres in the United States and the Westfield trademark.

Intangible assets with an indefinite useful life and goodwill are subject to either annual impairment tests or tests performed when an impairment indicator is identified.

As mentioned in note 5.4 of the notes to the consolidated financial statements, goodwill has been allocated to geographical segments, which qualify as a Group of Cash Generating Units ("CGUs"). Each group of CGUs is the lowest level at which goodwill is monitored for internal management purposes.

An impairment loss is recognized whenever the recoverable value of the group of CGUs to which goodwill has been allocated is less than its carrying amount.

During 2021, the intangible assets and goodwill have been impaired by €40 Mn and €145 Mn, respectively.

The recoverable value is the maximum of fair value less disposal costs and its value in use. Value in use is based on the Discounted Cash Flows derived from the Business Plan approved by the Management Board and the Supervisory Board. The main assumptions related to the value in use of each group of Cash Generating Units are cash

flow projections, Compound Annual Growth Rate ("CAGR") of Net Rental Income, discount rates based on the weighted average cost of capital and long-term growth rates.

Intangible assets with an indefinite useful life are evaluated by independent appraisers using the discounted cash flow (DCF) methodology. An impairment is booked when the appraisal value is lower than the net book value.

The recoverable amount of intangible assets with an indefinite useful life and goodwill related to the Westfield acquisition is therefore a key audit matter due to the level of judgment required by the management, combined with the significance of the balance to the financial statements.

Our response

The audit team, with the involvement of our valuation specialists, analysed the methodology used for the impairment tests of the intangible assets with an indefinite useful life and the goodwill, and management's key assumptions. Our audit procedures led us in particular to:

- Analyse the procedures implemented by management to determine the recoverable amount for group of CGUs and intangible assets with an indefinite useful life.
- Obtain an understanding of the methodology applied by the management to perform the impairment tests.
- Assess the identification of the Group of CGUs by management as regard to accounting standards.
- Attend meetings with our valuation specialists, management and management's external appraiser and challenge the key parameters used to assess the valuation of intangible assets with an indefinite useful life and to perform the impairment test of goodwill.
- Corroborate the underlying figures used in the Business Plan approved by the Management Board and the Supervisory Board with the figures which are used as a basis for the cash-flow projections including assumptions related to the COVID-19 pandemic.
- Assess the consistency of key assumptions used for the determination of recoverable values, and especially the discount rates, CAGR of Net Rental Income and Long-Term Growth Rate ("LTGR"), by comparing them to market information.
- Examine the mathematical accuracy of the templates used for the calculation of the recoverable amount.
- Consider the appropriateness of the disclosures in the consolidated financial statements.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31, 2021

5.5 Statutory auditors' report on the consolidated financial statements

EVALUATION AND ACCOUNTING FOR RENT RELIEF AND PROVISION FOR EXPECTED CREDIT-LOSSES ON RECEIVABLES IN THE CONTEXT OF THE COVID-19 PANDEMIC (CF. NOTES 1.1.1, 4.4.1 AND 7.6.3 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

Risk identified

As a result of the COVID-19 pandemic, URW operations continued to be impacted in 2021 by lockdowns and local restrictions increasing tenant default risk. Consequently, the group adopted a global policy to support tenants such as deferral of rents or rent relief with or without counterparts (e.g. extension of a lease term or higher sales-based rent).

As at December 31, 2021, the expense in the statement of comprehensive income related to rent relief amounted to €212 Mn (€252 Mn under proportionate) and a provision for expected credit losses on receivables have been charged for an amount of €65.3 Mn (€94.8 Mn under proportionate).

The notes 1.1.1. "COVID-19 pandemic" and 4.4.1. "Gross Rental Income" to the consolidated financial statements describe the choice in accounting policies applied by the group to account for rent relief.

The note 7.6.3. "Credit risk" to the consolidated Financial Statements describes how credit risk was considered by the management to determine the provision for expected credit losses on rent receivables.

Accruals for rent relief to be signed require estimates from the management notably to estimate whether a counterpart will be received or not and the amount of the rent relief.

Provision for expected credit losses on rent receivables requires estimation using historical and forecast information available at the balance sheet date according to IFRS 9. Due to the evolving context of the COVID-19 crisis, trading restrictions and of government's action to support some Group's tenants, this estimation is more complex. As a result, there is a higher than usual uncertainty around forecast information related to footfall, tenant's ability to pay rents and expected rent relief.

As the evaluation and accounting treatment of rent relief and the calculation of expected credit losses on receivables involve the adoption of accounting policies and estimates from the management with significant uncertainty due to the COVID-19 pandemic, it is considered as a key audit matter.
Our response

- We obtained an understanding of the Group's process and controls in place to identify and record rent relief and provision for doubtful debtors.
- We analysed the accounting policies implemented by the Group to account for rent relief and the consistency of the policies across different geographical segments.
- We assessed the assumptions adopted by the management for estimating expected credit losses and rent relief to be signed.
- On a sample basis, we tested rent relief and counterparts received from tenants to supporting evidence such as credit notes or amendments to lease contracts to verify the accuracy of the amount recorded in the accounts and the appropriateness of the accounting treatment.
- We assessed the appropriateness and the compliance with IFRS 9 of the methodology implemented by the management to determine the probability of default based on information available for each shopping centre and where applicable by tenant.
- We assessed the adequacy of the disclosures in the financial statements with respect to the estimation of the rent relief at year-end and the provision for expected credit losses on rent receivables.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.5 Statutory auditors' report on the consolidated financial statements

ACCOUNTING FOR FINANCIAL DEBT AND RELATED DERIVATIVE FINANCIAL INSTRUMENTS (CF. NOTES 7.3.6,7.4 AND 7.5 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

Risk identified

As at December 31, 2021, the financial debt of Unibail-Rodamco-Westfield stood at €27,134 Mn. The debt mainly includes bond issues and EMTN (Euro Medium Term Notes) for a principal amount of €22,733 Mn. In addition, financial debt held by the joint ventures amounted to €2,073 Mn. The financial debt represents 50% of the Group's consolidated liabilities.

As mentioned in notes 7.4 and 7.5 to the consolidated financial statements, the Group uses derivatives financial instruments, mainly interest rate swaps and caps and cross-currency swaps, to hedge its exposure to movements in interest and currency exchange rates related to its financial indebtedness. These derivatives for which no hedge accounting has been applied are carried at fair value through profit and loss, for amounts on the balance sheet of €443 Mn (asset) and €1,067 Mn (liability).

During the year, the Group incurred €466 Mn in net financial costs and the mark-to-market adjustments on derivatives amounted to -€15 Mn.

The Group's gearing, liquidity needs, financial covenants (please refer to note 7.3.6. to the consolidated financial statements) are calculated on the basis of this portfolio of financial debt.

The accounting for financial debt and related derivatives financial instruments is considered as a key audit matter due to the significance of the balance to the financial statements as a whole and their impact on the calculation of financial covenants.

Our response

- We obtained an understanding of the procedures for the valuation and the accounting of the financial debt and related derivatives.
- We obtained and analysed loan contracts on a sample basis to understand the terms and conditions and the way those characteristics were reflected in the consolidated financial statements. We also performed analytical procedures on the related financial expenses.

- On a sample basis, we obtained the confirmation with third parties of the nominal amount of debts.
- We analysed the calculation of the financial ratios and the related disclosures (note 7.3.6 to the consolidated financial statements) and the appropriateness of the presentation of the financial debt in the statement of the financial position.
- On a sample basis, we obtained the confirmation from the counterparties of the occurrence and terms of the derivatives. For a sample of financial instruments, we analysed their valuation, and we involved our internal valuation specialists to independently calculate the fair value of the financial instruments and compare the outcome to the values prepared by the management.
- Additionally, we considered the appropriateness of the information disclosed in the consolidated financial statements in respect of IFRS 7 "Financial Instruments: Disclosures" requirements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the management report of the management board.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.S Statutory auditors' report on the consolidated financial statements

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the responsibility of the chairman of the management board, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF (Autorité des marchés financiers) are in agreement with those on which we have performed our work.

APPOINTMENT OF THE STATUTORY AUDITORS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Unibail-Rodamco-Westfield SE by the annual general meeting held on April 27, 2011 for Deloitte Et Associates and on May 13, 1975 for ERNST & YOUNG Audit.

As at December 31, 2021, Deloitte Et Associates was in 17th consecutive year of mandate taking into account the acquisitions or mergers with firms that have previously taken place, and ERNST & YOUNG Audit in its 47th consecutive year of mandate.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were prepared by the management board.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 405

5. Financial statements as at December 31, 2021

S.S Statutory auditors' report on the consolidated financial statements

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the

quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de deontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

*Paris-La Defense, March 23, 2022 The Statutory
Auditors French original signed by*

Deloitte & Associates
Emmanuel Gadret

Ernst Et Young Audit

Jean-Yves Jegourel Antoine Flora

UniversalRegistrationOocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.6 Statutory auditors' report on the statutory financial statements

5.6 STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

UNIBAIL-RODAMCO-WESTFIELD SE

Statutory auditors' report on the statutory financial statements

Year ended 31 December 2021

To the Annual General Meeting of Unibail-Rodamco-Westfield SE,

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Unibail-Rodamco-Westfield SE for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION AUDIT

FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de deontologie) for statutory auditors for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS KEY AUDIT MATTERS

Due to the global crisis related to the COVID 19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

UnivcrsalRQgistration0ocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD 407

5. Financial statements as at December 31,2021

5.6 Statutory auditors' report on the statutory financial statements

EVALUATION OF INVESTMENTS IN SUBSIDIARIES AND RELATED RECEIVABLES (CF. NOTES 1.2.3,4 AND 5 TO THE FINANCIAL STATEMENTS)

RISK IDENTIFIED

As at December 31, 2021, Unibail-Rodamco-Westfield SE held investments in subsidiaries and related receivables, which have a gross value of €19,249 Mn and €14,108 Mn

respectively, impaired for an amount of €5,228 Mn and €217 Mn respectively, including an expense of €81 Mn in the income statement of the period. The net book value of the investments in subsidiaries and related receivables represents 76% of the total assets of the company.

Investments in subsidiaries are generally companies, which own one or several investment properties or holding companies, which indirectly own such companies.

As described in note 1.2.3. to the financial statements, an impairment is booked when the value in use of an investment in a subsidiary is lower than its acquisition cost plus any technical loss related to investment in this subsidiary.

The value in use of investments in subsidiaries includes the unrealised capital gain on properties or assets held by the subsidiaries, such properties being valued at year-end by independent appraisers. These valuations take into account rentals, the latest real estate transactions and their net initial yield. The value in use also includes the valuation of the intangible assets owned by the subsidiaries, made by independent appraisers based on the Discounted Cash Flows.

Consequently, the evaluation of the investments in subsidiaries and related receivables is considered to be a key audit matter due to the judgment required by management to evaluate the assets held by the subsidiaries and the importance of these balances to the financial statements.

OUR RESPONSE

We analysed the management's controls over the process implemented to calculate the value in use of investments in subsidiaries and related receivables.

Concerning the unrealised gains on assets owned by these subsidiaries, we examined the consistency of the market value of the assets held with those calculated by the external appraisers. Our audit procedures on the value of the underlying assets included:

- examining the valuation process of investment properties and intangible assets applied by management;
- evaluating the competence of the external appraisers including their qualifications and expertise, as well as their independence;
- attending meetings with the external appraisers in the presence of our valuation specialists, during which the valuations of the assets and the key assumptions retained were challenged;
- assessing assumptions such as indexation, yields and estimated rental value by reference to our understanding of their local market, external market data, published benchmarks and asset specific considerations, used in our audit approach, to evaluate the appropriateness of the valuations adopted by the Group;
- analysed the key assumptions used to determine the recoverable value of the intangible assets, notably the cash-flow projections, discount rates, and long-term growth rates challenging their coherence with available market information.

We also verified the mathematical accuracy of the calculations of the value in use of the investments in subsidiaries and related receivables and the correct application of percentages of ownership of the net equity values of the subsidiaries. We analysed the appropriate calculation of the impairment on the investments in subsidiaries and related receivables accounted for. Additionally, we assessed the appropriateness of the disclosures made in the notes to the financial statements regarding investments in subsidiaries and related receivables.

ACCOUNTING FOR FINANCIAL DEBT AND DERIVATIVE FINANCIAL INSTRUMENTS (CF. NOTES 1.3.2,6,15,24 AND 28 TO THE FINANCIAL STATEMENTS)

RISK IDENTIFIED

As at December 31, 2021, Unibail-Rodamco-Westfield SE had financial liabilities of €21,881 Mn as described in note 15 "Borrowings and financial liabilities" to the financial statements.

Unibail-Rodamco-Westfield SE uses derivative financial instruments, mainly interest rate swaps, caps and cross-currency swaps, to hedge its exposure to fluctuations in interest and currency exchange rates. This portfolio of derivatives is described in note 28.1 "Financial instruments" to the financial statements.

Note 1.3.2 to the financial statements describes the main accounting policies applied by the company to account for the derivative financial instruments and specifically details that they are accounted for according to the intention with which the corresponding transactions were carried out.

During the year, Unibail-Rodamco-Westfield SE restructured part of its derivative financial instrument portfolio as described in note 2.1 "Significant events of 2021". Notes 6 and 24 describe the impact on the accounts of this restructuring.

408 UmversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.6 Statutory auditors' report on the statutory financial statements

The Group's gearing, liquidity needs, financial covenants (please refer to note 15 to the financial statements) are calculated on the basis of this portfolio of financial debt.

Accounting for financial debt and derivative financial instruments is considered as a key audit matter due to the significance of the balances to the financial statements as a whole and their impact in the calculation of financial covenants.

OUR RESPONSE

We analysed management's controls over the accounting for financial debt and derivative financial instruments.

We analysed a representative sample of contracts in order to understand their terms and conditions. We also analysed the characteristics of these loans in the financial statements and performed analytical procedures on the financial expenses.

On a sample basis, we obtained the confirmation with third parties of the nominal amount of debts. We performed confirmation procedures directly with third parties of the derivative financial instruments and examined the position of the derivatives presented in the off-balance sheet disclosure. We also performed analytical procedures on the expenses and revenues related to the derivative financial instruments.

We analysed the portfolio of derivative financial instruments of the company and their presentation (hedging or isolated open position) and we analysed the accounting treatment applied to the restructuring conducted during the year.

We analysed the calculation of the financial ratios and the related disclosures.

Additionally, we assessed the appropriateness of the disclosures made in the notes to the financial statements regarding the financial debt and derivative financial instruments.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the management board, and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (Code de commerce).

REPORT ON CORPORATE GOVERNANCE

We attest that the Supervisory Board's report on corporate governance sets out the information required by articles L.225-37-4, L22-10-9 and L.22-10-10 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to remunerations and benefits allocated to or received by the members of the management board and of the supervisory board and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope on consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (Code de commerce), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information relating to the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

5. Financial statements as at December 31,2021

5.6 Statutory auditors' report on the statutory financial statements

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, 1 of the French Monetary and Financial Code (Code monétaire et financier), prepared under the responsibility of the Chairman of the management board, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (Autorité des marchés financiers) agree with those on which we have performed our work.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Unibail-Rodamco-Westfield SE by the Annual General Meeting held on April 27, 2011 for Deloitte Et Associés and on May 13, 1975 for ERNST & YOUNG Audit.

As at December 31, 2021, Deloitte Et Associés was in its 17th consecutive year of mandate taking into account the acquisitions or mergers with firms that have previously taken place, and ERNST & YOUNG Audit in its 47th consecutive year of mandate.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were prepared by the management board.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

REPORT TO THE AUDIT COMMITTEE

We submit to the audit committee, a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) NT 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L 822-10 to L 822-14 of the French Commercial Code and in the French Code of Ethics (code de deontologie) for statutory auditors. Where appropriate, we discuss with the audit committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

*Paris-La Defense, March 23, 2022 The Statutory
Auditors French original signed by*

Deloitte Et Associes
Emmanuel Gadret

Ernst tt Young Audit
Jean-Yves Jegourel Antoine Flora

5.7 Statutory auditors' special report on regulated agreements

5.7 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS UNIBAIL-RODAMCO-WESTFIELD SE

This is a free translation into English of the Statutory Auditors' special report on regulated agreements with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Shareholders' Meeting to be held to approve the financial statements for the year ended 31 December 2021

To the Shareholders' meeting of Unibail-Rodamco-Westfield SE,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to article R.225-58 of the French Commercial Code (Code de Commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R.225-58 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compasnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

5. Financial statements as at December 31,2021

5.7 Statutory auditors' special report on regulated agreements

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L 225-86 of the French Commercial Code.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the following agreement, previously approved by prior Shareholders' Meetings, has remained in force during the year.

SETTLEMENT AGREEMENT ENTERED INTO BETWEEN YOUR COMPANY AND MR CHRISTOPHE CUVILLIER

Executive involved:

Mr Christophe Cuvillier, Group Chief Executive Officer and member of the Management Board until December 31, 2020 Purposes:

On November 18, 2020, upon the recommendation of the Remuneration Committee, the Supervisory Board authorised a settlement agreement between your company and Mr Christophe Cuvillier, Group Chief Executive Officer, to settle amicably and finally the terms and consequences of terminating his term of office. This settlement agreement was signed on December 15, 2020, authorized by the November 18, 2020 Supervisory Board and approved by the May 12, 2021 General Meeting.

This settlement agreement includes an irrevocable and mutual waiver of any proceeding or legal action in connection with the fulfilment and / or early termination of the mandate of Mr Christophe Cuvillier.

This agreement also incorporates the usual stipulations relating to confidentiality, cooperation, non-denigration as well as limited and temporary tax aid up to 15,000 euros.

Terms and conditions:

In accordance with the settlement agreement concluded with Mr. Christophe Cuvillier, a termination indemnity of 936.5 thousand euros was paid to Mr. Christophe Cuvillier in May 2021.

The usual stipulations of the settlement agreement relating to confidentiality, cooperation, non-denigration and temporary tax aid up to 15,000 euros continued in 2021 for a period of 36 months expiring on December 31, 2023.

*Paris-La Defense, March 23, 2022 The Statutory
Auditors French Original signed by*

Deloitte Et Associates
Emmanuel Gadret

Ernst & Young Audit
Jean-Yves Jegourel Antoine Flora

5. Financial statements as at December 31, 2021

5.8 Other information

5.8 OTHER INFORMATION

5.8.1 SUPPLIER AND CUSTOMER PAYMENT DATES

5.8.1.1 SUPPLIER PAYMENT TERMS FOR UNIBAIL-RODAMCO-WESTFIELD SE

Article 4411.-1": Supplier invoices due and not paid as at 12/31/2021

(A) Period of late payment	Oday	Between				Total
		1 day and 30 days	31 days and 60 days	61 days and 90 days	more than 91 days (1 day and more)	
Number of invoices concerned	77	14	6	2	53	75
Total of all invoices concerned including VAT in £ thousands	1,982	128	2	12	247	390
Percentage of the total amount of purchases including VAT in the year	0.6756	0.0436	0.0056	0.0056	0.0856	0.1356
(B) Invoices excluded from (A) and related to litigious and unrecognised debts Number of invoices excluded 0						
Total amount of all invoices excluded in € thousands						
(C) Payment periods used (contractual or legal payment period - article L. 441-6 or article L. 443-1 of the French Commercial Code)						
Payment terms used for the calculation of the late payment						"- Contractual payment periods x - Legal payment periods"

5.8.1.2 CUSTOMER PAYMENT TERMS FOR UNIBAIL-RODAMCO-WESTFIELD SE

Article D. 441 I.T. Customer invoices due and not paid as at 12/31/2021

(A) Period of late payment	Oday	Between			Total
		1 day and 30 days	31 days and 60 days	61 days and 90 days	
Number of invoices concerned	9	24	140	31	1,108
Total of all invoices concerned including VAT in £ thousands	1,386	1,026	-139	-229	9,855
Percentage of the revenue including VAT of the year	0.8756	0.6456	-0.0956	-0.1496	6.16*
(B) Invoices excluded from (A) and related to disputed and unrecognised receivables Number of invoices excluded 0					
Total amount of all invoices excluded in £ thousands 0					
(C) Payment periods used (contractual or legal payment period - article L. 441-6 or article L. 443-1 of the French Commercial Code)					
Payment terms used for the calculation of the late payment					
"- Contractual payment periods - Legal payment periods"					

414 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

5. Financial statements as at December 31,2021

5.8 Other Information

5.8.2 RESULTS FOR UNIBAIL-RODAMCO-WESTFIELD SE OVER THE PAST FIVE FINANCIAL YEARS

	2020	2019	2018	2017
Capital at year-end				
Share capital (in £ thousands)	692,972	692,362	691,893	691,443 499,283
Number of shares outstanding	138,594,416	138,472,385	138,378,605	138,288,601 99,856,676
Number of convertible bonds outstanding	1,441,462	1,798,716	1,798,716	3,182,968 3,184,318
Results of operations (in £ thousands)				
Net sales	148,346	164,924	185,524	164,797 52,684
Income before tax, depreciation, amortisation and provisions	(111,387)	603,363	1,364,662	2,741,600 1,220,448
Corporate income tax	(525)	(382)	(115)	0 (30,593)
Net income	90,645	(2,691,033)	(46,426)	1,457,493 1,191,830
Distributed profit	0 ⁽¹⁾	0	747,356	1,493,901 1,079,164
Per share data (€)				
Income after tax, before depreciation, amortisation and provisions	(0.81)	4.35	9.86	19.83 12.53
Income after tax, depreciation, amortisation and provisions	0.65	(19.43)	(0.34)	10.54 11.94
Per share dividend	0 ⁽¹⁾	0.00	5.40	10.80 10.80
Employee data				
Number of employees 1111				
Total payroll (in £ thousands)	5,684	1,204	2,061	(2,834) 11,930
Total benefits (in £ thousands)	2,970	1,493	2,584	478 5,676

(1) To be submitted to the next Annual General Meeting to be held in 2022 on the basis of 138,594,416 shares as at 12/31/2021.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 415

6. Risk factors and internal control

CHAPTER 6.

Risk factors and internal control

6.1 RISK MANAGEMENT FRAMEWORK417

- 1 Risk Management Policy and Organisation417
- 2 GroupEnterpriseRiskManagementframework418
- 3 Internal Control System420

6.2 MAIN RISK FACTORS421

- 1 Rankingofthemainspecificnskfactors421
- 2 Detailed main risk factors422

6.3 TRANSFERRING RISK TO INSURERS438

416 UnivcrsalRcgistrationDocumcnt2021 / UNIBAIL-RODAMCO-WESTFIELD

6. Risk factors and internal control

6.1 Risk management framework

6.1 RISK MANAGEMENT FRAMEWORK

6.1.1 RISK MANAGEMENT POLICY AND ORGANISATION

The Risk Management Policy at Unibail-Rodamco-Westfield ("URW" or "the Group") is designed to:

- Identify and analyse the main potential threats in order to anticipate risks proactively;
- Set up and implement appropriate mitigating measures in order to monitor and/or reduce the identified risks;
- Secure decision-making and Group processes to achieve business objectives;
- Create and preserve the Group's value, assets, brand and reputation;
- Ensure consistency of decisions with the Group's values and strategy; and
- Bring the Group's staff together behind a shared vision of risk management.

URW is based on a matrix organisation within five regions: Central Europe, Southern Europe, the UK, Northern Europe and the US, composed of 12 countries (Austria, Czech Republic, Denmark, France, Germany, the Netherlands, Poland, Sweden, Slovakia, Spain, the UK and the US) under the stewardship of five regional Chief Operating Officers, and a Corporate Centre organised around five main functions, i.e. Developer, Owner, Operator, Resourcer and Financer. The decisionmaking process is accomplished through committees and collegial decision-making. The segregation of duties within URW is based on the separation between execution and control. URW does not outsource core activities, except for some parts of its IT system. In five regions, the Group's main activities are investment and divestment, asset management, operating management (including leasing and property management), construction, refurbishment and exhibition management, which are briefly described below. The organisational structure is also based on a set of delegations that define the roles and responsibilities of managers. Moreover, URW utilises internal committees where decisions are based on a risk-analysis approach.

MAIN ACTIVITIES OF THE GROUP, INCLUDING CORE PROCESSES AND SUPPORTING FUNCTIONS

INVESTMENT/DIVESTMENT AND DEVELOPMENT

ASSET MANAGEMENT

FINANCE RISK MANAGEMENT LEASING AND CONSTRUCTION INFORMATION TECHNOLOGY OPERATIONS

INVESTMENT/DIVESTMENT AND DEVELOPMENT

Investment is one of the major processes at URW as it is one of the first steps in the value creation process. It starts with deal sourcing (the search for market opportunities), which is based on brokers, off-market relationships, and connections with local communities. Once an investment opportunity is identified it undergoes a strict review and approval procedure with multiple steps through compliance and demanding internal decision-making processes, in alignment with URW's investment strategy.

Under the supervision of the Chief Investment Officer ("CIO"), the Investment Department is responsible for the value creation process and is in charge of evaluating and advising periodically on the basis of the aforementioned information whether the property needs to be disposed of or not.

For divestments, a highly structured process is in place to provide the most complete and accurate information (data room) to maximise the selling price and minimise the guarantees and representations, as well as the potential liabilities.

For the development of new property, each region has its own Development Department, which manages development projects with the Corporate Centre. The decision-making process is applicable as mentioned above. Construction is ordered and executed (preparation of bid tender, call for offer, selection of building contractors, etc.) under the responsibility of the CIO, the Managing Director of Development and the regional Chief Operating Officers. Construction is undertaken by experienced construction companies, which are managed and controlled by a professional third-party design and project management team.

ASSET MANAGEMENT

Under the responsibility of the five Chief Operating Officers reporting to the Chief Executive Officer ("CEO"), this activity focuses on value creation in URW's asset portfolio and consists of defining the strategy for each asset (five-year business plan). In line with the contract terms and conditions, the Accounting Department invoices and collects the rents and pays expenses related to the management of the building.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 417

6. Risk factors and internal control

6.1 Risk management framework

OPERATING MANAGEMENT

Operating Management is organised and managed at the regional level by their respective Chief Operating Officer. It mainly focuses on property leasing, implementation/monitoring of the five-year business plan and property management, including security and technical maintenance (facility management).

CONVENTION & EXHIBITION MANAGEMENT ("C&E")

C&E management includes activities such as letting areas in URW's exhibition site portfolio to exhibition organisers, as well as mandatory services (technical installations, electricity) and ancillary services (parking facilities, WIFI connection).

CONSTRUCTION AND REFURBISHMENT

Construction and refurbishment consist of the following activities:

- Control of construction costs and management of construction contracts;
- Definition of the Group Corporate Social Responsibility ("CSR") development policy;
- Selection and monitoring construction and refurbishment companies; and
- Supervision of construction until grand opening.

6.1.2 GROUP ENTERPRISE RISK MANAGEMENT FRAMEWORK

Since the completion of the Westfield transaction in June 2018, the Enterprise Risk Management ("ERM") framework has continued to evolve. All key risks have been reviewed and assessed internally, and action plans for improvement have been established. Fifteen identified key risks were presented to and reviewed by the Audit Committee and Supervisory Board ("SB") in 2021 through a bi-annual (half-year and full-year) assessment.

Our ERM framework focuses on:

- Risks inventory;
- Risk control methodology; (including monitoring of appropriate mitigating measures and action plans);

- Risk mapping;
- Governance; and
- Functional organisation.

URW has a Group-wide robust Risk Management programme, providing reasonable assurance on levels of control. It remains oriented towards ongoing and continuous risk assessment and improvement in controls.
(3KIS

OVERVIEW OF GROUP ERM KEY RESPONSIBILITIES

VALIDATE EXISTING CONTROLS

inaMPCrficrx

SEES

Governance continues to enhance and support the importance of ERM by establishing oversight responsibilities. URW has worked on the alignment and coherence of the Risk Management governance bodies, considering market best practices, regional and sector benchmarks and market investors' expectations.

On December 6, 2018, upon the recommendation of the Audit Committee ("AC"), the Supervisory Board ("SB") approved the Risk Management framework. In 2021, two AC and SB meetings related to risk management took place. To prepare for these meetings, three preparatory calls were organised with the AC Chairman, the Chief Resources Officer and the Risk Management department.

6. Risk factors and internal control

B.I Risk management framework

The URW ERM framework and three lines of defence are organised as follows:

^^SUPERVISORY BOARDVt '?

(") Group consolidated risk report includes URW NV

(BSE/SB IIEEfiD

EXECUTIVE COMMITTEE

(**) GRC consolidates URW NV risk report
GROUP RISK COMMITTEE

1st LINE OF DEFENCE

("GRC")

DEFENCE
DEFENCE

2TM LINE OF 3^{RO}LINE0F
rjjTMirjACB
1-7

To detect main specific Group risks and design appropriate risk management measures in relation with any unique local considerations, the Group's ERM framework includes a local US Risk Management Committee.

The responsibilities of this local committee include:

- Support the development of a risk culture within the regions, promoting open discussion regarding risk and integrating Risk Management into the organisation and among employees;
- Monitoring effective implementation of identified mitigating measures and action plans;
- Providing input to management regarding the URW platforms' risk appetite and tolerance;
- Embedding ERM in all activities within the business;
- Discussing the identification and evaluation of risks with local risk owners;
- Supporting improvement in risk control, management measures and monitor action plans;
- Reviewing risk initiatives against the Compliance Book to align assessment and establish training priorities;
- Remaining aware of any material evolution of an existing risk or any new or emerging risk; and
- Providing validation in preparation for review by the Group Risk Committee.

The GRC handles risk monitoring at Group level. It is composed of the following senior executives:

- Chief Financial Officer (Chairperson); .
- Group General Counsel;
- Group Director of Security, Risk and Crisis Management;
- Group Director of Internal Audit and Group Compliance Officer;
- Head of Risk Management Europe;
- Group Director of Insurances; and
- Risk Owners as required.

The primary responsibility of the GRC is to oversee and approve the Group-wide risk mapping and key management measures and to assist the Management Board ("MB") in:

- Establishing that all executive teams have identified and assessed the risks that the Group faces in all regions where it operates and established a risk management system to address those risks;
- Validating the level of control over a given risk and, in conjunction with the MB and/or other internal committees, validating that such risks are in line with the Group's Risk strategy;
- Ensuring that the division of risk-related responsibilities for each risk owner is clearly defined, and that risk owners are routinely performing risk assessments and gap analysis to maintain awareness of all risks; and
- Elevating to the MB and SB any emerging and developing risks.

. *mm*

Overview of the three lines of defence are in line with COSO ERM standards.

6. Risk factors and internal control

6.1 Risk management framework

To fulfil its responsibilities and duties, the GRC:

- Supports the development of a risk culture within the Group, promotes open discussion regarding key risks, integrates risk management into the organisation's objectives and compensation structure, and creates a corporate culture such that people at all levels manage risks rather than ignoring them or accepting them without proper risk analysis;
- Provides input to management and the Executive Committee regarding the Group risk appetite and tolerance;
- Monitors the organisation's risk profile (risk mapping); and
- Approves the Risk Management policy and plan, which includes:
 - The Company's Risk Management structure;
 - Standards and methodology applied to assess risks;
 - Risk management measures (Risk Management guidelines); and
 - Training and awareness programmes or information.

The Risk Management Organisation reviewed the Group's key risks and associated action plans in collaboration with risk owners. Review and challenge of key risks by the AC and SB continues into 2022.

A description of the key risks monitored by this internal control system is outlined below. The GRC met twice in 2021. Its main achievements are:

- The review of the Group's risk mapping;
- The review and follow-up of action plans; and
- The approval of business decisions with risk exposures.

6.1.3 INTERNAL CONTROL SYSTEM

The Group's internal control system covers all of the Group's activities and geographies. It is based on a set of principles that aims to provide reasonable assurance that the following internal control objectives are met:

- Transactions are executed effectively and optimised;
- Protection of the Group's assets;
- Financial information is reliable; and
- All operations comply with prevailing legislation, external regulations and URW's internal rules.

The Group's internal control system is in line with the general principles of the Internal Control System reference framework by the AMF (Autorite des Marchés Financiers: the French financial market authority) and is based on:

- A set of standardised procedures;
- Accountability of managers in charge of the business, finance and control;
- A committee-based, decision-making process for acquisitions, disposals, refurbishment/construction projects, and leasing; and
- Segregation of duties between execution and control.

The Group's control environment detailed in the Compliance Book for Governance, Organisation Et Corporate Rules describes:

- The Group organisation structure: a matrix organisation with a double reporting line at corporate and regional levels, including the US platform;
- Governance for Unibail-Rodamco-Westfield SE ("URW SE") and its subsidiaries as well as for Unibail-Rodamco-Westfield N.V. ("URW") and its subsidiaries;
- A framework of core processes and internal rules covering investment and divestment, development, leasing activities and support functions, notably finance and human resources;
- A Code of Ethics, reshaped in 2020, covering the Group's core values and rules of conduct, with particular emphasis on ethical behaviour, prohibition of corruption, conflicts of interests, confidentiality and transactions involving on Stapled Shares; and
- An anti-corruption programme that includes, among other things, risk mapping, which has been updated in 2021 and a due diligence process of business partners before entering into business relationships.

In addition to the Compliance Book, the Group's control environment comprises:

- Job descriptions and an appraisal system based on performance targets;
- A set delegation of authority and responsibility rules and limits that span all the Group's activities and that should be finalised in the US;
- General and specific procedures applicable at corporate level and in the different regions where the Group is present; and

■ ■ ■ Likely
■ □ □ Unlikely
Net likelihood

@ @ 0 Medium net impact

Rating after risk management measures

Risk Factors
Net impact
Section
Net likelihood

mmm mmm

■ ■ □ Possible

Risk Factors categories
Retail market evolution/disruption
6.2.2.1.A
6.2.2.1.B

■ ■ □

Category #1: Business sector and operational risks
6.2.2.1.C

M6A, investment and divestment

6.2.2.1.E 6.2.2.1.F

Leasing and commercial partnerships

6.2.2.1.D

mmo ■ □ □

6.2.2.2.A 6.2.2.2.B

Development, design and construction management IT System and data: continuity and integrity Brand and reputation

Category #2: Financial and tax risks Access to capital and financial market disruption
6.2.2.2.C

mmm

mmm

mmo"

Accuracy of forecasts and guidance

Recruitment, retention and succession plan Climate change and societal risks

mmn

Real estate investment trust ("REIT") status and tax compliance @ @ O

6.2.2.3.A
6.2.2.3.B

6.2.2.4.A 6.2.2.4.B

■ ■ □

Category #3: Environmental and social responsibility risks
Terrorism and major security

mmo ■ ■ □

6.2.2.5.A 6.2.2.5.B

Category #4: Security, health and safety risks

Health and Safety

Category #5: Legal and regulatory risks Legal and regulatory

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 421

Corruption, money laundering and fraud

6. Risk factors and internal control

6.2 Main risk factors

6.2.2 DETAILED MAIN RISK FACTORS

0.2.2 DETAILED MAIN RISK FACTORS

6.2.2.1 CATEGORY #1: BUSINESS SECTOR AND OPERATIONAL RISKS

A. RETAIL MARKET EVOLUTION AND DISRUPTION

As a global developer and operator of commercial assets, any mid- to long-term deterioration in economic conditions with implications for the leasing market and/or investments may have a significant impact on the level of the Group's activities, the value of its assets, its results and its investment and development strategy.

As at December 31, 2021, the Group had a portfolio valued at €54.5 Bn of which 86% are in retail (85 shopping centres including 53 flagships in the most dynamic cities in Europe and in the US) presented in two continents and in 12 countries. Considering its real estate profile and exposure, the Group's results of operations and/or its core business strategy could be adversely affected by its inability to continue to lease space in its assets on economically favourable terms, to adapt its offer and customer experience to new trends and expectations, or to develop and implement new business models, or by tenant default. At a macro-economic level, the emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. Global growth is estimated at 5.9% in 2021 and is expected to moderate to 4.4% in 2022. The estimates incorporate anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labour supply, and the importance of contact-intensive sectors".

Analysts anticipated 4.3% in Continental Europe, 4.7% in the UK and 5.6% in the US of GDP (Gross Domestic Product) increases for 2021 and respectively predict 4%, 2.3% and 4% in 2022¹. Society and consumption are also evolving very significantly (people will live, work and buy differently post-COVID-19, and be more mindful of their choices, etc.).

Analysts also anticipate rising inflation for 2022. Such inflation may adversely affect the consumption power and consequently the global turnover of retailers. That could impact negatively the retailer's capabilities to continue to invest into their new concepts and in digital innovation and, as a consequence, the attractiveness of their commercial offer. Increasing inflation rates in the countries where the Group operates may trigger some social tensions as well as retail market disruptions.

In addition, unemployment rates could significantly impact the Retail Market business, however analysts anticipate lower unemployment rates² for 2022 in Continental Europe (6.2%), in the UK (5%) and in the US (3.5%).

Worldwide, the e-commerce business increased by 30% in 2020 and analysts predict a slower increase of 11% in 2021 compared with 2020 (respectively in Continental Europe by 13%, in the UK by 9% and in the US by 9%³).

It is difficult to predict the extent to which these trends will continue, even after the COVID-19 pandemic is neutralised, however analysts predict similar rates of increase of e-commerce sales in Continental Europe, UK and the US³. The emergence of Omicron in late November may impact these forecasts.

The value of the Group's real estate assets (calculated using the fair value method) is sensitive to variations in the appraisers' principal assumptions (yield, rental value, occupancy rates) and is, therefore, subject to material variations that may impact the Group. The rental income of some Group assets may depend on flagship stores/department stores and could suffer a material adverse impact if one or more of these tenants were to terminate their leases, fall into bankruptcy or equivalent scheme triggering financial impacts or fail to renew their leases, and/ or their location were considered to lack attractiveness, and/or in the event of consolidation between these retail sector companies.

The operations in URW shopping centres were particularly impacted by lockdown periods and restrictions in the first half of 2021, while operations were generally able to take place with loosened restrictions in H2-2021, except year-end which was impacted by a resurgence of the pandemic. Overall, FY-2021 footfall figures showed a strong recovery when the centres were open, with higher conversion rates driving even stronger tenant sales performance versus 2019 and 2020 levels.

In Europe, FY-2021 overall footfall compared with 2019 decreased by -34%, but increased by +5% compared with 2020 and despite more days of closure in 2021. Sweden and Spain outperformed other countries, with footfall at 77% and 76% of 2019 levels, respectively, due to less severe restrictions.

In the US, footfall is not available for all centres⁴. For those assets for which reliable data is available, footfall in FY-2021 reached 72% of 2019 levels and 74% excluding CBD assets for which footfall is affected by work from home policies.

1) Source: IMF, World Economic Outlook Update, January 18, 2022.

2) Source: IMF, OECD as at January 28, 2022.

3) Source: Euromonitor E-Commerce Data.

4) Includes the 19 centres for which at least one year of comparable Springboard of ShopperTrak data is available. 422

6. Risk factors and internal control

6.2 Main risk factors

Main risk management measures

Continued changes in the retail sector due to competition from online retail as well as demographic and cultural changes. Anchor department stores and many fashion retailers may change their brick and mortar strategies including store closures; Inability to adapt to quickly changing shopper and retailer preferences, office and convention exhibition patterns and preferences, could negatively impact achieving leasing and revenue targets which could have an adverse impact on overall Group financial results; URW's current strategy may fail to meet changing retail and real estate market conditions; and Competition with other participants in the real estate industry could have an adverse impact on Group income and its ability to acquire properties, develop land and secure tenants effectively.

The Group has put in place numerous measures to adapt to new consumer trends and attract them:

- Annual research performed in each geography (Europe and the US) to understand and anticipate shifts in retail, demographic and cultural changes;
- Appointment of a Chief Customer Officer as part of a new customer-centric approach including enhanced digital strategy, resizing of outstanding assets to adapt retail surfaces and implementation of mixed-use and densification;
- Merchandising and positioning assessments for each flagship asset to future proof the strategy of the asset and adapt the retail mix to new needs;
- Close collaboration with retailers to understand their strategy;
- Expansion of leasing into new types of tenants, including more Food & Beverage, Entertainment, Health Et Wellness and Luxury, as well as Digital native vertical brands;
- Dedicated redevelopment plan, including development of event spaces, digital infrastructure and modular tenant spaces (white boxes for pop-ups);
- Development of new delivery channels in response to sanitary restrictions/closing (click, and collect area, "Colis@Westfield"); and "The PassOWestfield" in all French Westfield shopping centres to help visitors plan their shopping by booking a slot at their favourite retailers (200+ participating tenants);
- Continued development of shopper services to adapt to new customer expectations and shopper preferences;
- Loyalty programmes and events in malls to enhance the customer shopping experience, secure URW's share of wallet and improve customer profiles and journey in the mall;
- Disposal of non-core or non-competitive assets according to the divestment programme⁽¹⁾.
- Significant financial support plan (including rent reliefs and deferrals) to help retailers during the COVID crisis and protect the retailer portfolio.

B. MERGERS & ACQUISITIONS, INVESTMENT AND DIVESTMENT

Part of URW's core business model is value creation through investment and divestment of assets. The profitability of these transactions depends on the accuracy of initial financial assumptions, market conditions (including available financing and investors' appetite), tax environment, quality and attractiveness of assets, and legal and regulatory considerations.

The Group may face a risk of illiquidity of the market, which may imply inability to achieve the targeted timing for disposal and/or to obtain satisfactory pricing terms and/or not achieve the full execution of its disposal programme. The execution of the disposal programme may be subject to the satisfaction or waiver of JV partners approval and obtaining merger control approval. There is no certainty that these conditions will be satisfied or waived in the necessary timeframe and therefore disposal may be delayed or not complete.

In addition, a slowdown of the investment market or degraded market conditions as well as the potential for a prolonged global recession could negatively impact the availability of capital and may further challenge URW's ability to implement its disposal programme and/or to develop joint venture partnerships.

As at December 31, 2021, the evolution of the Group asset portfolio valuation reflects the impact of COVID-19: €65,341 Mn as at December 31, 2019, €60,350 Mn as at June 30, 2020, €56,314 Mn as at December 31, 2020, and €54.5 Mn as at December 31, 2021.

The COVID-19 pandemic may affect the attractiveness of URW assets that have been identified for divestment and have suffered a negative impact as investors may reassess their overall strategy and risk appetite. As the retail market remains under adverse pressure due to uncertainty related to COVID-19, appraisal values of shopping centres could be lowered.

If the €4 Bn asset disposal plan is not completed in due time or for the announced amount of proceeds, there may be an adverse impact on the reputation of the Group and/or the market price of the Stapled Shares due to amplified media scrutiny in connection with public announcement of the disposal plan. As at February 10, 2022, 11% of the €4 Bn disposal target has been achieved on European assets. In addition, the Group continued the portfolio streamlining strategy in the US, combined, this resulted in an IFRS debt reduction of €1.6 Bn in 2021.

(1) Refer to 6.2.2.1.B - M&A investment/divestment risks.

6. Risk factors and internal control

6.2 Main risk factors

Main risk management measures

- Misalignment with Group strategy and incorrect underwriting (asset valuation and forecast);
- Information leakage and market rumours; and
- Failure to execute the announced £4 Bn disposal plan and the US strategic portfolio reduction programme.

Group decision-making process closely involves the MB and SB for major projects based on internal rules and corporate charters;

Project teams closely involved in the transactions in order to determine whether the transaction is worth investigating and pursuing. Legal, financial, technical and commercial reviews of these transactions are always presented to an Investment Committee for approval before any binding commitment;

Due diligence carried out with the assistance of external advisors;

Financing strategy in place to mitigate the level of pressure on deleveraging and preserve access to refinancing market; and

Recurring strategic review between MB and SB to ensure full alignment on Group strategy.

For further information related to investments/divestments, please refer to Section 4.1.2 Investments/Divestments of the 2021 Universal Registration Document.

C. LEASING AND COMMERCIAL PARTNERSHIPS

As a real estate company holding with one of the largest asset portfolios in the world, letting and rent collection is the core business of the Group. In an ever more complex economic environment the Group's ability to achieve leasing targets at the expected level of rent, and then collect rents depends on the solvency of its tenants (retailers).

The opening restrictions, temporary closure of Shopping Centres and venues, in addition to health and safety measures imposed in the countries where the Group operates have negatively impacted the retailers' sales and created a risk of a potential increase in retailer insolvencies and bankruptcies. The outbreak-related health and safety measures implemented are likely to have direct consequences on letting and rent and/or service charges collection by the Group, or standing leases renegotiations at the tenant initiative, which may have a significant adverse effect on its financial results depending on the number and size of the assets concerned, the scope and the evolution of the situation. As at December 31, 2021, 85% of invoiced FY-2021 rents and service charges had been collected in Europe and 90% in the US, representing 86% overall for the Group.

Although the pandemic is still very much present with the ongoing threat of new variants, the level of disruption is expected to be considerably lower than it was in 2020/2021, and new rent reliefs are not foreseen.

In terms of renewals, due to the challenging market, the Group has selectively undertaken shorter-term leases to speed up negotiations and to mitigate vacancy until economic conditions improve, while protecting mid/long-term rental values.

Main risk management measures

Improper management of rent relief, store closings, and tenant allowances;

Tenant financial insolvency/default and store closings. (Tenant insolvency procedures have affected 281 stores in the Group's portfolio in FY-2021); and

Failure to achieve Group synergies in terms of leasing and commercial partnerships targets.

- Leasing targets (e.g. prices, deadlines and prospective tenants) are defined within each region of the URW Group in collaboration with a Group-level team and approved by the Executive Committee. Major leases in terms of value and/or special terms and conditions must be internally approved in advance by Leasing Directors and Regional Managing Directors;
- Regular meeting with leasing team and finance team members to review deals to ensure adequacy with Group strategy and strong internal control processes to approve allowances for tenants as well as levels of rent;
- Group provided tenants flexibility on opening hours without applying contractual penalties; ■ Marketing campaigns around health and safety compliance;
- Local frameworks to monitor solvency of new tenants and regular checks of existing tenant solvency;
- Most tenants provide financial guarantees (deposit, first-demand guarantee or surety bond equal to a multiple of the monthly rent);
- Robust debt collection process;
- Constant review of the tenancy report (vacancies, tenants in distress, new deals, and lease expiration schedule over next three years);
- Monthly meetings with directors of development, construction, leasing and operating management to monitor the progress of project completion and to adjust tenant space delivery schedules accordingly; and
- Implementation of a global International Leasing platform to develop the transcontinental sourcing/roadmap between Europe and US platforms.

For further information related to leasing and commercial partnerships, please refer to Sections 4.1.1 Business review of the 2021 Universal Registration Document.

6. Risk factors and internal control

6.2 Main risk factors

D. DEVELOPMENT, DESIGN AND CONSTRUCTION MANAGEMENT

As a developer, with a focus on continued differentiation and innovation strategy, URW has implemented a selective development policy focused on key iconic projects as a refurbishment pipeline in the Office, Shopping Centre, Hotel, Residential, and Convention & Exhibition property segments. Moreover, the Group develops a mix-use development and densification of standing assets strategy. This development/extension/renovation pipeline involves significant investment of financial capital, human resources and senior leadership time and attention. It represents a huge opportunity in terms of capturing or protecting market share in the relevant competitive markets and of creating a flagship model to distinguish URW from the competition. Such a pipeline may, however, imply significant cost and potential inability to design appropriate assets and/or deliver in due time in compliance with the project business plan which would negatively impact the Group.

As at December 31, 2021, the development project pipeline amounted to €3.2 Bn with a total 0.6 million sqm of Gross Lettable Area ("GLA") to be re-developed or added to the Group's standing assets. This represents a decrease in the development pipeline by -€1.2 Bn, down from €4.4 Bn as at December 31, 2020.

The Group has an increasing focus on mixed-use projects (notably including offices & hotels). The Group's strategy, particularly for the Offices & Others controlled projects, is to join with strategic capital partners prior to launching these projects, in order to reduce the capital allocation on the balance sheet of the Group, while leveraging on existing projects and generating development and management fees.

Five projects representing a Total Investment Cost of ca. €0.5 Bn (of which €0.4 Bn has been spent already) are scheduled to be delivered in 2022. The average pre-letting¹ stands at 72% for the retail deliveries and at 100% for the offices and others.

Main risk factors

- Ineffective development strategy, investment decision and approval
- process;
- Failure to obtain required external authorisations;
- Not reaching post-development leasing and revenue targets;
- Failure to comply with the construction quality, costs and delivery date; and
- Inability to secure adequate funding for a project (through joint venture partner or other).

Main risk management measures

- Group's decision-making process for any investment decision for a development project;
- The status of the project, its budget and returns are reviewed on a regular basis (quarterly by the Controlling Department/pipeline reviews and annual five-year business plans by the Executive Committee);
- Process of restructuring of the US Design, Development and Construction team to align with Europe model accelerated to be more agile and focused on disciplined processes and cost containment. Ongoing transition of business models for the US and the UK to come closer to Europe business models;
- Accelerating plans to move towards more mixed-use projects;
- Third-party specialist advisors and consultants are employed throughout the pre-development phase to assist in identifying potential hurdles with external stakeholders and developing action plans to successfully navigate the issue;
- Employment of construction experts within its own organisation who ensure design specifications, control of construction and renovation costs comply with the Group's Environmental Quality Charter and any regulations applicable to owners;
- Strong third parties claim management process. In addition, insurance policies cover Group responsibilities;
- For projects developed with a JV partner, pre-development design and construction plans, pro-forma leasing estimates and returns, and construction time schedules are developed and shared with JV partners to increase the quality of the relationships, mitigate misalignment with JV partners and ensure successful funding of the project;
- Clear communication to JV partners/stakeholders regarding any COVID-related project delays to ensure a good relationship;
- Strategy to partner with third-party investors to reduce Group risk exposure, capitalise on additional know-how and capture part of the development margin;
- Establishment of contractual agreements to pre-order in anticipation of critical materials shortages, minimising the risk of delivery constraints of the supply chain;
- Improved procurement process to reinforce a group-wide cross-border supply chain;
- Early involvement in the construction phase of third parties supporting the claim management process. In addition, insurance policies cover Group responsibilities;
- Standardisation and industrialisation of construction methods to better control the cost and schedule of the projects; and
- Establishment of an internal team of experts to conduct project reviews in the design stage to identify improvements and efficiencies to ensure a cost and schedule-effective project.

For further information related to the development pipeline, please refer to Section 4.1.3 Development Projects as at December 31, 2021, of the 2021 Universal Registration Document.

(1) GLA signed, all agreed to be signed and financials agreed.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 425

6. Risk factors and internal control

6.2 Main risk factors

E. INFORMATION TECHNOLOGY SYSTEM AND DATA: CONTINUITY AND INTEGRITY

To support URW business Et digital objectives, the Group IT Department partners with all business units to provide and maintain the technology to suit business needs. Overall, the Group IT Department provides more than 100 applications and supports more than 4,000 users globally.

As all business units strongly rely on IT, the latter is required to be continuously available and data must be protected at all times, from internal and external threats as well as accidental events.

In the event of such risk occurring within URW, these would lead to a partial or complete unavailability leading to process and activities disorganisation, and/or regulatory impacts (market regulation, personal data protection).

Main risk management measures

Cyber-risk and inadequacy between IT and cyberthreats; Unavailability of critical IT systems; Incapacity to guarantee the integrity of data and reports generated by IT systems; and Inadequacy between IT and business needs/operations.

URW's IT risk management approach is largely based on:

- Strong governance involving IT, risk management, legal, internal audit, business stakeholders and management to review IT activities and investment, including a dedicated committee to also monitor cyber-risks on daily operations;
- Information Systems Security strategy and technology designed and rolled out to prevent cyber-risks, detect security incidents, and respond quickly to remediate cybersecurity incidents;
- Integration of cybersecurity aspects in all IT projects and contractual commitments with IT vendors;
- A Group Cyber Crisis framework is in place, with specific response procedures in case of a major IT security event/crisis, and are linked to the General Data Protection Regulation ("GDPR")/CCPA Data Breach notification process;
- Regular IT audits to test our protective and detective measures; and
- IT Disaster Recovery Plan implemented, and tested, on a yearly basis.

F. BRAND AND REPUTATION

The Westfield brand and URW's reputation are valuable assets which provide competitive advantages with respect to consumers, retailers, investors, and prospective employees among others. Due to the new Group marketing strategy, which included the implementation of a global "Westfield" brand for the Group's Flagship and other eligible assets, the Group has heightened awareness that any risk that potentially creates negativity or damages its reputation could negate these competitive advantages. Incidents such as terrorism and major security incidents, corrupt or illegal behaviour, breaches of trust or integrity, involvement in a controversial project, or a social media crisis (as at December 31, 2021, the Group's apps have been downloaded 3.1 million times and URW has 9.8 million followers on social media) are examples.

As at December 31, 2021, the Group operates 85 Shopping Centres including 53 Flagships and 39 Westfield branded assets. Consumer loyalty (representing 9.5 Mn customers world-wide) could be impacted if, despite the health and safety measures in place, there are perceptions that URW Shopping Centres are not safe and clean or not in compliance with health and safety mandates. The brand could be further impacted negatively if large retailers with multiple staff were to face an outbreak within the Group's centres, as the public may perceive URW as being responsible. Retailer/ client relations may impact the Group's reputation should it be inconsistent in dealing with requests for lease negotiations.

Main risk management measures

Inability to develop and maintain the Westfield-brand success story in support of the global flagship strategy; Failure to implement a clear, legal and responsible consumer data policy; and

Failure to properly respond and manage crisis event on media, social network, etc.

Globalisation of the marketing strategy with the Westfield-brand leverage and marketing management at shopping centre level to facilitate the adaptation; Focused and measured approach in place for the rebranding in Europe, definition of "50 attributes" to comply with the Westfield brand standard;

Appointment of Chief Customer Officer and development of the global brand strategy; External agency for new creative development in Europe to develop a new creative campaign to establish the Westfield brand;

Data privacy GDPR and CCPA regulation or anti-corruption regulations covered by specific frameworks in place (see Section 6.2.2.5. A Legal and Regulatory risks); Social media monitoring;

Centres continue with "Working Together" campaigns to communicate safety measures during COVID-19 outbreaks;

Successful Christmas marketing campaigns (#WorkingTogether and Come Together); and Corporate Communications team to manage communications with media and/or social media with support from the Corporate Crisis team via a formal framework, policy, procedures and training.

6. Risk factors and internal control

6.2 Main risk factors

6.2.2.2 CATEGORY # 2: FINANCIAL AND TAX RISKS

A. ACCESS TO CAPITAL AND FINANCIAL MARKETS DISRUPTION

Given URW's business model as a REIT and its current level of financial indebtedness following the 2018 Westfield Transaction (as at December 31 2021, €24,856 Mn)¹, URW faces recurring needs for (re)financing for its corporate purpose including funding for the development pipeline and construction activities, large-scale capital improvement and maintenance projects for standing assets, and other potential operational financing needs. As such, URW is exposed to risks related to the availability of funds due to volatility in credit markets, exposure to fluctuations in interest rates and foreign exchange (FX), and exposure to counterparty risk that could limit access to necessary funding, and which could negatively impact operations and financial results of the Group.

Restrictions imposed to prevent the spread of the COVID-19 virus (designated as a pandemic by the World Health Organization on March 11, 2020) has limited the operations of URW in several of its markets and impacted its cash flows. It also impacted the potential interest of investors for retail asset class.

In light of the evolving situation, URW had taken precautionary measures needed to ensure its access to liquidity. As at December 31, 2021, the Group had €2,256 Mn² in cash on hand and €3,950 Mn undrawn credit lines.

Main risk factors

- Rising cost of access to funds due to increase in spreads, change of rating, appeal of the company/its sector for investors (debt and equity) or banks, dramatic increase in interest rates, adverse currency exchange rate movements, or disruption and volatility of capital markets.

Notably, the Group is exposed to: ■ Interest rate risks:

- May have a significant impact on financial expenses; and
- Although the Group's exposure to variable rates is hedged through derivatives, these hedges could be insufficient or affect the valuation of derivative instruments.
- The foreign exchange rate between the Euro and other currencies impact:
 - The value of operational and financial expenses, and thus overall asset value, when translated into euros;
 - The results and/or the statement of financial position of Group; and
 - The Group's ability to meet its commitments in respect of those securities and, more generally, its commitments with respect to debt.

Main risk management measures

- The Group Asset 6t Liability Management ("ALM") Committee meets on a quarterly and ad-hoc basis. It receives regular information on significant changes in the financial environment;
- The ALM Committee defined the Group Treasury Policy implemented by the Group Treasury Department, which manages and monitors interest rate risk and foreign exchange risk;
- The Group Treasury Department regularly provides a comprehensive report on the Group's interest rates, position, exposure to foreign currency, liquidity projections, compliance with bank loans and facilities covenants, availability under the Group's committed credit lines. It also proposes (re)financing or hedging operations (if applicable), and details of any (re)financing operations or transactions (hedging operations, share buy-backs, etc.);
- Internal policies and procedures maintain a conservative approach to investments and risk mitigation is not allowing for speculative positions to be put in place;
- The Group exposure to FX rates fluctuation is partly hedged by either matching investments in a specific currency with debt in the same currency or using derivatives to achieve the same risk management goal; and
- Robust internal procedure ensuring the segregation of duties between execution of market trading and control functions of such transactions.

To hedge part of this risk, the Group uses derivatives and debt in foreign currency. Such instruments may not hedge the underlying assets or activities perfectly, and as a result changes in the currency exchange and/or interest rates may have an impact on the cash flows, the results and/or the financial position.

- Market risks, which can generate losses as a result of fluctuations in stock markets. The Group is either:
 - Directly exposed to fluctuations in stock prices due to the ownership of shares or financial instruments; or
 - Indirectly exposed to fluctuations in stock prices, due to the ownership of funds, investment instruments or share-based derivatives that are directly correlated with the price of the asset underlying such derivatives.
- The use of financing instruments on international markets exposes the Group to extraterritorial regulations may have a significant adverse effect on the Group's overall financial results;
- Limited access to funds, in case of unfavourable capital market or URW credit deterioration.

- 1) On an IFRS basis. €26,926 Mn on a proportionate basis.
- 2) On an IFRS basis. €2,442 Mn on a proportionate basis.

i

6. Risk factors and internal control

6.2 Main risk factors

Mam risk factors

Sensitivity to liquidity risk is monitored in line with the Group Treasury policy defined by the ALM Committee;

The Group Treasury Department regularly provides a comprehensive report on the Group's liquidity projections, key financial indicators and availability under the Group's committed credit lines; Regular monitoring of covenants;

Regular dialogue with rating agencies with a proactive monitoring of credit metrics;

Active reduction of non-staff expense and defer non-essential capital expenditure; and

Diversification of sources/counterparties.

Main risk management measures

The Group's strategy depends on its ability to raise financial resources, either in the form of debt (mainly bank loans, bonds, credit lines and commercial paper) or equity capital, so that it can finance its general operating requirements and its investments.

Certain events such as: disruption in the debt or equity capital markets; a reduction in the lending capacities of banks; changes affecting the real estate property market or investor appetite for property companies; a downgrade in URW's credit rating; deterioration of URW's financial result; a decrease in EBITDA and operating cash flows; a decline of URW's assets valuation or a change in URW's ownership structure could affect/limit the ability of the Group to raise required funding, or could increase the cost of such funding and lead to an increase in the Group's financial expenses.

In addition, some financing contracts are subject to financial covenants that require the Group to respect certain financial ratios levels (including Loan to Value, Interest Coverage Ratio, FFO/Net Debt and/or debt yield ratios among others) which may be affected by the occurrence of the Group's performance deterioration, adverse market movements, or other material adverse changes. Failure to comply with any of Group's financial covenants could result in an event of default, which, if not cured or waived, could accelerate the related debt and in some cases trigger a cross default, which could have a material adverse effect on the Group's debt, including potential default on URW's debt.

URW has a solicited rating from both Standard & Poor's (S&P) and Moody's. On March 4, 2021, Moody's downgraded URW's long-term rating from "Baa1" to "Baa2" and changed the outlook from "rating under review for downgrade" to "stable".

On May 14, 2021, S&P published a credit update confirming the "BBB+" long term rating of the Group and its "Negative" outlook.

On November 18, 2021, S&P published a bulletin with no action on the long term rating of the Group.

- Reliability of counterparties or failure to monitor and manage
- counterparty risk
- Credit monitoring of counterparty and minimum financial ratings thresholds as condition of continued transactions.

Many major international financial institutions are counterparties to the interest rate and/or foreign exchange rate and deposits contracted by the Group.

In case of the default by a counterparty, the Group could:

- Lose all or part of its deposits;
- Lose the benefit from hedges signed with such counterparties. This could then:
 - Result in an increase in interest rate and/or currency exposures;
 - Have a significant adverse effect on the Group, its results and its financial position.
- Risks related to liquidity crisis. Euro break-up, country default, or political
- instability
- FX risks;
- Undrawn back-up facilities €9,859 Mn as at December 31, 2021; and
- Diversification of sources of funding/counterparties,

Considering its level of debt and of need for (re)financing, the following risks and their potential impacts could be detrimental to the Group and could negatively affect the markets and businesses in which the Group operates:

- Credit liquidity crisis;
- A sovereign debt crisis;
- The exit of the Eurozone or the EU by a country where the Group operates (e.g. UK/Brexit).

Those risks could also negatively affect:

- The Group's operations and profitability;
- The solvency of the Group and of its counterparties; and
- The value and liquidity of the securities issued by URW.

For further information related to financial markets, please refer to Section 4.1.5 Financial Resources of the 2021 Universal Registration Document.

6. Risk factors and internal control

6.2 Main risk (actors)

B. RISK RELATED TO FINANCIAL FORECASTS AND GUIDANCE

The unpredictable impact of the evolving COVID-19 situation and future health and safety measures adopted by governments or local authorities, as well as the extreme volatility of market conditions, are likely to create or increase risks and uncertainties on the validity of the assumptions and estimates on which forecasts and guidance prepared by the Group are based and on the level of accuracy and precision of such forecasts and guidance. The COVID-19 pandemic has had a significant impact on economic and market conditions in 2020 and 2021. While the ongoing roll out of successful vaccines suggests that this crisis will pass, its impact is anticipated to continue, but lessen, throughout 2022. As at 10 February, 2022, all of the Group's centres were able to trade with few local restrictions in place.

Mam risk factors

■ Failure to release financial forecasts and predict accurate guidance.

Mam risk management measures

- Decision to not publish or withdraw a financial publication;
- Standardisation of KPI definitions for items such as net/gross rental income, net service charges, etc.;
- Group Glossary developed to provide common definitions;
- Quarterly Flash Report and five-Year Business Plans are reviewed by the Group Controlling Department;
- Forecasts are systematically compared with the budget and reviewed with Operating Managers and Shopping Centre Managers. Regular and harmonised reporting systems are documented to ensure the detection of deviations;
- Dedicated Finance teams systematically review forecast vs. budget;
- External third-party auditors review the financial results for compliance with IFRS and US GAAP accounting standards;
- Analytical accounting reporting on each property, event and exhibition to monitor budget execution; and
- Multiple checks are carried out: verification of consolidation methods and resulting adjustments, reports of external auditors analysed and Group financial statements are reviewed by the Statutory Auditors before being presented and explained to the MB, the Advisory Committee and ultimately to the SB.

C. REIT STATUS AND TAX COMPLIANCE

As an international Group, URW is subject to various taxes in the countries in which it operates. URW's aim is to be in full compliance with all tax obligations worldwide in respect of all processes and transactions it undertakes. Considering its' core business and activities, as a real estate company, URW benefits from a special status as REIT regime for real estate investors in five countries in which it operates (France, the Netherlands, Spain, the UK and the US). While a REIT regime leads to a lower tax rate at the level of the REIT, as a result a REIT is obliged to distribute most of its income, which is subsequently taxable for shareholders. To the extent that URW opts to make use of such regimes, it is obliged to meet local requirements, which differ per country. Moreover, further to the Westfield transaction, the expanded tax structuring complexity combined with the stapling principle now in place between URW SE and URW NV raise potential risks of failure to comply with tax requirements and/or to face challenges from/litigation with one or several local tax authorities.

Any failure to comply with the material tax requirements imposed by the local REIT regimes or any material change or loss of a local REIT regime could have a significant adverse effect on the Group, its results or financial position. Although REIT opponents are of the belief that shifting the tax obligation from shareholders (REIT) to the companies holding the real estate would increase tax revenues, URW's view is that it might well lead to lower tax revenues as it would shift a certain current tax on obligatory dividends to a less certain tax revenue at corporation level. A potential risk of the repeal of a REIT regime is assessed as more prominent in some European countries, whereas REIT structures are viewed more favourably in the US where the focus is on proper income classification.

j cun
|
|

6.

i i'o

6. Risk factors and internal control

6.2 Main risk factors

More generally, the high levels of debt that governments have incurred as a result of various public subsidy programmes in dealing with the COVID-19 crisis has resulted in significant budgetary deficits. As governments look to recover from these fiscal challenges, there is a risk of an increase in taxes generally.

Following last year's decision and the confirmed impact of the pandemic on the Group's 2021 results, as well as the Group's commitment to deleverage, the Group has announced on February 10, 2022, to suspend the payment of a dividend for its fiscal years 2021 and 2022. Based on the anticipated statutory numbers for URW for those years, the absence of a dividend would be compatible with the SIIC regime and other REIT regimes it benefits from.

Main risk management measures

Loss of REIT status or other tax benefits due to external factors; Improper interpretation and/or application of tax law and REIT requirements; breakdown of URW processes to follow tax law and REIT requirements; and

Failure on tax determination, reporting, tax remittance (other than theoretical disagreement).

Tax employees are experienced and in a process of continuous training in order to increase awareness of potential errors;

Risk assessment of the potential loss caused by changes in tax regulation;

The Group is member of EPRA (in the EU) and NAREIT (in the US) industry groups, which promote modern and predictable REIT regimes;

Active legal teams (both internally and through external counsel review) to monitor and anticipate potential changes in REIT regimes and/or regulations as well as any changes to tax laws generally;

Review of tax calculation accuracy through consistency tests and checks reviewed internally at the Group level and through external advisory firms;

Review tax prerequisites for deals to go to the Investment Committee and explore potential to add formal sign-off processes (potentially including the Investment process) to the Compliance Book; and

Tax employees are in continuous dialogue with and provide training to local colleagues to monitor and review the characteristics of ongoing operations and transactions to ensure that the REIT income thresholds are adhered to.

6.2.2.3 CATEGORY #3: ENVIRONMENTAL AND SOCIAL RESPONSIBILITY RISKS

A. RECRUITMENT, RETENTION AND SUCCESSION PLAN

Considering the very competitive talent market (including the very low unemployment rates in some local markets) as well as the need to retain talent and knowledge, URW may face important risks related to recruitment, retention and succession of talents. Aligned to the global Great Resignation across all geographies, industries, and market segments, URW's employee turnover and resignations are reaching a peak level. The Group is actively working to listen to employees, reinforce the strong cultural elements, make critical pivots to employee engagement, and position URW to attract and retain the talent needed to succeed.

The Group is adapting the level of resources to the reprioritization of projects and processes simplification the Group is making, whilst leveraging as much as possible the natural turnover and restructuring opportunities.

430 Universal Registration Document202t / UNIBAIL-RODAMCO-WESTFIELD

6. Risk factors and internal control

8.2 Main risk factors

Main risk management measures

Failure to recruit appropriate talent to maintain strategic capabilities;

Failure to retain key employees; and

Failure to set up and update a formal succession plan.

The Group Human Resources Department maintains its strategy to focus recruitment efforts on highly talented people with:

- Developing and supporting URW's "employer brand" in particular with an increased presence on social media;
- Implementation of 'Levelling' system to better support career evolution, and ensure fair compensation for every role;
- Enhanced long-term incentive programme to increase retention and attractiveness;
- Maintaining (and expanding to the US and the UK) its highly successful graduate programme;
- Monitoring continued attractiveness of compensation and benefits packages;
- Partnering with the best head-hunting firms to regularly map best external talent;
- Developing a strong co-optation programme;
- Rolling out regular engagement surveys to design and implement relevant action plans to make URW a great place to work;
- Designing and implementing ambitious people oriented policies on flexible working, wellbeing, diversity & inclusion and sustainable work environment ("Work Greener!");
- Providing permanent learning and development opportunities (e.g. international mobility, cross-functional mobility, rolling out of the URW Academy in the UK and the US);
- New global talent review in place, including systematic 360° feedback for all employees, using the same framework and same tools across the Group; and
- New extensive Global Succession Planning process rolled out, to identify potential successors for all positions reporting to a MB member, all positions reporting to a Chief Operating Officer, all heads of key functions, and other selected key positions.

For further information related to Human Resources, please refer to Section 2.4.1 Empowering our people of the 2021 Universal Registration Document.

B. CLIMATE CHANGE AND SOCIETAL RISKS

Considering the size of its tangible assets portfolio, URW places climate change and societal risks at the heart of its strategy with an integrated commitment to reduce its carbon footprint. The Group has developed a global CSR strategy based on environmental best practices, social fairness and transparent governance. URW's programme "Better Places 2030" aims to address the main challenges faced by the Group with its operational activities in all geographies.

As developer and operator of retail assets, URW is potentially impacted by climate change and societal risks. Indeed, each of URW's real estate assets is potentially exposed to damages caused by any potential impact of climate change including natural disasters as well as by any global local acceptability-related concerns for standing assets or development projects. For more details on natural disasters, please refer to 6.2.2.4. Security, health and Safety risks and to 6.3 Transferring risk to insurers.

Main risk management measures

URW may face new risks related to climate change and its corporate CSR in several areas:

- Non-resilience of assets facing climate change;
 - Loss of access to green financing instruments and decrease in Environmental, Social and Governance ("ESG") ratings;
 - Contracting with services providers, suppliers or subcontractors not complying with regulations and standards of their profession;
 - Link to controversial activities of one or several tenants negatively affecting URW's brand and reputation;
 - Slowing local economic development and affecting local jobs (local acceptability);
 - Not identifying/controlling existing pollution in development project;
 - Limited availability and increase in price of fossil fuels;
 - Increased regulation on building energy efficiency; and
 - Lack of budget for managing the CSR strategy.
- Group climate change risk assessment covering all standing assets and the development pipeline, in line with task force on Climate-related Financial Disclosures recommendations, covering both transitional and physical risks;
- Answering to the most recognised non-financial rating agencies, monitoring questionnaire evolutions and benchmarking of scores, and organisation of ESG roadshows

- and meetings with investors, and direct dialogue on sustainability issues with investors;
- Identification and quotation of environmental, social and ethical risks inherent to all the Group purchasing categories (Group supply chain CSR risk mapping), to design tailored mitigation action plans;
- Group Considerate Construction Charter applicable for all development projects describing the Group's requirements and recommendations to optimise worksites' environmental quality;
- Reflecting consumer trends in tenancing mix, and notably increasing sustainable and healthy alternatives in the shopping centres; signing voluntary and contractual agreements on sustainability issues with tenants; and initiatives led in collaboration with tenants to raise visitors' awareness of the environmental and social impact of consumption choices;
- Extensive public consultations held for all development and extension projects;
- Building long-term partnerships with the territory's stakeholders (local residents, public authorities, and associations) and measurement and enhancement of the direct and indirect socio-economic impact of the Group's assets;
- Supporting employment through the 'URW for Jobs' programme;
- Empowering entrepreneurship, supporting business creation and retail innovation (e.g. space provision, exposure to customers, long-term partnerships, financial support, participation to entrepreneurship networks, mentorship, etc.);

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 431

6. Risk factors and internal control

6.2 Main risk factors

Mam risk factors

Main risk management measures

- Pre-acquisition due diligence process, including environmental risks and soil pollution;
- Energy efficiency targets and energy management action plans in all standing assets, involving daily energy optimisation actions as well as investments in energy efficient equipment;
- Environmental management system in place to improve environmental performance of assets;
- Shift towards electricity supply from renewable energy sources for all assets, and development of on-site renewable energy production capacity;
- Engaging with stakeholders to improve energy efficiency and source renewable energy: tenants and suppliers (e.g. Green leases, PPA contracts, and energy performance contracts with maintenance providers);
- CSR agenda defined and overviewed at the highest governance levels: Group CEO, Management Board (MB) and Group Executive Committee, and the Supervisory Board (SB);
- Integration of the CSR agenda in core business processes; and
- Effective implementation verified through external audits and certification schemes.

For further information on the Global Corporate Social Responsibility policy, please refer to Section 2.1.2.2 CSR risks and opportunities of the 2021 Universal Registration Document.

6.2.2.4 CATEGORY #4: SECURITY, HEALTH AND SAFETY RISKS

A. TERRORISM AND MAJOR SECURITY INCIDENT

The core business of URW is based on 85 Shopping Centres in 12 countries open to the public with a significant annual footfall. As such, it is important that the Group maintain an appropriate level of safety and security to welcome customers. Additionally, the "Westfield" brand has been rolled out in Europe, which heightens the awareness of remaining vigilant in monitoring and mitigating as best as possible security and safety concerns on a global basis. The global brand, the iconic status of some assets as well as the Group's footprint in more exposed countries increase the level of threats on the Group assets.

Should a serious security, safety or terrorism event occur resulting in casualties or property damage, URW could experience a negative impact on operations, financial results, and brand and reputation.

By their nature, and despite the measures put in place by the Group independently, and in close cooperation with law enforcement in all countries, the Group property assets are potentially exposed to acts of terrorism and potential active shooter situations, which may have serious consequences. In addition, URW assets could be impacted by local societal risks, such as protests, with reduction of footfall and impacts on operations.

While the threats of a terrorist attack are highest in the UK and Continental Europe, the risk of an active shooter is most likely in the US.

Main risk factors

- Failure to develop and implement a security programme that:
 - i) Remains aware of terrorist threats or other major security concerns - including active shooter; and
 - ii) Mitigates the impact of a major security incident including
 - iii) terrorist attack/active shooter event: and

Mam risk management measures

- Dedicated Group organisation for security and crisis management (Group Security and Crisis Management Committee);
- Global security governance and guidelines (including development projects), security policies and procedures implemented at all locations with appropriate physical security measures and access control:

- Failure to develop and implement an effective Group crisis management framework.
- Local security referents network to manage and standardise the Group's practices in line with local regulations;
 - Routine interaction with counter-terrorism, national intelligence services, and local law enforcement to remain aware of emerging terrorist threats or other security concerns;
- Shopping centres conduct terrorist attack/active shooter crisis response exercises in collaboration with law enforcement;
- Global incident notification/escalation process; and
- Crisis management policy and framework including annual crisis training and exercise campaigns.

432 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

6. Risk factors and internal control

6.2 Main risk factors

B. HEALTH AND SAFETY ("H&S") (INCLUDING PANDEMIC AND NATURAL DISASTERS)

As real estate owner, URW has responsibility for ensuring the safety and wellbeing of shoppers, retailers, and employees. This means maintaining proper building and equipment maintenance protocols to minimise the risk of injury or illness, protect the environment and mitigate the impact of unexpected events on the assets and on business continuity.

Each country where URW operates has a specific set of health and safety laws, and regulations. Developing and implementing an effective compliance framework, monitoring and complying with new or evolving Health, Safety and Environment ("HSE") laws and regulations, and ensuring compliance with Group HSE policies is of critical importance in managing this risk. In Europe, we accomplish this primarily through a third-party audit with expertise in health and safety and with internal teams in the US.

In certain regions in which URW operates the Group has significant exposure to natural disasters - e.g. earthquakes in California, hurricanes in Florida and flooding in the Netherlands. For assets potentially exposed to natural disasters, emergency response plans are defined by the local management team with support by regional and corporate teams.

COVID-19-related specific risk:

As the assets owned and managed by URW are places open to the public in significant numbers, in the event of a pandemic, they are significantly exposed to operational disruption.

In the context of the COVID-19 pandemic (designated as a pandemic by the World Health Organization on March 11, 2020), the Group has business continuity plans managed by a dedicated team in order to anticipate and, if necessary, lead the Group's response in terms of human resources management, operational management, business continuity, compliance and communication. Precautionary measures are taken based on government recommendations, to which specific measures may be added, including prioritising the protection of customers, tenants, providers and other relevant stakeholders, as necessary.

The Group's Convention and Exhibition division was considerably impacted by COVID-19 in 2021, with a ban on all events until May 19, (except for exams and private sales) and capacity restrictions in place until the end of June. From June 30, all events were allowed with no capacity constraints, however a negative COVID-19 test or proof of vaccination remains required for attendees at all events.

In response to the challenges, Viparis maintained strong cost-saving measures in 2021, including instituting "partial activity" for its employees, reducing operating and administrative costs, renegotiating ground rents with its landlords and reducing or delaying all nonessential capital expenditures.

Overall, the Group's shopping centres were closed for an average of 68 days in H1 (vs. 67 days in H1-2020), including 92 days in Europe (vs. 60 days in 2020) and 69 days for the full year 2021 (vs. 93 days in 2020), including 94 days in Europe (vs. 84 days in 2020).

As at 10 February, 2022, all of the Group's centres are able to trade with few local restrictions in place. Although the pandemic is still very much present with the ongoing threat of new variants, the level of disruption is expected to be considerably lower than it was in 2020/2021.

UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD 433

6. Risk factors and internal control

6.2 Main risk factors

Main risk management measures

Failure to implement effective strategies that seek to minimise, prevent, and mitigate life safety incidents; Failure to implement processes that may mitigate and manage the impact of any natural disaster (earthquake, flooding and uninsured risk); and
Injury or loss of life due to failure to comply with sanitary, health and safety regulations.

For Europe portfolio

Annual third-party audit conducted on assets to verify regulatory compliance with health and safety laws and regulations;
Qualified external advisors/contractors with up-to-date knowledge of the assets and of local regulation validate compliance with regulations;
External Audit by Bureau Veritas (third-party vendor) with the assistance of epidemiologists based on latest recommendations of health authorities;
"Safe and Healthy Places" label awarded to all assets in the European Portfolio by Bureau Veritas demonstrating appropriate COVID-19 measures are in place for the reassurance of tenants and customers;
Internal documentation processes to justify the compliance with sanitary protocols; and Regular (weekly or bi-monthly) external reviews of compliance with sanitary protocols by bailiffs or external legal counsels.

For US portfolio

Verification that contractors' health and safety procedures are appropriate and that their staff have the proper licences, equipment and training;
External Audit by Bureau Veritas (third-party vendor) with the assistance of epidemiologists based on latest recommendations of health authorities;
"SafeGuard" certification awarded to all assets in the US Portfolio by Bureau Veritas demonstrating appropriate COVID-19 measures are in place for the reassurance of tenants and customers;
Centre management conducts routine property tours and identifies hazardous conditions and implements corrective actions;
Maintenance and inspection conducted by third-party contractors of all relevant equipment subject to regulation;
Internal documentation processes to justify the compliance with sanitary protocols; and Fire safety systems are routinely inspected as required by local fire regulations; Corporate and Construction Health, and Safety policies incorporate regulations and are based on industry-accepted best practices in the absence of a specific governing regulation.

Natural disaster**

- Periodic assessment of European and US assets most exposed to natural disasters (flooding, storms and earthquakes) to validate response plans;
- French and Spanish assets are covered for 100% of their insured values according to the local regulation; assets in other EU regions are covered with a limit of £200 Mn per country and in the aggregate annually for natural disasters; specific sub-limit of €25 Mn for flood damages in The Netherlands, due to insurance market limitation; US assets are covered against hurricane damage with a limit of \$1.35 Bn in the annual aggregate, against storm with a limit of \$1 Bn in the annual aggregate, flood with a limit of \$500 Mn in the annual aggregate, against earthquake with a limit of \$500 Mn in the annual aggregate, sub-limited in the annual aggregate to \$400 Mn for California and \$250 Mn for Pacific Northwest, due to insurance market limitations;
- Periodic review on prevention/protection plans and risk mitigations for the most exposed assets; and

- Each centre in a natural catastrophe zone conducts emergency preparedness drills each year.

(1) For further details, please refer to Section 6.3 Transferring risk to the insurers. 434
Document2021 / UNIBAIL-RODAMCO-WESTFIELD

Universal Registration

6. Risk factors and internal control

6.2 Main risk factors

6.2.2.5 CATEGORY #5: LEGAL AND REGULATORY RISKS

A. LEGAL AND REGULATORY

URW operates in highly regulated countries. Moreover, operations also require to comply with a myriad of laws and regulations related to the URW Group activities in areas such as leasing, asset and property management, various licensing and permits, construction and maintenance, health and safety, personal data privacy, financial and securities markets, and anti-trust regulations, as well as with some extraterritorial regulations. As such, the risk of failing to detect, anticipate, implement and comply with applicable laws and regulation may result in legal/regulatory breach, regulatory investigation, negative reputational impact and/or liabilities resulting in fines and penalties, damages, the loss of licences, and/or any potential legal action. URW also operates in highly litigious countries, where the Group is potentially exposed to the risk of major litigations, including class actions.

The countries where the Group operates have implemented a series of (exceptional or ongoing) measures to deal with the COVID-19 pandemic in a wide variety of legal and regulatory areas affecting (among others) businesses' activities, employment, real estate, and health and safety matters. As such, the Group has to comply with a new and evolving set of laws and regulations increasing the risk of breach, which may result in regulatory investigation, negative reputational impact or could result in fines, penalties and/or any potential legal action. Moreover, tenants and providers may try to challenge existing contracts to exit or to reduce any contractual obligations including financial.

The constant and increasing evolution of the legislative and regulatory production creates a legal instability and makes it difficult to detect and anticipate the direct or indirect impacts on the Group's activity, especially in terms of CSR (e.g. taxonomy, emissions trading scheme, extra-financial communication), the challenge for the Group is to be able to actively participate in the elaboration of these regulations in order to put into perspective the specificity of the real estate sector and the potential impacts, as well as to allow the emergence of new business opportunities.

In the course of its activities, the Group collects and processes diverse personal data from customers, employees, business partners and service providers. The Group is subject to data protection laws such as the General Data Protection Regulation (GDPR in Europe) and the California Consumer Protection Act (CCPA in the US). Failure to protect this personal data could result in regulatory investigation, legal (class) actions, fines and penalties as well as negatively impacting the Group's reputation.

The COVID-19 crisis management and the measures implemented by the Group may be challenged by stakeholders, particularly in highly litigious countries where the Group is potentially exposed to the risk of major litigation, including class actions. At the date of this document, there are no notified class actions or significant complaints related to breaches in sanitary protocols and no action against the management of the crisis.

6. Risk factors and internal control

6.2 Main risk factors

Main risk management measures

Non-compliance with laws and regulations at governmental, federal, state, province, local country or sector level.
Deployment of the Group's legal policy, a set of internal procedures and standard forms to state, province, local country or sector level, secure contractual frame, reduce litigation exposure to protect Group interests and ensure compliance with applicable regulations; Legal Department organisation around (i) three geographical platforms (Continental Europe, UK, US), and (ii) a Group Legal Support (corporate and security law, data & brand protection);
Comprehensive legal training on complex or new regulations to raise awareness and develop learning curve from pending litigation;
External advisors and law firms provide constant updates on both emerging legislation and recent case law on specific matters;
Group in-house lawyers are specialists in jurisdictions in which the Group operates and set the network of external counsel and experts as required; and
Through its action within the various national professional organisations, the Group endeavours to anticipate any legislative initiatives likely to have an impact on its business.

Inability to detect and anticipate new regulation (including changes or evolutions) with (potential) impact on retail sector and/or the Group.

Group workshops on Group/local mapping co-lead by legal and Public Affairs departments;
Definition of group/local priorities, timelines and institutional calendars to develop and coordinate strategy;
Interaction with other stakeholders, public authorities and professional organisations; and
Setting up an internal coordinated organisation to detect and address new regulations.

As a publicly traded global company, URW is required to comply with various stock market/exchange regulations and requirements with respect to full and proper disclosure and transparency to provide clear, real and objective information.

The Market Abuse Regulation related to insider trading is detailed in the URW Insider Trading Rules procedure, setting out common principles applying to the qualification of inside information, the disclosure of such information, trading bans during pre-defined periods of time and disclosure requirements for designated persons; and
A Group Disclosure Committee is responsible for qualifying inside information, if any.

In the course of its activities, URW collects and processes diverse personal data from customers, employees, business partners and service providers. Failure to protect this personal data could result in fines and penalties as well as negatively impacting URW's reputation.

The Group has developed and updated a robust and effective Data Privacy Protection programme to comply with GDPR (EU) and the California Consumer Protection Act ("CCPA") (US);
Appointment of one Head of Group Data 6 Brand Protection, Data Privacy Officers and Local Data Protection Correspondents network set up, as well as a Group Data Protection Committee;

Organisational and technical processes; retention period policy, data breach notification process, update of the employee privacy policy. IT Security Department included in the framework;

Group-wide e-learning training on GDPR and CCPA for each employee and specific trainings for business population (marketing, IT, HR); Signature of data processing agreement with major IT contracts service providers; and Processes and registers were implemented.

Failure to prevent or mitigate material negative impact of any regulatory investigations and/or litigation: in the normal course of URW's business activities, the Group could be subject to legal, administrative, arbitral and/or regulatory proceedings.

Set out an escalation process;

Internal alert process to inform the Group General Counsel, recurring reporting on (potential) material litigations and escalation process for litigation strategy;

Claim management process for development projects;

Set of preventive internal programmes to comply with the main applicable regulations and effectiveness review on a recurring basis; and

"Dawn raid" policy for any unexpected on-site investigation.

6. Risk factors and internal control

6.2 Main risk factors

B. CORRUPTION, MONEY LAUNDERING AND FRAUD RISKS

URW conducts its core business in 12 countries and drives its real estate activity with a wide variety of stakeholders, business partners, and other intermediaries. Due to the nature of URW's business activities and relationship with business partners, as well as its wide geographical scope of operations, URW faces numerous stringent international and national anti-bribery, corruption, money laundering and fraud laws and regulations.

Main risk management measures

Non-compliance with international/national anti corruption and « influence peddling regulations:

- *As a global company, URW must comply with the highest standards in this particular field and also with anti-corruption regulations such as the French Sapin II law, the Foreign Corrupt Practices Act ("FCPA") • (US) or the UK Bribery Act ("UKBA) (UK). Failure to comply with anti-corruption regulations and lack of transparency can lead to: material ■ reputational damages; financial, administrative or disciplinary sanctions; and may have a negative impact on investors' trust; and >*
- Non-compliance with international/national anti-money laundering laws;

Failure to prevent and detect fraud against URW: the Group could be exposed to attempted fraud (identity theft for example); or embezzlement in the course of its business. < A rigorous 'zero tolerance' principle based on an effective Anti-Corruption Programme ("ACP") applicable in all entities controlled by the Group¹¹ based on the eight pillars of the French Sapin II law. In addition, the ACP incorporates provisions of international conventions and national laws and regulations applicable to the Group's business activities; An alert system (whistleblowing procedure) supported by an external and confidential platform is in place within the Group and also available for contractors; Interactions with business partners are monitored by a "Know Your Partner" procedure to evaluate third parties' exposure to the corruption and influence peddling risks; Local Compliance Correspondents support the coordination of the ACP and manage processes and procedures in each region;

Dedicated classroom training for most exposed departments and an e-learning module mandatory for all URW staff describing the general principles related to business ethics and the prevention of corruption, bribery and influence peddling;

The Group has implemented a secure payments procedure and has formalised the rules for opening, changing and closing bank accounts;

Awareness of fraud scenarios is raised in departments throughout the year and illustrated by real cases; and

In the case of attempted fraud, the Group Compliance Officer systematically shares the information via email with all concerned employees, including a reminder of preventive procedures.

(1) Except for Viparis which implemented a tailored ACP in compliance with the Sapin II Law provisions.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

6. Risk factors and internal control

6.3 Transferring risk to Insurers

6.3 TRANSFERRING RISK TO INSURERS

The Group is covered by insurance programmes, which are underwritten by leading insurance companies located in various markets (Europe, the US and the UK).

These programmes are actively monitored by the Group Insurance Department in liaison with local teams and insurance brokers.

Under the property damage and terrorism programmes, all the Group's property assets are insured, for their reconstruction value as well as for business interruptions and loss of rent subject to limitations of coverage with respect to natural catastrophe risks due to limited insurance market capacities (for more details, refer to the table below). All assets are regularly assessed by internal or external property insurance valuers.

In accordance with insurance market practices, property damage insurance programme requires physical damages to trigger a coverage of financial loss or business interruption. For pandemics, in the current legal and contractual, such cover is not granted and not available on the insurance market.

Under the insurance programme, French and Spanish assets are insured against terrorism for their reconstruction cost, and for business interruptions and loss of rent according to compulsory national insurance mechanisms (Gareat in France and Consorcio de Compensacion de Seguros in Spain). Assets located in other countries are insured against terrorism under a dedicated programme that includes a limit per claim based on the asset that has the highest insured value with respect to rebuilding cost and loss of rent.

The Group has also taken out general liability insurance policies that cover financial damages resulting from third-party claims.

Type of insurance

Coverage and main limits based on 2020 Group insurance programmes

Property damage and loss of rent/business interruption,

Coverage: 'all-risks' basis (subject to named exclusions) and terrorism.

Basis of compensation:

- Reconstruction costs for building, replacement cost for equipment; and
- Loss of rent or business interruption with a compensation period of between 12 and 60 months,

depending on the asset.

Limits of compensation: ■ Continental

Europe:

- Earthquake: limit of €200 Mn per country in the annual aggregate;
- Flood: limit of €200 Mn per country in the annual aggregate sub-limited to €25 Mn in the annual aggregate for the Netherlands (dike failure is excluded, which is market practice),
- These sub-limits above do not apply for assets located in countries where compulsory national insurance mechanisms exist: Regime catastrophes naturelles in France and Consorcio de Compensacion de Seguros, in Spain; and
- Terrorism: limit of €900 Mn per occurrence covering material damages and loss of rent/ business interruption following a terrorist attack, except French and Spanish assets which are insured for their full values according to Gareat in France and Consorcio de Compensacion de Seguros in Spain.
- The UK: limits are based on the declared values per occurrence covering all material damages and loss of rent/business interruption, including losses following terrorism events which are covered by Pool Re. The programme includes sub-limits.

438 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

6. Risk factors and internal control

6.3 Transferring risk to Insurers

Type of insurance

Coverage and main limits based on 2020 Group insurance programmes

- The US: limit of \$1.35 Bn per occurrence covering all material damages and loss of rent/ business interruption including terrorism events. The programme includes sub-limits notably for natural catastrophe risks.
 - Earthquake: the overall programme sub-limit for earthquakes is \$500 Mn per occurrence and annual aggregate subject to additional inner sub-limits of:
 - Sub-limit of \$400 Mn for California earthquakes: this limit applies to all locations in California. A retention per location of 596 of total insured values would be applicable;
 - Sub-limit of \$250 Mn for Pacific Northwest earthquakes: this limit applies to SouthCenter in Tukwila, WA. A retention per location of 3% of total insured values would be applicable;
 - Windstorm/hurricane: limit of \$1 Bn in the annual aggregate. A deductible of \$50,000 per location would be applicable, except for assets located in Florida where a retention per location of 556 of the total insured values would be applicable; and
 - Flood: sub-limit of \$500 Mn in the aggregate with \$500,000 deductible per location for properties in designated flood zones.

In the US in particular, the combination of the concentration of many assets in the same area with a high exposure to natural catastrophe risks and the limited capacity available from insurers to cover these risks exposes URW SE and its controlled subsidiaries to retain a significant share of these risks as uninsured.

General civil liability
General environmental liability

Coverage: 'all-risks' basis (subject to named exclusions) for damage caused to third parties. The programme includes sub-limits, for example to cover liability claims following a terrorist attack.

Coverage for damage caused to third parties by accidental or gradual pollution.

Main construction projects and renovation works on properties are covered by contractors' All Risks policies for their total construction cost. Defects affecting the works are covered by decennial insurance in France, Inherent Defect Insurance for large construction or extension projects in Continental Europe, or by contractors' warranties in the US and in the UK.

The 2021 premium amounted to €45 Mn⁽¹⁾, excluding construction insurance premiums. Most of these premiums were invoiced to third parties (e.g. co-owners, tenants).

Except for loss of income due to COVID-19, the Group did not incur any major uninsured losses in 2021.

At the end of 2021, in a hardening market context, the Group's insurance programme was successfully renegotiated covering the Group portfolio with placement in the European, UK and US insurance markets with effect from January 1, 2022.

(1) Only for Insurances directly managed by URW, excluding premiums reinvoiced from third parties.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD

7. Information on the Company, shareholding and the share capital

CHAPTER 7.

Information on the Company, shareholding and the share capital

7.1 INFORMATION ON THE COMPANY 441

- 1 GeneraUnformation441
- 2 Legal form and applicable law441

7.2 SHARE CAPITAL AND OTHER SECURITIES

GRANTING ACCESS TO THE SHARE CAPITAL 441

- 1 Share capital-Form of shares441
- 2 Securities granting access to the share capital441
- 3 Other securities granting access to the share capital442
- 4 Changes in Unibail-Rodamco-Westfield SE's share capital during the past five years 443

7.3 SHARE BUY-BACK PROGRAMME 444

- 1 Authorisation to buy back shares444
- 2 Review of the use of the authorisation to redeem shares and information on the transactions carried out during the financial year ending December 31,2021 444
- 3 Situation as at December 31,2021444

7.4 INFORMATION ON THE SHAREHOLDING 445

- 1 Ownership of capital and voting rights445
- 2 Information regarding ownership threshold disclosures since January 1,2021446
- 3 Shareholders'agreement446

5 FINANCIAL AUTHORISATIONS 447

6 ARTICLES OF ASSOCIATION OF THE COMPANY AND CHARTERS 449

- 1 Corporate object (Article 2 of the Articles of Association)449
- 2 Stapled Share Principle (Article 6 of the Articles of Association)449
- 3 SIIC Regulation449
- 4 Statutory obligations pertaining to changes in the Company's share capital and categories of share rights449
- 5 Corporate governance structure (Articles 10 to 16 of the Articles of Association)450
- 6 General meetings (Articles 18 and 19 of the Articles of Association) 452
- 7 Requirements pertaining to the distribution of profits (Article 21 of the Articles of Association)452
- 8 Statutory shareholder threshold and obligation to register shares (Articles 9 and 9 bis of the Articles of Association)452

7 INVESTMENT BY THE COMPANY OUTSIDE THE UNIBAIL-RODAMCO-WESTFIELD GROUP 453

8 ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER 453

7. Information on the Company, shareholding and the share capital

7.1 Information on the Company

7.1 INFORMATION ON THE COMPANY

1 GENERAL INFORMATION

The corporate name of the Company is "Unibail-Rodamco-Westfield SE" and its acronym is "URW SE". The Company was incorporated on July 23, 1968 for a period of 99 years, i.e. up to July 22, 2067.

Its registered office is at 7, place du Chancelier Adenauer, 75016 Paris (France) and it is registered in the Paris trade and companies register under number 682 024 096.

Its LEI is 969500SHOJTWXSIS7N89.

Its financial year runs from January 1 to December 31.

Information about the Company is available on its website: www.urw.com <<http://www.urw.com>>.

The content of the website is not an integral part of this Universal Registration Document, any prospectuses or any documents which refer to it unless certain information has been expressly included for reference purposes.

2 LEGAL FORM AND APPLICABLE LAW

Originally constituted as a public limited company with a Board of Directors, the Company was converted on May 21, 2007 into a public limited company with a Management Board and Supervisory Board, then, on May 14, 2009, into a European company with a Management Board and Supervisory Board pursuant to the provisions of European Council Regulation no. 2157/2001/EC of October 8, 2001, applicable to European companies and by the laws and regulations in force in France.

7.2 SHARE CAPITAL AND OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

7.2.1 SHARE CAPITAL - FORM OF SHARES

As at December 31, 2021, the Company's share capital is €692,972,080 divided into 138,594,416 fully paid-up ordinary shares on a par value of €5 each. Company shares may be registered or bearer shares at the shareholder's discretion subject to the requirements set out in Article 9 of the Articles of Association.

In June 2018, the shares of the Company were stapled with the class A shares of Unibail-Rodamco-Westfield N.V. (hereinafter together, the "Stapled Shares"), a public limited liability company ("naamtoze vennootschap") incorporated under the laws of The Netherlands, with its registered office located in Amsterdam and registered with the Dutch commercial register under number 70898618.

For more information about the Stapled Shares, please refer to Article 6 of the Articles of Association of the Company or Section 7.6.2.

7.2.2 SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

Securities granting access to the capital of the Company are described below.

1 CDI (CHESS DEPOSITARY INTERESTS)

The term "CDI" designates Australian CHES (clearing house electronic subregister system) depositary interests that represent beneficial ownership in Stapled Shares registered in the name of or on behalf of CDN (CHES Depositary Nominees Pty Limited, a subsidiary of the Australian Securities Exchange (ASX)). CDI are admitted for trading on the Australian regulated market (ASX).

Twenty CDI collectively represent a beneficial interest in one Stapled Share. CDN enables holders of CDI to exercise¹ the voting rights attached to the Stapled Shares. The CDI can be converted into Stapled Shares at any time, and inversely.

As at December 31, 2021, 196,303,060 CDIs (corresponding to 9,815,153 Stapled Shares) were outstanding, representing 7.08% of share capital.

2 PERFORMANCE SHARES AND PERFORMANCE STOCK OPTIONS

The long-term remuneration plan of the Company combines two remuneration elements in Stapled Shares: the majority are granted as Performance Shares, while a small portion are Performance Stock Options. This is intended to strengthen the engagement of beneficiaries in their contribution to the Group's performance (see Section 3.3.4).

As at December 31, 2021, the number of potential Stapled Shares to be theoretically issued after taking into account cancellations (assuming the required performance and presence conditions are attained and excluding any cancellations that may occur during the course of the plan) represents 0.63% of the fully diluted share capital with regard to the Performance Shares and 2.73% of the fully diluted share capital with regard to the Performance Stock Options.

(1) Holders of CDI can either (i) ask CDN to vote in a given way, or (ii) request that CDN grant the holder with power to vote at the General Meeting.

7. Information on the Company, shareholding and the share capital

7.2 Share capital and other securities granting access to the share capital

7.2.2.3 ORNANE (BONDS REDEEMABLE IN CASH AND/OR IN NEW AND/OR EXISTING SHARES)

Since the General Meeting of ORNANE holders on April 20, 2018, the redemption of ORNANE is carried out in new and/or existing Stapled Shares.

- 2014 ORNANE ISSUANCE OF JUNE 25,2014

On June 25, 2014, the Company issued 1,735,749 2014 ORNANE at a nominal value per unit of €288.06, representing a nominal amount of €500 Mn.

In accordance with paragraph 4.9.7 of the Note d'operation under visa No. 14-296 from the French Financial Markets Authority on June 17, 2014 ("Note d'operation"), all bonds convertible into new shares and/or exchangeable for existing share were redeemed in cash on July 1, 2021. Any holder who has not exercised their right to allocation of Stapled Shares have received an amount corresponding to the par value, i.e. €288.06 per bond, in accordance with paragraph 4.9.1 of the Note d'operation.

As at December 31, 2021, no 2014 ORNANE is outstanding.

For more details on the 2014 ORNANE, please refer to the Note d'operation.

- 2015 ORNANE ISSUANCE OF APRIL 15,2015

On April 15, 2015, the Company issued 1,441,462 2015 ORNANE at a nominal value per unit of €346.87, representing a nominal amount of €500 Mn.

In accordance with paragraph 4.9.7 of the Note d'operation under visa No. 15-144 from the French Financial Markets Authority on April 8, 2015 ("Note d'operation"), all bonds convertible into new shares and/or exchangeable for existing share were redeemed in cash on January 1, 2022. Any holder who has not exercised their right to allocation of Stapled Shares have received an amount corresponding to the par value, i.e. €346.87 per bond, in accordance with paragraph 4.9.1 of the Note d'operation.

As at December 31, 2021, 1,441,462 2015 ORNANE were outstanding. As of January 1, 2022, as a result of redeem, no ORNANE 2015 is outstanding.

For more details on the 2015 ORNANE, please refer to the Note d'operation.

7.2.3 OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

None.

442 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

7. Information on the Company, shareholding and the share capital

7.2 Share capital and other securities granting access to the share capital

7.2.4 CHANGES IN UNIBAIL-RODAMCO-WESTFIELD SE SHARE CAPITAL DURING THE PAST FIVE YEARS

Since January 1, 2017, the Company's share capital has changed as follows:

Date	Movements in the share capital	Number of shares issued	Number of shares	Total share capital
31/03/2017	25,323			
31/03/2017 31/03/2017	99,419,182			
30/06/2017				
74				
99,393,859				
	Reimbursement of ORA			
	292,980			
	99,712,162			
	Creation of PS (2013 tranche)			
	124,677			
	99,836,839			
	Exercise of SO (2010-2013 tranches)			
	Exercise of SO (2011-2013 tranches)			
	Premium resulting from transaction			€14,178.40 €0.00
	£47,288,266.00			
	€20,416,087.88			
05/07/2017 30/09/2017				Increase of share capital reserved for employees
	Exercise of SO (2011-2012 tranches)			
	€5,555,237.35 €1,463,841.77			
	Share cancellations			
	Exercise of SO (2011-2012 tranches)			
	Reimbursement of ORNANE			
	Creation of PS (2014 tranche)			
	Exercise of SO (2011-2014 tranches)			
26/04/2018	Exercise of SO (2012 and 2014 tranches)			
26/04/2018 22/05/2018				
07/06/2018				Increase of share capital reserved for employees
	Exercise of SO (2013-2014 tranches)			
				Increase of share capital in remuneration for a non-cash contribution
30/09/2018				

30/09/2018 31/12/2018

£9,067.06

£565,538.12 £7,185.02

Exercise of SO (2012 tranche)

Creation of PS (2015 tranche)

Exercise of SO (2012 tranche)

Creation of PS (2016 tranche)

30/04/2019

08/07/2019 08/07/2019

31/03/2020 04/06/2020

04/06/2020

31/03/2021 24/06/2021

24/06/2021

Increase of share capital reserved for employees

Reimbursement of ORA

Reimbursement of ORA

Creation of PS (2017 tranche)

Creation of PS (2016 tranche)

Increase of share capital reserved for employees

Creation of PS (2017-2018 tranches)

Creation of PS (2018 LTISI* tranche)

Increase of share capital reserved for employees

Note: increases in the share capital associated with the exercise of Performance Stock Options (SO) and creation of shares and reimbursements of bonds redeemable in shares (ORA) and bonds redeemable in cash and/or in new and/or statement of the Management Board.

Performance Shares (PS), cancellation of existing shares (ORNANE), are stated by a

' LTISI : Additional Performance Shares granted in 2018 related to the successful integration of Westfield.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 443

7. Information on the Company, shareholding and the share capital

7.3 Share buy-back programme

7.3 SHARE BUY-BACK PROGRAMME

7.3.1 AUTHORISATION TO BUY BACK SHARES

The Combined General Meeting of May 12, 2021 (eighteenth resolution), pursuant to Articles L. 22-10-62 and seq. of the French Commercial Code and in compliance with Regulation no. 596/2014 of the European Parliament and of the European Council of April 16, 2014 on market abuse, authorised the Management Board, for a period of 18 months, to buy back Company shares up to the legal limit of 10% of the total number of outstanding shares adjusted for any change in the share capital during the authorisation period, with the aim of:

- i) cancelling all or part of the Company shares thus purchased, under the conditions provided by Article L. 22-10-62 of the French Commercial Code and subject to a general meeting's authorisation in force to reduce the share capital;
- ii) holding Company shares that can be allotted to its executive officers and employees and to its affiliated companies under the terms and conditions provided by law, in particular in the context of stock option plans, free grants of existing shares, shareholding plans or company savings plans or inter-company (or similar plan) in respect of profit-sharing and/or any other forms of granting shares to employees and/or executive officers of the Group;
- iii) holding shares of the Company to allot them upon the exercise of rights attached to negotiable securities giving access to the share capital by way

- of redemption, conversion, exchange, presentation of a warrant, or in any other manner;
- iv) stimulating the market or the liquidity of the shares of the Company through an investment intermediary in the context of a liquidity contract; and
 - v) implementing any new market practice which might be approved by the French Financial Market Authority and, more generally, carrying out any transaction permitted under the regulations in force.

The maximum share buy-back purchase price is fixed at €110 per Stapled Share, excluding costs, based on a par value of €5 per share. The total cost of the share buy-back programme cannot exceed €1.5 Bn.

This authorisation cannot be used by the Management Board during the period of a public offer.

General Meeting of May 11, 2022

At the General Meeting to be held on May 11, 2022, the Management Board will propose to shareholders that they renew this authorisation for a period of 18 months on the following terms and conditions, and in accordance with Article L. 22-10-62 and seq? of the French Commercial Code, i.e. a maximum share buy-back purchase price at €110 per share excluding costs, based on a par value of €5 per share. The total cost of the share buy-back programme must not exceed €1.5 Bn pursuant to the share capital as at December 31, 2021 (i.e. 138,594,416 shares).

This new authorisation, subject to approval at the General Meeting to be held on May 11, 2022, would replace and supersede the authorisation granted on May 12, 2021. This authorisation should not be used by the Management Board during the period of a public offer.

2 REVIEW OF THE USE OF THE AUTHORISATION TO REDEEM SHARES AND INFORMATION ON THE TRANSACTIONS CARRIED OUT DURING THE FINANCIAL YEAR ENDING DECEMBER 31, 2021

Pursuant to the authorisation granted by the General Meeting of May 17, 2018, Unibail-Rodamco-Westfield SE has appointed, on May 7, 2019, Rothschild Martin Maurel Bank to implement a liquidity facility in accordance with the provisions of the legal framework in force.

For the implementation of this facility, €15 Mn in cash was allocated to the liquidity account.

During the 2021 financial year, no Stapled Share was purchased and 4,000 Stapled Shares were sold for a total price of €242,200 (i.e. an average purchase price of €60.55). The lump sum amount for the management of the contract borne by Unibail-Rodamco-Westfield SE in 2021 amounted to €125,000.

The following resources were held on the liquidity account, on December 31, 2021: • 0 Stapled Share . €14,741,407.19

URW has announced on January 5, 2022 that it has terminated the liquidity facility entrusted to Rothschild Martin Maurel with effect from December 31, 2021 after the close of trading, as this agreement has not been used during the last months of 2021.

Furthermore, during the 2021 financial year, the Company did not proceed with the acquisition of any other shares, other than those acquired under the liquidity facility, under the share buy-back programme. The Company has not used any derivative products as part of its share buy-back programme.

3 SITUATION AS AT DECEMBER 31, 2021

As at December 31, 2021, no treasury share is held by the Company.

7.4 INFORMATION ON THE SHAREHOLDING

7.4.1 OWNERSHIP OF CAPITAL AND VOTING RIGHTS

As at December 31, 2021, the Company's share capital comprises 138,594,416 fully paid-up ordinary shares with a par value of €5 each. One single voting right is attached to each share in accordance with the "one share, one vote" principle.

The Company's shareholding structure has changed as follows during the last three financial years:

Year-end 2019

Year-end 2020

Number of shares
% of share capital
% of voting rights
Number of shares
% of share capital
% of voting rights
Number of shares
% of share capital
% of voting rights

Companies controlled by Mr Xavier Niel
(Rock Investment and NJJ Holding) Executive officers"
Company savings plan²

14.64
0.15 0.32
Treasury shares"
99.69 130,454,046
100.00 138,472,385

Figures may not add up due to rounding.
1) Executive officers endorse the two members of the Management Board as at December 31, 2019 and December 31, 2020, and the five members of the Management Board as at December 31, 2021. The amount does not take into account the units in the Company Savings Plan held by executive officers.
2) Including units in the Company Savings Plan held by the Management Board members.
3) Treasury shares held under share buy-back programmes and/or the liquidity contract. Shares held by Unibail-Rodamco-Westfield SE are stripped of voting rights.

There has not been any significant variation of the share capital as at December 31, 2021.

As at December 31, 2021, in accordance with the declarations of crossing of thresholds made to the French Financial Markets Authority, the shareholders holding a number of shares or voting rights representing 5% or more of the total number of shares or voting rights of the Company are the following:

			Number of shares and derivatives including the URW Stapled Shares as underlying		
32,206,982				% of share capital including the URW Stapled Shares as underlying	
23.24					
			Number of voting rights including the URW Stapled Shares as underlying		
				32,206,982	
				% of voting rights Including the URW Stapled Shares as underlying	
23.24					
Societe Generale					
BlackRock Inc.					
The Goldman Sachs Group Inc.					

7. Information on the Company, shareholding and the share capital

7.4 Information on the shareholding

7.4.2 INFORMATION REGARDING OWNERSHIP THRESHOLD DISCLOSURES SINCE JANUARY 1, 2021

Legal threshold disclosures notified prior to January 1, 2021, can be viewed on the French Financial Markets Authority ("AMF") website and threshold disclosures notified to the Company are available at the registered office of the Company.

In addition to the thresholds provided by Article 9 bis of the Articles of Association of the Company, i.e. a number of shares or voting rights representing 2% or more (or any further multiple thereof) of the total number of shares or voting rights of the Company, respectively (see Section 7.6.8) and in accordance with Article L. 233-7 of the French Commercial Code, any individual or entity acting on his, or its, own or in concert who comes to acquire a percentage of the share capital or voting rights of the share capital of the Company which is equal to or greater than 5%, 10%, 15%, 20%, 25%, 30%, 33.3%, 50%, 66.6%, 90% or 95% is required to notify the Company and the AMF at the latest before the closing of the forth trading day following the crossing of such threshold, the total number of shares or voting rights he, or it, holds. Notification must also be given, within the same time frame, when the number of shares or voting rights falls below one of these thresholds.

Failing this, the voting rights attached to all shares exceeding the threshold that have not been disclosed are suspended in the shareholders' meetings until such time as the situation has been regularised and for a period of two years after the date of due notification. Under the same conditions, the voting rights attached to such shares exceeding the threshold that ought to have been declared may not be exercised or transferred by the defaulting shareholder (Article L. 233-14 Paragraphs 1 & 2 of the French Commercial Code).

A standard notification form notifying the crossing of legal thresholds is available on the AMF website.

Based on the legal and statutory threshold crossings disclosed to the Company and/or the AMF by the shareholders, the latest positions notified are identified hereafter for the financial year ended December 31, 2021:

Number of voting rights	Number of shares % of share capital"	o of voting rights
The Goldman Sachs Group, Inc (disclosed on 05/01/2020 - increase)		
NJJ Holding (disclosed on 11/01/2021 - increase)		
Societe Generale (disclosed on 15/01/2021 - increase)		
BlackRock Inc. (disclosed on 22/01/2021 - increase)		
The Goldman Sachs Group, Inc (disclosed on 02/02/2021 - decrease)		
UBS Group AG (disclosed on 16/02/2021 - increase)		
Caisse des Depots et consignations (disclosed on 18/02/2021 - increase) UBS Group AG (disclosed on 24/02/2021 - decrease) NJJ Holding (disclosed on 26/02/2021 - increase)		
Caisse des Depots et consignations (disclosed on 02/03/2021 - increase) NJJ Holding (disclosed on 06/04/2021 - increase)		
NJJ Holding (disclosed on 23/04/2021 - increase)		
AMUNDI (disclosed on 10/08/2021 - decrease) AMUNDI (disclosed on 20/09/2020 - increase)		
NJJ Holding (disclosed on 08/10/2021 - increase)		
AMUNDI (disclosed on 13/10/2021 - decrease) AMUNDI (disclosed on 14/10/2021 - increase)		
2.32 2,946,737		
2.01		
n/c"		2,792,239 n/d">
11.40 15,789,685		
1.61 2,232,239		
15.50		
21,461,745 24,281,982		
1.99 2,763,903		
2,780,359		
23.24		
1.99		
32,206,982 2,768,210		
2,779,452		
Societe Generale (disclosed on 8/11/2021 - increase)		
AMUNDI (disclosed on 12/01/2021 - decrease)		

AMUNDI (disclosed on 16/11/2021 - decrease)

AMUNDI (disclosed on 08/12/2021 increase)

AMUNDI (disclosed on 20/12/2021 - decrease)

(1) Not communicated.

7.4.3 SHAREHOLDERS' AGREEMENT

To the best of the Company's knowledge, there is no shareholders' agreement, control over the Company.

446 UniversalRcgistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

7. Information on the Company, shareholding and the share capital

7.5 Financial authorisations

7.5 FINANCIAL AUTHORISATIONS

Pursuant to Article L 225-37-4 of the French Commercial Code as referenced in Article L. 225-68, the following table summarises the use, between January 1, 2021 and December 31, 2021, of the authorisations currently in force granted by general meetings to increase the share capital. All or parts of financial authorisations approved by the General Meeting of May 15, 2020, or by the General Meeting of November 10, 2020 for the share capital increase reserved for participants of Companies Savings Plans, were in force on January 1, 2021, and were superseded and replaced by new authorisations granted by the General Meeting of May 12, 2021. These authorisations supersede, with effect as from the same date, if applicable, the unused part of any authority previously granted to the Management Board for the same purpose (in grey within the table).

Type of authorisation¹
 date of General Meeting¹ and resolution

Authorisation expiry date

Issue terms and conditions

Amounts³ used¹⁵¹
Outstanding authorisation¹¹¹ as at 31/12/2021¹¹¹

Increase in the share capital by the issue of ordinary shares to be subscribed in cash, or of any negotiable securities with PSR¹

15/05/2020 resolution no. 18 (period of validity: 18 months)

12/05/2021 resolution no. 20 (period of validity: 26 months)

€100,000,000 (nominal value) Shareholders Authorisation to the

in ordinary shares and/or Management Board
securities giving access to the to fix the amount
share capital +€2,000,000,000 and conditions
(nominal value) in debt instruments²¹

entire authorisation

Increase in the share capital by the issue of ordinary shares to be subscribed in cash, or of any negotiable securities without PSR¹¹¹ via a public offer

15/05/2020 15/11/2021 €60,000,000 (nominal value)
resolution no. 19 in ordinary shares and/or
(period of validity: securities giving access to the
18 months) share capital +€2,000,000,000
(nominal value) in debt instruments²¹

12/05/2021 12/07/2023 €68,000,000 (nominal value)
resolution no. 21 in ordinary shares and/or
(period of validity: securities giving access to the
26 months) share capital +€2,000,000,000
(nominal value) in debt instruments²¹

(nominal value) in debt instruments

Shareholders and/or third parties

Authorisation to the Management Board to fix the amount and conditions; cancellation of the PSR^{J1} with a priority term

entire authorisation

Increase of the number of shares or securities to be issued in the case of an increase in the share capital with or without PSR¹¹

15/05/2020 resolution no. 20 (period of validity: 18 months)

12/05/2021 resolution no. 22 (period of validity: 26 months)

Maximum threshold of 15% for the first issue and within the global limit fixed in respect of the initial issue of debt instruments²¹

Subscribers to the issue

Authorisation to the Management Board to increase the number of shares and/or negotiable securities giving access to the -share capital to be issued at the same terms and conditions as the initial issue

QM1

entire authorisation

Increase in the share capital without PSR³¹ by the issue of ordinary shares to be subscribed in cash, or of any negotiable securities as consideration for capital contributions in kind

17/05/2020 resolution no. 21 (period of validity: 18 months)

12/05/2021 resolution no. 23 (period of validity: 26 months)

Capital contribution in the form of securities: 10% of the authorised share capital as at the issuance²¹

Subscribers to the issue

Authorisation to the Management Board to fix the amount and conditions including the power to cancel PSR¹¹

Q'''

entire authorisation

- 1) For more details, please refer to the resolutions themselves.
- 2) Up to: the maximum aggregate nominal amount of the capital increases is set at €150 Mn ; the maximum aggregate nominal amount of debt securities is set at €2 Bn. These amounts were maintained by the Combined General Meeting of May 12, 2021.
- 3) Pre-emptive subscription rights.
- 4) The authorisations/delegations granted by the Combined General Meeting of May 12, 2021 supersede, with effect as from the same date, the unused part of any authority previously granted to the Management Board for the same purpose.
- 5) Number of shares, bonds or Performance Stock Options issued/ subscribed for or granted.
- 6) Nominal value, number of shares/bonds, Performance Stock Options or Performance Shares.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

7. Information on the Company, shareholding and the share capital

7.5 Financial authorisations

Type of authorisation"

1) PSR¹¹ 2) PSR³¹ 3) PSR¹¹ 4) PSR¹¹ 5) PSR¹¹ 6) PSR¹¹

Increase in the share capital reserved for participants of Companies Savings Plans without PSR⁶

Date of
General Meeting⁷ and resolution

10/11/2020 resolution no. 2 (period of validity: 18 months)

Authorisation expiry date

10/05/2021

Amount⁷

Maximum nominal value of €2,000,000

Issue terms and Beneficiaries conditions

Authorisation to the Management Board to fix the terms

20% discount applies based on the average share price over previous 20 trading days

12/05/2021 resolution no. 24 (period of validity: 18 months)

Authorisation to the Management Board to fix the terms

30% discount applies based on the average share price over previous 20 trading days

Increase in the share capital reserved for managers and employees ■ Performance Stock Options plan

17/05/2019 Performance Plan no. 11

resolution no. 20 (period of validity: 38 months)

Maximum:

- 1% of the fully diluted share capital per year
- 3% of the total diluted capital over the authorisation validity period

Employees and corporate officers of the Group

Authorisation to the Management Board to fix the terms

Performance and presence conditions are mandatory

No discount applied

Increase in the share capital reserved for managers and employees ■ Performance Shares plan

17/05/2019 Performance Plan no. 4

resolution no. 21 (period of validity: 38 months)

12/05/2021 resolution no. 26 (period of validity: 38 months)

17/07/2022 0.8% of the total diluted
capital over the authorisation validity period

12/07/2024 1.2% of the total diluted
capital over the authorisation validity period

Employees and corporate officers of the Group

Authorisation to the Management Board to fix the terms

Performance and presence conditions are mandatory

- 1) For more details, please refer to the resolutions themselves.
- 2) Up to: the maximum aggregate nominal amount of the capital increases is set at €150 Mn; the maximum aggregate nominal amount of debt securities is set at €2 Bn. These amounts were maintained by the Combined General Meeting of May 12, 2021.
- 3) Pre-emptive subscription rights.
- 4) The authorisations/delegations granted by the Combined General Meeting of May 12, 2021 supersede, with effect as from the same date, the unused part of any authority previously granted to the Management Board for the same purpose.
- 5) Number of shares, bonds or Performance Stock Options issued/ subscribed for or granted.
- 6) Nominal value, number of shares/bonds, Performance Stock Options or Performance Shares.

7. Information on the Company, shareholding and the share capital

7.6 Articles of association of the Company and Charters

7.6 ARTICLES OF ASSOCIATION OF THE COMPANY AND CHARTERS

The main statutory provisions are given hereafter. Furthermore, the Management Board, the Supervisory Board, the Audit Committee, the Governance, Nomination and Remuneration Committee each have their own Charter. The Articles of Association and the Charters of these committees are available on the Company's website (www.urw.com <<http://www.urw.com>>) and at its registered office.

As of the date of the filing of this Universal Registration Document, the Articles of Association were last updated on June 24, 2021.

1 CORPORATE OBJECT (ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

The Company's corporate object in France and abroad is:

- Investment through the acquisition, development, construction, ownership of land, buildings, property assets and rights, and the fitting out of property complexes, with a view to renting them out;
- The management, rental, leasing, divestment or exchange of the above assets, either directly, or through taking investments or interest ownerships, or by creating partnerships, companies or consortia;
- More generally, any financial, securities or property transactions directly or indirectly connected with the foregoing object or likely to facilitate its achievement; and
- Acquiring, owning, divesting investments in any French or foreign legal entities with an activity directly or indirectly linked to the corporate object of the Company or which would favour its development.

2 STAPLED SHARE PRINCIPLE (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

A Stapled Share comprises a share of the Company and a Unibail-Rodamco-Westfield N.V. class A share ("Unibail-Rodamco-Westfield N.V. class A share").

The Company, Unibail-Rodamco-Westfield N.V. company, and all the controlled entities appearing in the consolidated financial statements of the Company and/or of Unibail-Rodamco-Westfield N.V. constitute the "Stapled Group".

In order to achieve a situation where holders of the Company's shares - other than any entity of the Stapled Group - hold an interest in both the Company and in Unibail-Rodamco-Westfield N.V., as if they held an interest in a single (combined) company:

- None of the shares of the Company can be (i) issued to, or subscribed for by, others than any entity of the Stapled Group, (ii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the Stapled Group, or (iii) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a Unibail-Rodamco-Westfield N.V. class A share, in the form of a Stapled Share;
- No right to subscribe for one or more Company shares can be (i) granted to or exercised by others than any entity of the Stapled Group, (ii) terminated by others than any entity of the Stapled Group, (iii) transferred to or, subject to applicable law, pledged or otherwise encumbered by others than any entity of the Stapled Group, or (iv) released from any encumbrance by others than any entity of the Stapled Group, in each case except together with a corresponding right to subscribe for an equal number of Unibail-Rodamco-Westfield N.V. class A shares in the form of an equal number of Stapled Shares;
- All shareholders, other than any entity of the Stapled Group, must refrain from (i) acquiring any Company shares, (ii) acquiring, exercising or terminating any right to subscribe for one or more Company shares, or (iii) creating or acquiring a usufruct, pledge or other encumbrance over any Company share or any right to subscribe for one or more Company shares, in each case except (if it concerns a Company share) together with a Unibail-Rodamco-Westfield N.V. class A share, respectively, in the form of a Stapled Share or (if it concerns a right to subscribe for one or more Company shares) together with a corresponding right to subscribe for an equal number of Unibail-Rodamco-Westfield N.V. class A shares in the form of an equal number of Stapled Shares; and
- Subject to applicable law, the Management Board and the Supervisory Board shall take all necessary actions to ensure that, at all times, the number of Company shares issued and held by others than any entity of the Stapled Group is equal to the number of Unibail-Rodamco-Westfield N.V. class A shares issued and held by others than any entity of the Stapled Group.

The Stapled Share Principle can only be terminated by virtue of a resolution passed by the Extraordinary General Meeting of the Company to amend the Articles of Association. A resolution by the Extraordinary General Meeting of the Company deciding such an amendment shall only become effective after the Management Board has confirmed that the Unibail-Rodamco-Westfield N.V. general meeting has passed a resolution to terminate the Stapled Share Principle as included in the Unibail-Rodamco-Westfield N.V. Articles of Association.

3 SIIC REGULATION

Since 2003, the Company and its eligible subsidiaries opted for and became subject to the tax regime applicable to Listed Property Investment Companies (SIIC) introduced by the 2003 French Finance Act (Article 208 C of the French General Tax Code). This regime is based on the principle of fiscal transparency: in relation to rental activities and gains from divestments, income tax is borne at shareholder level and not at the level of the Company^{1*}.

4 STATUTORY OBLIGATIONS PERTAINING TO CHANGES IN THE COMPANY'S

4 STATUTORY OBLIGATIONS PERTAINING TO CHANGES IN THE COMPANY'S SHARE CAPITAL AND CATEGORIES OF SHARE RIGHTS

None.

UniversalRegistrationDocument2021 / .UNIBAIL-RODAMCO-WESTFIELD 449

7. Information on the Company, shareholding and the share capital

7.8 Articles of association of the Company and Charters

7.6.5 CORPORATE GOVERNANCE STRUCTURE (ARTICLES 10 T016 OF THE ARTICLES OF ASSOCIATION)

The Company is managed by a Management Board ("MB") and a Supervisory Board ("SB").

Details of the composition and the functioning of the MB and the SB are set out in Section 3.2.

7.6.5.1 THE MANAGEMENT BOARD (ARTICLES 10 T012 OF THE ARTICLES OF ASSOCIATION AND CHARTER OF THE MANAGEMENT BOARD)

The MB is the collegial decision-making body of Unibail-Rodamco-Westfield SE. It is composed of a maximum of seven members appointed for a four-year term by the SB which elects one of them as Chairman. The Management Board consisted of five members as at January 1, 2022.

With respect to third parties, the MB is granted the widest possible powers to act in all circumstances in the name of the Company, subject to those expressly attributed by law to the SB and to general meetings of shareholders and within the limits of the corporate purpose and those which require prior authorisation from the SB (see Section 7.6.5.2.1).

- EXCERPTS OF THE CHARTER OF THE MB

Upon a proposal by the Chairman of the MB and with the authorisation of the SB, the MB members may share the management tasks.

7.6.5.2 THE SUPERVISORY BOARD (ARTICLES 13 T016 OF THE ARTICLES OF ASSOCIATION AND CHARTER OF THE SUPERVISORY BOARD)

The SB exercises permanent oversight and control over the MB and the general affairs of the Company as provided by law, the Articles of Association and its Charter. The SB has 8 to 14 members appointed for a term of three years.

Retention of an SB member is subject to the condition that he/she is not over the age of 75. If an SB member reaches this age limit while in office, they will be considered as having resigned at the next Ordinary Annual General Meeting which will be held after the end of the year during which they reached the age of 75. During this general meeting, the shareholders may appoint his/her successor.

The number of SB members having exceeded the age of 70 cannot be greater than one-third of the SB members.

The SB elects a Chairman and a Vice-Chairman from among its members who are tasked with convening the Board and directing the discussions. The SB Chairman's and Vice-Chairman's terms may not exceed their terms as SB members.

The SB meets as often as the interest of the Company so requires.

The Chairman of the MB has overall competence except for those duties expressly assigned to another member of the MB.

The responsibilities and functions of the members of the MB other than the CEO are as follows:

- The Chief Financial Officer (CFO) is responsible for tax matters, generating profits through the optimization of the cost of capital and investor relations. As such, he is

in charge of the overall financial function within the Group (financial control, consolidation, (re)financing, tax, the budget and 5-year plan, coordination of asset valuations and investor relations).

- The Chief Resources and Sustainability Officer (CRSO) is in charge of Human Resources, Information Technology, and Organisation and CSR functions, within the Group.
- The Chief Investment Officer (CIO) is responsible for the investment/divestment process and defining the co-ownership and co-investment strategy; and coordinating corporate development (mergers and acquisitions, strategic alliances and joint venture developments). He is responsible for challenging the business strategy, in particular: asset and development strategy, major restructurings, extensions or refurbishments. The CIO also leads the Offices business.
- The Chief Customer Officer (CCO) is responsible for defining the marketing strategy, encompassing innovation, branding and digital pillars, leveraging customer insights and business intelligence. The CCO is also responsible for developing new revenues: bolstering commercial partnerships, media and sponsoring; accelerating on data collection, processing and monetisation; and developing game changers' deals and strategic relationships with selected retailers.

7. Information on the Company, shareholding and the share capital

7.6 Articles of association of the Company and Charters

7.6.5.2.1 LIMITATIONS ON THE POWERS OF THE MANAGEMENT BOARD BY THE SUPERVISORY BOARD (ARTICLE 11 OF THE ARTICLES OF ASSOCIATION AND CHARTER OF THE SUPERVISORY BOARD)

Pursuant to Article 11.5 of the Company's Articles of Association and the SB Charter (Appendix E), the SB's prior approval must be obtained for certain MB decisions and operations, in particular:

- EXCERPTS AND SUMMARIES OF CERTAIN PROVISIONS OF THE CHARTER OF THE SB

- All acquisitions (including the acquisition of real estate and of all or part of shareholdings) and any investments (including capital expenditures for internal development), directly or via the intermediary of legal entities exceeding €25 Mn (consolidated figure). The threshold is raised to €500 Mn (consolidated figure) for assets and/or activities located within countries or sectors in which the Group operates. This threshold is raised to €700 Mn (consolidated figure) for urgent operations and decisions, subject to prior agreement between the Chairman of the MB, the Chairman and the Vice-Chairman of the SB;
- Asset disposals (including disposals of real estate and of all or part of shareholdings) directly or via the intermediary of legal entities exceeding €500 Mn (consolidated figure). This threshold is raised to €700 Mn (consolidated figure) for urgent operations and decisions, subject to prior agreement between the Chairman of the MB, the Chairman and the Vice-Chairman of the SB;
- Indebtedness or the creation of guarantees in excess of €500 Mn (consolidated figure), threshold raised to €1 Bn for corporate financial debt refinancing purposes;
- Outsourcing accountability to third parties for asset management and real estate management or other asset management or real estate management representing more than 25% of the total value of the Company's participations and investments;
- Transfers of all or part of the Company's business to third parties in excess of €500 Mn (consolidated figure);
- Any significant changes in the Group's governance and/or organisation, the allocation of responsibilities within the MB, the approval of changes to the Charter of the MB, the relocation of the Group's corporate functions and any action affecting the Company's entitlement to the tax regime applicable to Listed Property Investment Company (SIIC) tax treatment or any other real estate tax-exempt status in a foreign country;
- Any general Remuneration Policy within the Group and any remuneration of the MB members;
- Any shareholdings or interests in other companies or activities and any disposals of or changes to such a shareholding or interest (including any changes to the shareholding of the Company in Unibail-Rodamco-Westfield N.V. exceeding €25 Mn (consolidated figure). The threshold is raised to €500 Mn (consolidated figure) for assets and/or activities located within countries or a sector in which the Group operates. This threshold is raised to €700 Mn (consolidated figure) for urgent operations and decisions, subject to prior agreement between the Chairman of the MB, the Chairman and the Vice-Chairman of the SB;
- Any off-balance sheet commitments by the Company exceeding €25 Mn (consolidated figure). The threshold is raised to €500 Mn for off-balance sheet commitments for assets and/or activities located within countries or a sector in which the Group operates. This threshold is raised to €700 Mn for urgent operations and decisions, subject to prior agreement between the Chairman of the MB, the Chairman and the Vice-Chairman of the SB;
- All proposals to the general meeting to amend the Articles of Association of the Company;
- Any proposal to (re)appoint or dismiss the Statutory Auditors of the Company or of one of its main subsidiaries and any review of the fees of the Statutory Auditors;
- Any proposal to the general meeting to delegate power for the issue or redemption of Company shares, in line with the Stapled Share Principle;
- Any alterations to the Company's dividend allocation policy and proposals by the MB in the distribution of interim or full dividends;
- Any shareholdings or interests in, or contracts with, other companies or activities under which the Company or activity would obtain the right to appoint members of the SB;
- Any decisions to submit applications for a moratorium of file petitions for the bankruptcy of the Company or any of the Groups;
- Any proposal to dissolve or wind up the Company or one of its main subsidiaries;
- Any signing of an agreement involving or likely to involve a conflict of interest between a member of the MB or the SB on the one hand and the Company on the other hand in the meaning of Articles L. 225-86 and seq. of the French Commercial Code;
- Any alteration to the insider trading rules in force within the Company;

- Approval of the Group's strategy and its annual budget, as submitted to the SB for approval when submitting the financial statements for the financial year completed; and
- In accordance with Article L. 229-7 of the French Commercial Code, the rules stated in Articles L. 225-86 to L. 225-90 of the Code, regarding regulated agreements subject to the prior authorisation of the SB, with the exception of agreements on current transactions and signed under normal conditions, are applicable to the Company.

The SB must also, pursuant to its Charter, be informed of current transactions involving amounts in excess of €300 Mn but below €500 Mn.

Universal Registration Document2021 / UNIBAIL-RODAMCO-WESTFIELD 451

7. Information on the Company, shareholding and the share capital

7.6 Articles of association of the Company and Charters

7.6.5.2.2 THE SPECIALISED COMMITTEES OF THE SUPERVISORY BOARD

Two specialised committees are responsible for assisting the Supervisory Board to carry out its duties: the Audit Committee and the Governance, Nomination and Remuneration Committee. All SB members participate in one of these committees. The committees function under separate charters.

Details of the composition, missions and diligences of the committees are set out in Section 3.2.2.3.

6 GENERAL MEETINGS (ARTICLES 18 AND 19 OF THE ARTICLES OF ASSOCIATION)

The general meetings of shareholders are convened and conducted pursuant to French law and European regulations. All shareholders, evidencing the ownership of their shares, have the right to participate, either in person or through a representative, provided that they have been shareholders for at least two business days prior to the date of the general meeting.

The terms and conditions of participation in general meetings are set out in Article 18 of the Company's Articles of Association.

There is one voting right per share. There are currently neither preference shares nor shares with double voting rights.

7 REQUIREMENTS PERTAINING TO THE DISTRIBUTION OF PROFITS (ARTICLE 21 OF THE ARTICLES OF ASSOCIATION)

The distributable profit in any given year is equal to the sum of the net profit and any retained earnings, less any prior year losses and amounts transferred to reserves. In addition to the Distributable Profits, the General Meeting of shareholders may expressly resolve to distribute sums from other distributable reserves and/or contribution premiums.

Pursuant to the SIIC regime, the payment of a dividend may give rise to the imposition of a withholding tax (currently at a rate of 20%) on the Company pursuant to Article 208-C-II-ter of the French General Tax Code calculated on the basis of the total dividend paid to any shareholders holding (directly or indirectly) 10% or more of the share capital ("Shareholder Concerned"), if the Shareholder Concerned, as a legal person who is a non-French tax resident, is not subject to a tax equivalent to the French corporate income tax to be paid by French companies on SIIC dividends distributed by the Company (the "Shareholder Subject to Withholding Tax"). Any Shareholder Concerned is deemed to be a Shareholder Subject to Withholding Tax unless it provides the Company with a satisfactory and unreserved legal opinion certifying that it is not a Shareholder Subject to Withholding Tax. If this is not possible and in compliance with Article 21 of the Articles of Association, this tax will be borne by the Shareholder Subject to Withholding Tax. The withholding amount is either offset against its dividend or reimbursed a posteriori.

7.6.8 STATUTORY SHAREHOLDER THRESHOLD AND OBLIGATION TO REGISTER SHARES (ARTICLES 9 AND 9 BIS OF THE ARTICLES OF ASSOCIATION)

In addition to the thresholds provided by French law¹²¹, under Article 9 bis of the Articles of Association of Unibail-Rodamco-Westfield SE, any shareholder that comes to hold, alone or in concert with other shareholders, a number of shares equal to or greater than 2% of the total number of shares in issue or of the voting rights, or any further multiple thereof, must, no later than ten stock exchange days after exceeding each of the holding thresholds, advise the Company in writing of the total number of shares or voting rights held, sent by registered letter with proof of receipt requested to the registered office of the Company. Notification must also be given when the number of shares or voting rights falls below one of these thresholds under the same conditions and within the same time limit.

Moreover, pursuant to Article 9 of the Company's Articles of Association, a Shareholder Concerned¹ must register the totality of its shares (owned directly or via an entity it controls pursuant to Article L 233-3 of the French Commercial Code) and provide evidence to the Company by registered letter with proof of receipt within five stock exchange days of reaching such threshold. A Shareholder Concerned that fails to comply with the above requirements may lose the right to participate in and/or vote at general meetings of the Company in accordance with the provisions of Article 9 Paragraph 4 of the Articles of Association.

Pursuant to the provisions of Article 9 bis, the Shareholder Concerned shall declare under its own responsibility whether it has to be considered as a Shareholder Subject to Withholding Tax (Actionnaire a Prelevement) under Article 208-C-II of the French Tax Code, which is the case when the Shareholder Concerned (i) is not resident in France for taxation purposes; and, (ii) is not subject, in its country of residence, to a tax equal to at least two-thirds of the level of taxation applicable in France. Any Shareholder Concerned declaring it should not be considered as a Shareholder Subject to Withholding Tax shall provide the Company with a satisfactory and unreserved legal opinion certifying that it is not a Shareholder Subject to Withholding Tax. Any change in the Shareholder Concerned's position should be notified to the Company within ten trading days prior to the payment of any distribution.

Any shares exceeding the threshold that have not been disclosed in accordance with the requirements specified under the first and third paragraphs above shall be disqualified for voting purposes at all general meetings held for a period of two years after the date of the notice confirming the requisite disclosure has finally been made, (i) if the failure to disclose has been duly noted and (ii) if requested by one or more shareholders holding at least 2% of the Company's share capital in accordance with the terms of the law (unless the voting rights have already been stripped pursuant to Article 9 Paragraph 5 of the Articles of Association).

Similarly, the voting rights attached to any shares that have not been disclosed in accordance with these requirements may not be exercised or delegated by the holder either in person or by proxy.

Declarations are to be sent to the Investor Relations Department: individual.investor@urw.com <mailto:individual.investor@urw.com>.

1) A "Shareholder Concerned" is any shareholder, other than a natural person, that owns, directly or through entities acting as intermediaries that it controls within the meaning of Article L. 233-3 of the French Commercial Code, at least the percentage of rights to a dividend specified in Article 208 C-II-ter (10%) of the French General Tax Code.

2) For more details, please refer to Section 7.4.2.

452 UniversalRcgistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

7. Information on the Company, shareholding and the share capital

7.7 Investment by the Company outside the Unibail-Rodamco- Westfield Group

7 INVESTMENT BY THE COMPANY OUTSIDE THE UNIBAIL-RODAMCO-WESTFIELD GROUP

In accordance with Article L. 233-6 of the French Commercial Code, the Company has not made any significant investment in a company with its registered office in France during the financial year ending December 31, 2021.

8 ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Stapled Share Principle, which is part of the Articles of Association of the Company (for more details, please refer to Section 7.6.2) contains restrictions on transfers of Company shares.

Any holder of Stapled Shares will hold both Unibail-Rodamco-Westfield SE shares and class A Unibail-Rodamco-Westfield N.V. shares. Consequently, any holder of Stapled Shares must comply with both the French public offer rules and the Dutch public offer rules. Due to Unibail-Rodamco-Westfield SE's shareholding in Unibail-Rodamco-Westfield N.V., one Stapled Share does not represent the same percentage of voting rights in Unibail-Rodamco-Westfield SE as it does in Unibail-Rodamco-Westfield N.V. As a result, a holder of Stapled Shares may cross the 30% threshold for a mandatory public offer for all outstanding Unibail-Rodamco-Westfield SE shares without being subject to a statutory requirement to make a mandatory offer for all outstanding Unibail-Rodamco-Westfield N.V. shares at the same time.

However, due to the Stapled Share Principle, an offeror that is not an entity of the Unibail-Rodamco-Westfield Group can only acquire Unibail-Rodamco-Westfield SE shares in the form of Stapled Shares, which could result in a requirement for the offeror to launch a parallel public offer for all outstanding Unibail-Rodamco-Westfield N.V. shares.

In addition, all information pursuant to Article L. 22-10-11 of the French Commercial Code that is likely to have an effect in the event of a public offer is included in this Chapter 7 and, regarding the change in control, in Section 4.1.5.1.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

8. Additional information

CHAPTER 8.

Additional information

**8.1 STATEMENT OF THE PERSONS RESPONSIBLE
FOR THE UNIVERSAL REGISTRATION DOCUMENT 455**

2 STATUTORY AUDITORS 456

**3 HISTORICAL INFORMATION ON FINANCIAL
YEARS 2019 AND 2020 456**

1 For 2019 financial year 456

2 For 2020 financial year 456

4 DOCUMENTS AVAILABLE TO THE PUBLIC 456

5 GLOSSARY 457

6 CROSS-REFERENCE TABLES 459

1 Concordance table of the Universal Registration Document 459

2 Cross-reference table of the financial report 461

3 Cross-reference table of the management report
(including the corporate governance report)

462

454 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

8. Additional information

8.1 Statement of the persons responsible for the Universal Registration Document

**8.1 STATEMENT OF THE PERSONS RESPONSIBLE FOR THE
UNIVERSAL REGISTRATION DOCUMENT**

We confirm that the information contained in this Universal Registration Document gives, to the best of our knowledge, an accurate and fair view of the Company and the information contained within is free from any material misstatement.

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting and financial reporting standards and give an accurate and fair view of the financial situation of the Company and of the entities taken as a whole included in the scope of consolidation and that the enclosed management report presents a fair view of the development and performance of the business, the results and of the financial situation of the Company and of the entities taken as a whole included in the scope of consolidation and describes the main risks and uncertainties to which they are exposed.

Pans, March 23, 2022

Jean-Marie Tritant
Chairman of the Management Board Chief Executive Officer
Fabrice Mouchel
Member of the Management Board Chief Financial Officer

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

8. Additional information

8.2 Statutory auditors

8.2 STATUTORY AUDITORS

The Statutory Auditors of the Company are the following:

Ernst & Young Audit

Mr Jean-Yves Jegourel and Mr Antoine Flora
1/2, Place des Saisons
92400 Courbevoie Paris La Defense 1

Deloitte & Associes

Mr Emmanuel Gadret
6, Place de la Pyramide 92908 Paris La Defense Cedex

Commencement date of the first term of office: General Meeting of May 13, 1975
Commencement date of the first term of office¹¹: General Meeting of April 27, 2011

The expiry of the term of office of Ernst Et Young Audit and Deloitte Et Associes will be at the General Meeting held to approve the 2022 accounts.

8.3 HISTORICAL INFORMATION ON FINANCIAL YEARS 2019 AND 2020

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2019, the following information is incorporated by reference in this 2021 Universal Registration Document:

8.3.1 FOR 2019 FINANCIAL YEAR

The 2019 Universal Registration Document was filed with the French Financial Markets Authority on March 25, 2020, under number D. 20-0172.

The financial information, the consolidated financial statements for the year 2019 and the Statutory Auditors' report on these financial statements appear respectively in Chapter 4 (on pages 202 to 263) and Chapter 5 (on pages 264 to 391).

Information not included in this Universal Registration Document are either not applicable to the investor or are covered in another section of this Universal Registration Document.

8.3.2 FOR 2020 FINANCIAL YEAR

The 2020 Universal Registration Document was filed with the French Financial Markets Authority on March 25, 2021, under number D. 21-0172.

The financial information, the consolidated financial statements for the year 2020 and the Statutory Auditors' report on these financial statements appear respectively in Chapter 4 (on pages 215 to 284) and Chapter 5 (on pages 286 to 412).

Information not included in this Universal Registration Document are either not applicable to the investor or are covered in another section of this Universal Registration Document.

8.4 DOCUMENTS AVAILABLE TO THE PUBLIC

The following documents are available on the website at www.urw.com <<http://www.urw.com>>:

- The registration documents and the universal registration documents in the form of annual reports, as well as their updates, which are filed with the French Financial Markets Authority; and
- The financial press releases of the Group.

Unibail-Rodamco-Westfield SE's Articles of Association, statutory and consolidated financial statements may be consulted at the headquarters of the Company, 7, Place du Chancelier Adenauer - 75016 Paris, on the website www.urw.com <<http://www.urw.com>> or obtained upon request from the Company.

(1) Deloitte 6 Associes succeeded Deloitte Marque 6 Gendrot, which was appointed on April 28, 2005. 456
Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

8. Additional information

8.5 Glossary

8.5 GLOSSARY

Average cost of debt: recurring financial expenses (excluding the ones on financial leases and the ones related to partners' current accounts) + capitalised financial expenses (excluding non-recurring financial expenses, such as mark-to-market and termination costs of financial instruments including bonds repurchased, currency impact) / average net debt over the period.

Buyer's Net Initial Yield: annualised contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the TAC.

Committed projects: projects for which Unibail-Rodamco-Westfield owns the land or building rights and has obtained all necessary administrative authorisations and permits, approvals of Joint-Venture partners (if applicable), approvals of URW's internal governing bodies to start superstructure construction works and on which such works have started.

Controlled projects: projects in an advanced stage of studies, for which URW controls the land or building rights, and all required administrative authorisations have been filed or are expected to be filed shortly. There can be no assurance these will become "Committed" projects, as this will be subject to having obtained all required administrative approvals, as well as those of Joint-Venture partners (if applicable), and of URW's internal governing bodies to start superstructure works.

Debt Yield: ratio of the net operating income to the outstanding loan amount, net of certain cash as defined in the relevant mortgage loan documentation.

Discount Rate (DR): the Discount Rate is the rate used in a "discounted cash flow" model to calculate the present value of future cash flows (positive or negative) that is to say converting such future cash-flows in today's monetary value.

EPRA Net Reinstatement Value ("NRV"): assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets ("NTA"): assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value ("NDV"): represents the shareholder's value under a disposal scenario, where deferred tax, financial instruments and other certain adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA NIY: annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the Gross Market Value of the portfolio. For a reconciliation of URW's NIY with the EPRA Net Initial Yield definitions, refer to the EPRA Performance Measures.

EPRA topped-up yield: EPRA Net Initial Yield adjusted in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA vacancy rate: Estimated Rental Value (ERV) of vacant spaces divided by ERV of total space (let + vacant).

Exit Cap Rate (ECR): the rate used to estimate the resale value of a property at the end of the holding period. The expected Net Rental Income (NRI) per year is divided by the ECR (expressed as a percentage) to get the terminal value.

Flagships: assets of a certain size and/or with footfall in excess of 10 million per year, substantial growth potential for the Group based on their appeal to both retailers and visitors, iconic architecture or design and a strong footprint in their area.

Financial statements under IFRS: the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union as at closing date.

Financial statements on a proportionate basis: they are prepared based on the financial statements under IFRS, except for the joint-controlled entities, which are consolidated on a proportionate basis, instead of being accounted for using the equity method (as applicable under IFRS). Unibail-Rodamco-Westfield believes that these financial statements on a proportionate basis give stakeholders a better understanding of the underlying operations of URW and the joint-controlled entities, as they represent a significant part of the Group's operations in the US and the UK.

Foreclosure: the action of a lender seeking to take the collateral on a loan when loan payments are not made, leading to a transfer of the asset and the extinction of the corresponding mortgage debt.

Funds From Operations (FFO): on an annualised basis, the recurring EBITDA minus (i) recurring net financial expenses and (ii) tax on recurring operating result.

Group Share: the part that is attributable to the Group after deduction of the parts attributable to the minority interests.

Interest Cover Ratio (ICR): Recurring EBITDA/Recurring Net Financial Expenses (including capitalised interest). Recurring EBITDA is calculated as total recurring operating results and other income minus general expenses, excluding depreciation and amortisation.

Like-for-like Net Rental Income (Lfl NRI): net rental income excluding acquisitions, divestments, transfers to and from pipeline (extensions, brownfields or redevelopment of an asset when operations are stopped to enable works), all other changes resulting in any change to the square meters and currency exchange rate differences in the periods analysed.

Loan-to-Value (LTV): net financial debt, excluding current accounts with non-controlling interests/total assets (whether under IFRS or on a proportionate basis), including or excluding transfer taxes and excluding goodwill not justified by fee business.

Minimum Guaranteed Rent uplift (MGR uplift): difference between new MGR and indexed old MGR. Indicator calculated on renewals and re-lettings only.

Net Disposal Price (NDP): Total Acquisition Cost incurred by the acquirer minus all transfer taxes and transaction costs.

Net Initial Yield (NIY): annualised contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development or not controlled by URW, the Westfield trademark and the airport activities are not included in the calculation of NIY.

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 457

8. Additional information

B.S Glossary

Net Initial Yield on occupied space: annualised contracted rent (including latest indexation) and other incomes for the next 12 months, net of operating expenses, divided by the value of occupied space net of estimated transfer taxes and transaction costs. Assets under development are not included in this calculation.

Non-recurring activities: non-recurring activities include valuation movements, disposals, mark-to-market and termination costs of financial instruments, bond tender premiums, impairment of goodwill or recognition of negative goodwill, amortisation of fair value of assets and liabilities recorded for the purpose of purchase price allocation, as well as costs directly incurred during a business combination and other non-recurring items.

Occupancy Cost Ratio (OCR): (rental charges + service charges including marketing costs for tenants, all including VAT)/(tenants' sales, including VAT). As tenant turnover is not known for all tenants for The Netherlands, no reliable OCR can be calculated for this country. Primark sales are estimates.

ORNANE (Obligations Convertibles ou Echangeables en Actions Nouvelles ou Existantes): net share settled bonds convertible into new and/or existing shares.

Peer group components: the external independent advisor gave guidance to the Supervisory Board and the Governance, Nomination and Remuneration Committee on the Fixed Income for the Management Board members using a blended benchmarking approach, primarily based on the following two peer groups:

France General Industry (CAC40); Selected European and UK Real Estate (11 companies): Vonovia, Deutsche Wohnen, KtePierre, Landsec, Gecina, British Land, Fonciere des Regions, Swiss Prime Site, Hammerson, Derwent London, Altarea Cogedim.

Other peer groups were used for information and qualitative benchmarking only:

Selected US Real Estate (9 companies): Simon Property Group, GGP, Ventas, Realty Income Corporation, Regency Centers Corporation, Federal Realty Investment Trust, Macerich Company, Kimco Realty Corporation, National Retail Properties, Brixmor Property Group.

Potential Yield: annualised contracted rent (including indexation) and other incomes for the next 12 months, net of operating expenses + the ERV of vacant space, divided by the asset value net of estimated transfer taxes and transaction costs. Shopping centres under development or not controlled by URW, the Westfield trademark and the airport activities are not included in the calculation of Potential Yield.

Reference Index: the TSR Performance Benchmark Index includes companies with more than 50% of their activity focused in Retail or Office and operating in the same countries as URW. Following Westfield's acquisition, the composition of the index has been adjusted by the Governance, Nomination and Remuneration Committee to reflect URW's new geographical and activity scopes. The "Reference Index is composed of 25 companies (10 Eurozone Retails, 3 France Offices, 4 UK Retail and 8 US Retail), all sub-index weighted to reflect the weight of each business line in URW Gross Market Value, as follows (as long as the index includes the concerned company over the nesting period of the plan):

Sub-Index Eurozone Retail (63% weight) - Klepierre, Carmila, Deutsche EuroShop, Citycon, EuroCommercial Property, Mercialis, Wereldhave, Vastned Retail, Retail Estates, LAR Espana Real Estate;

Sub-Index France Offices (7% weight) - Covivio, Icade, Gecina; Sub-Index UK Retail (8% weight) - British Land, Landsec, Hammerson, NewRiver REIT;

Sub-Index US Retail (22% weight) - Simon Property Group, Macerich, CBL Et Associates, Pennsylvania Centers, Regency Centers, Federal Realty Investment, Kimco Realty, Brixmor Property Group.

Replacement capital expenditure (Replacement Capex): replacement Capex relates to works either on equipment or the structure of a standing asset. The primary purpose of Replacement Capex is to ensure that the asset is in good working order and/or to make minor improvements. These investments can be triggered by obsolescence, maintaining technical performance at market levels or compliance with regulatory requirements. These amounts do not include Replacement Capex spent as part of the TIC of extension and/or renovation projects on which the Group's standard Return On Investment (ROI) is expected.

Rotation rate: (number of re-lettings and number of assignments and renewals with new concepts)/number of stores. Short-term leases are excluded.

SBR: Sales Based Rent.

Secured debt ratio: Secured debt/Total assets.

SIIC: Societe d'Investissement Immobilier Cotee (in France).

tenant sales, performance in URW's shopping centres (excluding the Netherlands) in operation, including extensions of existing assets, but excluding deliveries of new brownfield projects, acquisition of new assets and assets under heavy refurbishment.

Total Acquisition Cost (TAC): the total amount a buyer shall pay to acquire an asset or a company. TAC equals the price agreed between the seller and the buyer plus all transfer taxes and transaction costs.

Total Investment Cost (TIC): Total Investment Cost equals the sum of: (i) all capital expenditures from the start of the project to the completion date and includes: land costs, construction costs, study costs, design costs, technical fees, tenant fitting-out costs paid for by the Group, letting fees and related costs, eviction costs and vacancy costs for renovations or redevelopments of standing assets; and (ii) opening marketing expenses. It excludes: (i) step rents and rent-free periods; (ii) capitalised financial interests; (iii) overhead costs; (iv) early or lost Net Rental Income; and (v) IFRS adjustments.

Unencumbered leverage ratio: Unencumbered assets/unsecured debt.

Valuation of occupied office space: valuation based on the appraiser's allocation of value between occupied and vacant spaces.

Viparis' recurring Net Operating Income ("NOI"): "Net rental income" and "On-site property services operating result" + "Recurring contribution of affiliates" of Viparis venues.

Yield impact: the change in potential yields (to neutralise changes in vacancy rates) and taking into account key money.

Yield on cost: URW share of the expected stabilised Net Rental Income divided by the URW Total Investment Cost increased by rent incentives (step rents and rent-free periods), and for redevelopment project only, the Gross Market Value of the standing asset at the launch of the project.

8. Additional information

8.6 Cross-reference tables

8.6 CROSS-REFERENCE TABLES

8.6.1 CONCORDANCE TABLE OF THE UNIVERSAL REGISTRATION DOCUMENT

This concordance table is based on the headings set out in Annexes I and II of Delegated Regulation (EU) 2019/980 of the Commission of March 14, 2019 and refers to the sections of this Universal Registration Document in which the relevant information can be found.

	Section of the Universal Registration Document
1. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL	1.1. Persons responsible for the information given in the Universal Registration Document
2. Declaration of the persons responsible for the Universal Registration Document	8.1
3. Identification, qualification and potential conflicts of interest of persons acting as experts	
4. Certification of Third Party Information	
5. Statement without prior approval of the competent authority	
8.1	
1.6-1.7	
	n/a
page 1	
2. STATUTORY AUDITORS	
1. Identity of Statutory Auditors	
2. Potential change	
3. RISK FACTORS	
8.2	
n/a	
6.2	
4. INFORMATION ABOUT THE ISSUER	
4.1. Corporate name and trade name	
2. Place, registration number and LEI	

2. Events likely to have a material impact on the outlook	4.1.1.7 - 4.1.1.9
11. PROFIT FORECASTS OR ESTIMATES	
1. Published profit forecasts or estimates	4.1.1.9
2. Statement outlining key forecasting assumptions	4.1.1.9
3. Statement of comparability with historical financial information and compliance with accounting policies	5.2 (note 2)
12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	
1. Information concerning Management Board and Supervisory Board members	3.2
2. Conflicts of interests	3.2.2.5
13. REMUNERATION AND BENEFITS	
1. Remuneration paid and benefits in kind	3.3.2
2. Provisions for pensions and retirement benefits	5.2 (note 11)
14. BOARD PRACTICES/FUNCTIONING OF SUPERVISORY AND MANAGEMENT BODIES	
1. Expiry date of terms of office	3.2
2. Service contracts between members of the administrative, management or supervisory bodies and the issuer	n/a
3. Information on the Audit Committee and the Remuneration Committee	3.2.2.3
4. Statement of compliance with the corporate governance regime	3.1
5. Potential significant impacts on corporate governance	n/a
15. EMPLOYEES	
1. Number of employees	2.4
2. Profit sharing and stock options	3.3.4
3. Agreement for employees to subscribe to the share capital	5.2 (note 11)
16. MAJOR SHAREHOLDERS	
1. Shareholders holding more than 5% of the share capital at the time of publication of the Universal Registration Document	7.4
2. Existence of different voting rights	7.6.4
3. Ownership or control of the issuer, directly or indirectly	7.4
4. Arrangements known to the issuer, the operation of which may result in a change of control	n/a
17. RELATED PARTY TRANSACTIONS	
	<u>5.2 (note 6.5)</u>
18. FINANCIAL INFORMATION CONCERNING ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS	
18.1. Historical financial information	8.3
1. Audited historical financial information covering the latest three financial years and the audit report	5.1-5.6, 8.3
2. Change of accounting reference date	n/a
3. Accounting standards	5.2 (note 2)
4. Change of accounting framework	5.2 (note 2)
5. Financial information under French accounting standards	5.3-5.4
6. Consolidated financial statements	5.1 -5.2
7. Dates of the latest financial information	5.1 - 5.2

460 Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD

8. Additional information

8.B Cross-reference tables

Section of the Universal Registration Document

18.2. Interim and other financial information n/a

18.2.1. Quarterly or half-yearly financial information

18.3. Audit of historical annual financial information

18.3.1. Independent audit of historical annual financial information

5.5 - 5.6 - 5.7

18.3.2. Other audited information 5.7

18.3.3. Sources of information not audited by the statutory auditors n/a

4.	Pro forma financial information	
5.	Dividend policy	
1.	Description of dividend distribution policy and any applicable restrictions	4.1.1.8 - 4.1.1.9
2.	Amount of dividend per share	4.1.1.8
6.	Governmental, legal and arbitration proceedings	n/a
7.	Significant change in financial position	n/a
7.	19. ADDITIONAL INFORMATION	
19.1.	Share capital	
19.1.1.	Amount of issued capital, number of shares issued and fully paid up and nominal value per share, number of shares authorised	7.2
19.1.2.	Shares not representing capital	
19.1.3.	Number, book value and nominal value of treasury shares 7.3.3	
19.1.4.	Information concerning securities giving access to share capital 7.2.2	
19.1.5.	Information on the conditions governing any acquisition rights and/or obligations attached to the subscribed but not paid-up capital, or on any undertaking to increase the share capital	n/a
6.	Information on the share capital of Group companies subject to option	n/a
7.	Historical information of share capital 7.2.4	
19.2.	Memorandum and Articles of Association	
1.	Register and corporate purpose 7.6	
2.	Rights, privileges and restrictions attached to each class of shares 7.6	
	19.2.3. Arrangement having the effect of delaying, deferring or preventing a change of control	7.6
20.	MATERIAL CONTRACTS	n/a
21.	DOCUMENTS AVAILABLE	8.4

8.6.2 CROSS-REFERENCE TABLE OF THE FINANCIAL REPORT

The below table of contents sets out the main categories required under the General Regulation of the French Financial Markets Authority (AMF).

Category of Article 222-3 of the AMF General Regulations	Section of the Universal Registration Document
1. FINANCIAL STATEMENTS	5.3
2. CONSOLIDATED FINANCIAL STATEMENTS	5.1
3. MANAGEMENT REPORT	8.6.3
4. RESPONSIBLE PERSONS	
1. Persons responsible for the information included in the Annual Financial Report	8.1
2. Declaration of the persons responsible for the Annual Financial Report	8.1
5. STATUTORY AUDITORS' REPORTS	
5.1. Statutory Auditors' report on the statutory financial statements	5.6
5.2. Statutory Auditors' report on the consolidated financial statements	5.5

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 461

8. Additional information

8.6 Cross-reference tables

8.6.3 CROSS-REFERENCE TABLE OF THE MANAGEMENT REPORT (INCLUDING THE CORPORATE GOVERNANCE REPORT)

A paragraph related to the armed conflict in Ukraine was not included in the management report approved on February 7, 2022, but have been added for the purpose of the 2021 Universal

Registration Document.

The management report prepared pursuant to Article L. 225-100 of the Commercial Code, updated by Ordonnance no. 2019-1234 of November 27, 2019, is included in this Universal Registration Document. It contains the following information, and specially the corporate governance report (unless otherwise stated, the articles in brackets refer to the relevant articles of the Commercial Code).

Section of the Universal Registration Document

1. SITUATION AND BUSINESS OF THE GROUP

1.1. Situation of the Company during the past financial year and an objective and exhaustive analysis of the development of the business, results and financial situation of the Company and the Group, in particular its debt situation, in relation to the volume and complexity of business

1.2. Key performance indicators of a financial nature

1.3. Key performance indicators of a non-financial nature relating to the specific activity of the Company and the Group, in particular information relating to environmental and personnel issues

Articles L. 225-100-1, I., 1\ L. 232-1, II, L. 233-6 and L. 233-26

Article L. 225-100-1, I., 2\ Article L. 225-100-1, I., 2"

4. Significant events occurring between the balance sheet date and the date on which the Management Report is prepared

5. Identity of the main shareholders and holders of voting rights at general meetings, and changes during the year

1.6. Existing branches

1.7. Significant equity investments in companies having their registered office in France

8. Disposals of cross-shareholdings

9. Foreseeable changes in the situation of the Company and the Group, and future prospects

7.7

n/a

4.1.1.9

1.10. Research and development activities

11. Table showing the Company's results for each of the last five financial years

12. Information on payment terms for suppliers and customers

13. Amount of inter-company loans granted and statement by the statutory auditor 2. INTERNAL CONTROL AND RISK MANAGEMENT

5.8.2

5.8.1

n/a

2.1. Description of the main risks and uncertainties facing the Company

2. Information on the financial risks related to the effects of climate change and presentation of the measures the Company is taking to reduce them by implementing a low-carbon strategy in all components of its activity

3. Main features of the internal control and risk management procedures implemented by the Company and the Group for the preparation and processing of accounting and financial information

4. Information on the objectives and policy regarding the hedging of each main category of transactions and on the exposure to price, credit, liquidity and treasury risks, including the use of financial instruments

5. Anti-corruption programme ,

2.6. Vigilance plan and report on its implementation 3. REPORT ON CORPORATE GOVERNANCE

Article L. 22-10-35, 1"

Article L. 22-10-35, T

Article L. 225-100-1., 4"

Law no 2016-1691 of December 9, 2016 called » Sapin 2 »

Article L. 225-102-4

REMUNERATION INFORMATION

3.1. Remuneration policy for corporate officers

2. Remuneration and benefits of any kind paid during the year or granted in respect of the year to each corporate officer

3. Relative proportion of fixed and variable remuneration

3.4. Use of the possibility of requesting the return of variable remuneration

Article L. 22-10-8, I., paragraph 2 Article L. 22-10-9, I., r

Article L. 22-10-9, I., V

Article L. 22-10-9, I., 3°

3.3.1

3.3.2.2

3.3.2.2 3.3.1.1

462 UniversalRegistrationDocument2021 / UNIBAIL-RODAMCO-WESTFIELD

8. Additional information

8.6 Cross-reference tables

Section of the Universal Registration Document

- 3.5. Commitments of any kind made by the Company for the benefit of its corporate officers, corresponding to items of remuneration, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in their functions or subsequent to the exercise thereof
- 3.6. Remuneration paid or granted by a Company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code
- 3.7. Ratios between the level of remuneration of each executive officer and the average and median remuneration of the Company's employees
- 3.8. Annual changes in remuneration, Company performance, average remuneration of the Company's employees and the aforementioned ratios over the last five financial years
- 3.9. Explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and how the performance criteria have been applied
- 3.10. Manner in which the vote of the last ordinary general meeting provided for in II of Article L. 225-100 (until December 31, 2020) and I of Article L. 22-10-34 (as of January 1, 2021) of the French Commercial Code was taken into account
- 11. Deviation from the procedure for the implementation of the remuneration policy and any deviation from it
- 12. Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (suspension of the payment of directors' remuneration in the event of failure to comply with the gender mix of the Supervisory Board)
- 13. Grant and retention of performance stock options to executive officers
- 14. Grant and retention of performance shares to executive officers

GOVERNANCE INFORMATION

- 15. List of all mandates and functions exercised in any Company by each of the corporate officers during the financial year
 - 16. Agreements between an executive officer or significant shareholder and a subsidiary
 - 17. Summary table of valid delegations of authority granted by the General Meeting for capital increases
 - 18. General management procedures
- 3.2.1.1 - 3.2.2.1

3.2.2.5

7.5 3.2.1

- 3.19. Composition, preparation and organisation of the Board's work
- 3.20. Application of the principle of balanced representation of women and men on the Board
- 3.21. Possible limitations by the Supervisory Board on the powers of the Chief Executive Officer
- 3.22. Reference to a corporate governance code and application of the "comply or explain" principle
- 23. Special terms and conditions for the participation of shareholders in the General Meeting
- 24. Assessment process of the current agreement - Implementation
- 3.25. Information likely to have an impact in the event of a takeover bid or exchange offer
- 3.26. For public limited companies with a supervisory board: Observations of the Supervisory Board on the report of the Management Board and on the accounts for the financial year

4. SHAREHOLDING AND CAPITAL

- 4.1. Structure, changes in the Company's share capital and crossing of thresholds
- 2. Acquisition and sale by the Company of its own shares
- 3. Employee share ownership at the last day of the financial year (proportion of capital represented)

2022 Notice of Meeting

7.4 7.3
7.4.1

4. Mention of any adjustments for securities giving access to the capital in the event of share buybacks or financial transactions
5. Information on transactions by officers and related parties in the Company's securities
Articles R. 228-90 and R. 228-91

Article L. 621-18-2 of the French Monetary and Financial Code

- 4.6. Amounts of dividends distributed in respect of the previous three financial years

Universal Registration Document 2021 / UNIBAIL-RODAMCO-WESTFIELD 463

8. Additional information

8.6 Cross-reference tables

Section of the Universal Registration Document

5. EXTRA-FINANCIAL PERFORMANCE STATEMENT (EFPS)

Articles L. 225-102-1 and R. 225-105, I 1.1 -1.3 -1.4 -1.5 - 2.1 - 4.1

5.2. Description of the main risks related to the Company's or Group's business, including, where relevant and proportionate, risks created by business relationships, products or services

3. Information on how the Company or Group takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the fight against corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the Company's or Group's activity)
4. Results of the policies applied by the Company or Group, including key performance indicators
2.1.2.2-2.1.5.1 -3.4.1

Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I. V

Articles L. 225-102-1 and R. 225-105, I. 3" 2.1.2.2 - 2.1.4.1- 2.2 - 2.3

- 2.4

5. Social information (employment, work organisation, health and safety, labour relations, training, equal treatment)
6. Environmental information (general environmental policy, pollution, circular economy, climate change)

Articles L. 225-102-1 and R. 225-105, II.

A. r

Articles L. 225-102-1 and R. 225-105, II.

A. 2"

7. Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)
8. Anti-corruption information

Articles L. 225-102-1 and R. 225-105, II.
A. 3"

Articles L. 225-102-1 and R. 225-105, II.
B. r

5.9. Information on actions in favour of human rights

5.10. Specific information:

Policy of prevention of the risk of technological accidents carried out by the Company;

The Company's ability to cover its civil liability to property and persons as a result of the operation of such facilities; and

- Means provided by the Company to ensure the management of compensation for victims in the event of a technological accident involving its responsibility.

5.11. Collective agreements concluded within the Company and their impact on the Company's economic performance and on the working conditions of employees

5.12. Independent Third Party Certification of the Information in the Declaration de Performance extra-financiere

6. OTHER INFORMATION

Articles 223 quater and 223 quinquies of the French General Tax Code

6.2. Injunctions or monetary penalties for anti-competitive practices

